ENERGY INCOME & GROWTH FUND
Form N-CSR
February 07, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21549

ENERGY INCOME AND GROWTH FUND

(Exact name of registrant as specified in charter)

1001 Warrenville Road, Suite 300
LISLE, IL 60532

(Address of principal executive offices) (Zip code)

W. Scott Jardine
First Trust Portfolios, LP
1001 Warrenville Road, Suite 300
LISLE, IL 60532

(Name and address of agent for service)

registrant's telephone number, including area code: 630-241-4141

Date of fiscal year end: NOVEMBER 30, 2004

Date of reporting period: NOVEMBER 30, 2004

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

The Report to Shareholders is attached herewith.

ENERGY INCOME AND GROWTH FUND
ANNUAL REPORT
FOR THE PERIOD JUNE 17, 2004 TO NOVEMBER 30, 2004

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ENERGY INCOME AND GROWTH FUND
ANNUAL REPORT
NOVEMBER 30, 2004

HOW TO READ THIS REPORT

This report contains information that can help you evaluate your investment. It includes details about the Energy Income and Growth Fund (the "Fund") and presents data and analysis that provide insight into the Fund's performance and investment approach.

By reading the letter from the Fund's President, James A. Bowen, together with the portfolio commentary, you will obtain an understanding of how the market environment affected the Fund's performance. The statistical information that follows can help you understand how the Fund's performance and characteristics compare to that of relevant market benchmarks.

It is important to keep in mind that the opinions expressed by Mr. Bowen and Mr. Cunanne, the Senior Portfolio Manager of the Fund's sub-advisor, Fiduciary Asset Management, LLC, are just that: informed opinions. They should not be considered to be promises or advice. The opinions, like the statistics, cover the period through the date on the cover of this report. Of course, the risks of investing in the Fund are spelled out in the prospectus.

SHAREHOLDER LETTER

ENERGY INCOME AND GROWTH FUND
ANNUAL REPORT
NOVEMBER 30, 2004

Dear Shareholders:

The Energy Income and Growth Fund (the "Fund") commenced trading on the American Stock Exchange on July 1, 2004, under the ticker symbol FEN. We are pleased to announce that both the market share price and the net asset value (NAV) of the Fund are currently trading above the Fund's IPO price of $20.00 per share.

From a performance standpoint, the Fund posted a market share price total return of 12.4% from inception through November 30, 2004, which marked the end of the Fund's fiscal year. The Fund's NAV total return was even better, up 13.5% over the same period. The launch date of the Fund turned out to be rather opportune in that it came right after a spike in intermediate and long-term interest rates in the second quarter of 2004. Master Limited Partnerships (MLPs), particularly those that own pipelines and storage facilities for purposes of either storing, processing or transporting energy products, were down an average of about 8.3% during that period of rising rates, according to BusinessWeek. So MLP prices were relatively attractive at the time we were putting the Fund's capital to work.

We believe the combination of a competitive distribution rate, the tax advantages associated with the heavy depreciation charges inherent in MLPs and the convenience of not having to file K-1 forms helped attract investors to the Fund. Because stocks were essentially unchanged over the first seven months of 2004, as measured by the S&P 500, some investors may have turned to MLPs for the high current income or because MLP returns are not highly correlated to stock returns. Though some investors may have thought that MLPs would benefit from the rise in oil and natural gas prices, these partnerships are actually influenced more by the volume of oil and gas they transport or store. The greater demand for these commodities the greater the need for access to pipelines, processing and storage. We concur with those industry analysts who call for a steady rise in the demand for oil and gas products in the U.S. in the years ahead. If demand does in fact grow, in our opinion, it can only benefit those entities that own and control the existing infrastructure.

The Fund distributed its first quarterly distribution of $0.325 per share in October 2004 and has announced a $0.33 per share distribution to be paid in January 2005.

We appreciate your continued interest in our Fund.

Sincerely,

/S/ JAMES A. BOWEN
James A. Bowen

President of the Energy Income and Growth Fund
January 12, 2004

[GRAPHIC OMITTED]
JAMES J. CUNNANE JR. PHOTO

JAMES J. CUNNANE JR., CFA
MANAGING DIRECTOR, SENIOR PORTFOLIO MANAGER
MEMBER OF INVESTMENT STRATEGY TEAM AND INVESTMENT COMMITTEE

Mr. Cunnane has over ten years experience managing portfolios. He is a member of the equity portfolio management team and performs securities research. Prior to joining Fiduciary Asset Management in 1996, he was a research analyst with A.G. Edwards from 1994 to 1996. Mr. Cunnane also worked as an analyst for Maguire Investment Advisors, where he gained extensive experience in the development of master limited partnership and mid- and small-cap stock portfolios. He graduated from the St. Louis Priory and holds a B.S. degree in finance from Indiana University. Mr. Cunnane is a Chartered Financial Analyst, and serves on the investment committee of the Archdiocese of St. Louis and the board of the St. Louis Internship Program.

A COMMENTARY ON THE ENERGY INCOME AND GROWTH FUND

The second half of 2004 produced generally strong performance for Master Limited Partnerships (MLPs) as several factors created investor demand:

- A majority of publicly traded MLPs saw their share price decline during the spring of 2004 despite improving underlying fundamentals and distributions.
- Longer maturity interest rates remained low which stimulated investor demand for securities with high yields.
- New publicly traded closed-end funds focused on MLP investing raised more than $1 billion of capital.
- Legislation was signed into law that expands the ability of registered investment companies to own MLPs.

Given the favorable investment environment, the Energy Income and Growth Fund invested its initial assets rapidly in July and August of 2004. We remain optimistic about the state of the MLP market and the ability of the MLPs to grow their distributions. MLP distributions rose approximately 4% in the second half of 2004 with over two-thirds of the partnerships increasing their quarterly distribution amounts.

Merger and acquisition activity, a critical component to MLP distribution growth, remained high in the second half of 2004. At the end of the third quarter, Enterprise Products Partners, L.P., completed its $2.9 billion acquisition of GulfTerra Energy Partners, L.P., thereby creating the industry's second-largest publicly traded MLP. In the fourth quarter of 2004, Valero, L.P. announced an agreement to acquire Kaneb Pipeline Partners, L.P. Other important announcements during late 2004 included two large asset sales by Shell Oil Company to Buckeye Partners, L.P. and Magellan Midstream Partners, L.P. and the purchase of an East Texas gas gathering and processing operation by Markwest Energy Partners, L.P.

The Fund purchased restricted shares in a private placement in MarkWest Energy Partners, L.P. The Fund also invested in the initial public equity offerings of

Holly Energy Partners, L.P., Copano Energy, L.L.C., and U.S. Shipping Partners, L.P., as well as several secondary equity offerings of other MLPs.

As of November 30, 2004, 96.1% of the Fund's total investments were allocated to energy-related MLPs, with the balance invested in energy-related common stocks. The industry composition of the Fund's portfolio is summarized in the chart below.*

[GRAPHIC OMITTED]
EDGAR REPRESENTATION OF DATA POINTS USE DIN PRINTED GRAPHIC AS FOLLOWS:

Oil & Gas	75.9%
Utilities	10.4%
Coal	9.3%
Energy	3.0%
Transportation	1.0%
Chemicals	0.4%

* Percentages are based on Total Investments.

ENERGY INCOME AND GROWTH FUND
PORTFOLIO OF INVESTMENTS
NOVEMBER 30, 2004

SHARES		MARKET VALUE
	MASTER LIMITED PARTNERSHIPS - 122.1%	
	OIL & GAS - 96.4%	
131,300	Atlas Pipeline Partners, L.P. +++	$ 5,513,287
73,576	Buckeye Partners, L.P. +++	3,021,766
375,272	Crosstex Energy, L.P. +++	11,644,690
114,057	Enbridge Energy Partners, L.P.	5,665,211
644,998	Enterprise Product Partners, L.P. +++	15,796,001
250,000	Holly Energy Partners, L.P. +++	8,322,500
103,212	Kaneb Pipeline Partners, L.P. +++	6,187,560
201,371	Kinder Morgan Energy Partners, L.P. +++	9,150,298
68,165	Magellan Midstream Partners, L.P.	3,968,566
85,250	MarkWest Energy Partners, L.P. +++	4,052,785
144,928	MarkWest Energy Partners, L.P. + ...	6,304,238
174,974	Northern Border Partners, L.P. +++	8,314,765
209,843	Pacific Energy Partners, L.P. +++	5,894,490
344,956	Plains All American Pipeline, L.P. +++	12,739,225
78,134	Sunoco Logistics Partners, L.P. +++	3,153,488
241,932	TEPPCO Partners, L.P. +++	9,495,831
215,895	Valero, L.P. +++.	12,897,567
		132,122,268
	UTILITIES - 12.1%	
98,500	Energy Transfer Partners, L.P.	5,317,030
385,275	Inergy, L.P. +++	11,296,263
		16,613,293

	COAL - 11.8%	
154,045	Alliance Resource Partners, L.P. +++	10,821,661
100,169	Natural Resource Partners, L.P.	5,288,923
		16,110,584
	TRANSPORTATION - 1.3%	
70,000	U.S. Shipping Partners, L.P.*	1,746,500
	CHEMICALS - 0.5%	
25,477	Martin Midstream Partners, L.P. +++	733,738
	TOTAL MASTER LIMITED PARTNERSHIPS	167,326,383
	(Cost $142,011,932)	
COMMON STOCKS - 5.0%		
	ENERGY - 3.8%	
37,500	ChevronTexaco Corp. ++	2,047,500
22,000	Exxon Mobil Corp. ++	1,127,500
29,400	Kinder Morgan, Inc. ++	2,037,420
		5,212,420

See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND - (CONTINUED)
PORTFOLIO OF INVESTMENTS
NOVEMBER 30, 2004

SHARES		MARKET VALUE
COMMON STOCKS - CONTINUED		
	UTILITIES - 1.2%	
40,000	Copano Energy, LLC*	$ 987,200
25,000	Duke Energy Corp. ++	632,000
		1,619,200
	TOTAL COMMON STOCKS	6,831,620
	(Cost $5,798,075)	
	TOTAL INVESTMENTS - 127.1%	174,158,003
	(Cost $147,810,007)**	
	CALL OPTIONS WRITTEN - (0.3)%	(397,435)

(Premiums received $214,192)

NET OTHER ASSETS & LIABILITIES - (4.9)%	(6,767,296)
LOAN OUTSTANDING - (21.9)%	(30,000,000)
NET ASSETS - 100.0%	$ 136,993,272

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* Non-income producing security.
** Aggregate cost for federal tax purposes.
\+ Securities are restricted securities and market value is determined in accordance with procedures established by the Board of Trustees (Note 2).
++ Securities or partial securities on which call options were written.
+++ Security segregated as collateral for the loan outstanding.

NUMBER OF CONTRACTS		MARKET VALUE
	CALL OPTIONS WRITTEN - (0.3%)	
	ChevronTexaco Corp. Calls	
180	@ 55 due Mar 05	$ (36,900)
195	@ 55 due Jan 06	(77,025)
		(113,925)
250	Duke Energy Call	
	@ 25 due Jan 06	(51,250)
220	Exxon Mobil Corp. Call	
	@ 50 due Jan 06	(86,900)
	Kinder Morgan, Inc. Calls	
65	@ 65 due Feb 05	(33,150)
229	@ 70 due Jan 06	(112,210)
		(145,360)
	TOTAL CALL OPTIONS WRITTEN	$ (397,435)

(Premiums received $214,192)

 See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND
STATEMENT OF ASSETS AND LIABILITIES
NOVEMBER 30, 2004

ASSETS:	
Investments, at value	
(See portfolio of investments) (a):	$ 174,158,003

Cash	3,603,067
Receivable for investment securities sold	906,212
Dividends receivable	44,555
Interest receivable	1,601
Total Assets	178,713,438
LIABILITIES:	
Outstanding Loan Payable (Note 6)	30,000,000
Deferred federal income tax liability	8,922,778
Payable for investment securities purchased	2,048,358
Options written, at value (Premiums received $214,192)	397,435
Investment advisory fee payable	101,065
Interest due on loan payable to bank (Note 6)	75,019
Audit and legal fees payable	63,354
Deferred state income tax liability	54,634
Printing fees payable	26,121
Payable to administrator	13,475
Custodian fee payable	7,412
Trustees' fees payable	6,667
Accrued expenses and other payables	3,848
Total Liabilities	41,720,166
NET ASSETS	$ 136,993,272
(a) Investments, at cost	$ 147,810,007
NET ASSETS CONSIST OF:	
Accumulated net investment loss	$ (507,085)
Net unrealized appreciation of investments	17,187,341
Par value	64,206
Paid-in capital	120,248,810
Total Net Assets	$ 136,993,272
NET ASSET VALUE, per Common Share (par value $0.01 per Common Share)	$ 21.34
Number of Common Shares outstanding	6,420,643

See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND
STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED NOVEMBER 30, 2004*

INVESTMENT INCOME:	
Dividends	$ 196,
Interest	35,
Total investment income	232,

EXPENSES:	
Investment advisory fee	664,
Interest on outstanding loan payable (Note 6)	303,
Legal and audit fees	94,
Administration fee	66,
Printing fees	26,
Trustees' fees and expenses	17,
Custodian fees	10,
Other	40,
Total expenses	1,222,
Expenses reimbursed by investment advisor	(166,
Net expenses	1,056,
NET INVESTMENT LOSS BEFORE TAXES	(824,
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS:	
Net realized gain/(loss) on:	
Securities transactions	885,
Written option transactions	(568,
Net realized gain on investments during the period	316,
Net change in unrealized appreciation/(depreciation) of:	
Securities transactions	26,347,
Written option transactions	(183,
Net change in unrealized appreciation/(depreciation) of investments during the period	26,164,
Net realized and unrealized gain on investments	26,481,
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS BEFORE TAXES	25,657,
Deferred federal income tax expense	8,922,
Deferred state income tax expense	54,
Total deferred income tax expense	8,977,
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS AFTER INCOME TAX EXPENSE	$ 16,680,

 See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED NOVEMBER 30, 2004*

PERIOD

	ENDED 11/30/20
Net investment loss	$ (824,
Net realized gain on investments	316,
Net change in unrealized appreciation/(depreciation) of investments during the period	26,164,
Deferred income tax expense	(8,977,
Net increase in net assets resulting from operations	16,680,
DISTRIBUTIONS TO SHAREHOLDERS:	
Return of capital	(2,081,
Total distributions to shareholders	(2,081,
CAPITAL TRANSACTIONS:	
Net proceeds from sale of 6,405,236 shares of Common Shares	122,083,
Value of 15,407 shares reinvested	310,
Total capital transactions	122,394,
Net increase in net assets	136,993,
NET ASSETS:	
Beginning of period	
End of period	$136,993,
Accumulated net investment loss at end of period	$ (507,

See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED NOVEMBER 30, 2004*

Cash flows from operating activities:	
Investment income received	$ 34,3
Dividend income received	152,3
Payment of operating expenses	(531,3
Interest expense	(228,6
Proceeds from sales of long-term securities	40,230,7
Proceeds from written option transactions	1,780,7
Purchases of closing options transactions	(2,134,8
Returns of capital received	4,404,6
Purchases of long-term securities	(190,417,9
CASH USED BY OPERATING ACTIVITIES	
Cash flows from financing activities:	

Net proceeds from shares sold		122,394,7
Return of capital paid		(2,081,7
Issuance of loan		30,000,0
CASH PROVIDED BY FINANCING ACTIVITIES		
Increase in cash		
Cash at beginning of period		
Cash at end of period		

RECONCILIATION OF NET INCREASE IN NET ASSETS FROM OPERATIONS TO CASH USED BY OPERATING ACTIVITIES:

Net increase in net assets resulting from operations		
Increase in investments**	$	(174,158,0
Increase in interest and dividends receivable		(46,1
Increase in receivables for investments sold		(906,2
Increase in written options		397,4
Increase in payable for investments purchased		2,048,3
Increase in interest expense payable		75,0
Increase in accrued expenses		221,9
Increase in deferred federal income tax expense		8,922,7
Increase in deferred state income tax expense		54,6
CASH USED BY OPERATING ACTIVITIES		

 See Notes to Financial Statements.

ENERGY INCOME AND GROWTH FUND
FINANCIAL HIGHLIGHTS
FOR A COMMON SHARE OUTSTANDING THROUGHOUT THE PERIOD.

	PERIOD ENDED 11/30/200
Net asset value, beginning of period	$ 19.1
INCOME FROM INVESTMENT OPERATIONS:	
Net investment loss	(0.1
Net realized and unrealized gain on investments	2.7
Total from investment operations	2.6
DISTRIBUTIONS PAID TO SHAREHOLDERS FROM:	
Return of capital	(0.3

Total from Distributions	(0.3
Common shares offering costs charged to paid-in capital	(0.0
Net asset value, end of period	$ 21.3
Market value, end of period	$ 22.1
TOTAL RETURN BASED ON NET ASSET VALUE (A)+	13.5
TOTAL RETURN BASED ON MARKET VALUE (B)+	12.3
Net assets, end of period (in 000's)	$ 136,99
RATIO OF EXPENSES TO AVERAGE NET ASSETS**:	
Excluding interest expense and tax expense and including reimbursements	1.3
Excluding tax expense and reimbursements and including interest expense	2.2
Excluding tax expense and including interest expense and reimbursements	1.9
Including tax expense, reimbursements, and interest expense	18.0
RATIO OF NET INVESTMENT LOSS TO AVERAGE NET ASSETS**:	
Excluding tax expense and including interest expense and reimbursements	(1.4
Including tax expense, reimbursements, and interest expense	(17.6
Portfolio turnover rate	34.8
SENIOR INDEBTEDNESS:	
Total loan outstanding (in 000's)	$ 30,00
Asset coverage per $1,000 senior indebtedness (c)	$ 5,56

NOTES TO FINANCIAL STATEMENTS

ENERGY INCOME AND GROWTH FUND
NOVEMBER 30, 2004

1. FUND DESCRIPTION

Energy Income and Growth Fund (the "Fund") is a non-diversified closed-end management investment company organized as a Massachusetts business trust on March 25, 2004 and is registered with the Securities and Exchange Commission ("SEC") under the Investment Company Act of 1940, as amended (the "1940 Act").

The Fund's investment objective is to seek a high level of after-tax total return with an emphasis on current distributions paid to shareholders. The Fund seeks to provide its shareholders with an efficient vehicle to invest in a portfolio of cash-generating securities of energy companies. The Fund will focus on investing in publicly traded master limited partnerships ("MLPs") and related public entities in the energy sector, which the Fund's sub-adviser believes offer opportunities for income and growth. Due to the tax treatment of cash distributions made by MLPs to their investors, the Fund believes that a significant portion of the distributions received will be tax deferred, thereby maximizing cash available for distribution by the Fund to its shareholders.

There can be no assurance that the Fund's investment objective will be achieved.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

PORTFOLIO VALUATION:

The Fund will determine the net asset value of its Common Shares as of the close of regular session trading on the New York Stock Exchange (normally 4:00 p.m. Eastern time) no less frequently than weekly on Friday of each week. Net asset value is computed by dividing the value of all assets of the Fund (including accrued interest and dividends), less all Fund liabilities (including accrued expenses, dividends payable, current and deferred income taxes, any borrowings of the Fund and the market value of written call options) by the total number of shares outstanding. The Fund will rely to some extent on information provided by the MLPs, which is not necessarily timely, to estimate taxable income allocable to the MLP units held in the Fund's portfolio and to estimate the associated deferred tax liability. From time to time the Fund will modify its estimates and/or assumptions regarding its deferred tax liability as new information becomes available. To the extent the Fund modifies its estimates and/or assumptions, the net asset value of the Fund would likely fluctuate.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value as determined by or under the direction of the Fund's Board of Trustees. Portfolio securities listed on any exchange other than the NASDAQ National Market ("NASDAQ") are valued at the last sale price on the business day of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the most recent bid and asked prices on such day. Securities traded on the NASDAQ are valued at the NASDAQ Official Closing Price as determined by NASDAQ. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. Portfolio securities traded in the over-the-counter market, but excluding securities traded on the NASDAQ, are valued at the closing bid prices. Fixed income securities with a remaining maturity of 60 days or more will be valued by the Fund using a pricing service. When price quotes are not available, fair market value is based on prices of comparable securities. Short-term investments that mature in 60 days or less are valued at amortized cost.

Exchange traded options and futures contracts are valued at the closing price in the market where such contracts are principally traded.

OPTION CONTRACTS:

The Fund may enter into various hedging and strategic transactions to seek to reduce interest rate risks arising from any use of financial leverage by the Fund, to facilitate portfolio management and mitigate risks.

Call options are contracts representing the right to purchase a common stock at a specified price (the "strike price") through a specified future date (the "expiration date"). The price of the option is determined from trading activity in the broad options market, and generally reflects the relationship between the current market price for the underlying common stock and the strike price, as well as the time remaining until the expiration date. The Fund will write call options only if they are "covered." In the case of a call option on a common stock or other security, the option is "covered" if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or other assets determined to be liquid by Fiduciary Asset Management, LLC (the "Sub-Adviser") (in accordance with procedures established by the Board of Trustees) in such amount are segregated by the Fund's custodian) upon conversion or exchange of other securities held by the Fund.

If an option written by the Fund expires unexercised, the Fund realizes on the expiration date a capital gain equal to the premium received by the Fund at the time the option was written. If an option purchased by the Fund expires unexercised, the Fund realizes a capital loss equal to the premium paid at the time the option expires. Prior to the earlier of exercise or expiration, an exchange-traded option may be closed out by an offsetting purchase or sale of an option of the same series (type, underlying security, exercise price, and expiration). There can be no assurance, however, that a closing purchase or sale transaction can be effected when the Fund desires. The Fund may sell put or call options it has previously purchased, which could result in a net gain or loss depending on whether the amount realized on the sale is more or less than the premium and other transaction costs paid on the put or call option purchased.

CASH FLOW INFORMATION:

The Fund issues its shares and distributes dividends from return of capital (which are either paid in cash or reinvested at the discretion of shareholders). These activities are reported in the Statement of Changes in Net Assets. Information on cash receipts and disbursements is presented in the Statement of Cash Flows. Accounting practices that do not affect reporting activities on a cash basis include unrealized gain or loss on investment securities.

SECURITIES TRANSACTIONS AND INVESTMENT INCOME:

Securities transactions are recorded as of the trade date. Realized gains and losses from securities transactions are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is recognized and recorded on the accrual basis, including amortization of premiums and accretion of discounts.

Distributions received from the Fund's investments in MLPs generally are comprised of return of capital from the MLP. The Fund records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded.

Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date; interest income is not accrued until settlement date. The Fund instructs the custodian to segregate assets of the Fund with a current value at least equal to the amount of its when-issued purchase commitments.

RESTRICTED SECURITIES:

The Fund may invest up to 35% of its managed assets in restricted securities. The Fund currently holds the restricted shares shown in the following table of MarkWest Energy Partners, L.P. ("MarkWest"), which were purchased in a private placement transaction. Restricted securities are valued at fair value in accordance with procedures adopted by the Fund's Board of Trustees. Pursuant to a Registration Rights Agreement, MarkWest has agreed to provide certain demand and piggyback registration rights to the Fund and the other purchasers in the private placement with respect to these restricted securities. On November 24, 2004, MarkWest filed a registration statement with the Securities and Exchange Commission ("SEC") on Form S-3. As of November 30, 2004, the SEC had not yet declared this registration statement effective.

SECURITY	ACQUISITION DATE	SHARES	CARRYING VALUE PER SHARE 11/30/04 (RESTRICTED)	COST PER SHARE 7/30/04 (RESTRICTED)	CARRYING VALUE PER SHARE 7/30/04 (UNRESTRICTED)*(
MarkWest Energy Partners, L.P.	7/30/04	144,928	$43.50	$34.50	$43.92
		=======	======	======	======

DISTRIBUTIONS TO SHAREHOLDERS

The Fund intends to make quarterly distributions to Common Shareholders. The Fund's distributions generally will consist of cash and paid-in-kind distributions from MLPs or their affiliates, dividends from common stocks, interest from debt instruments and income from other investments held by the Fund less operating expenses, including taxes. Distributions made from current and accumulated earnings and profits of the Fund will be taxable to shareholders as dividend income.

Distributions that are in an amount greater than the Fund's current and accumulated earnings and profits will represent a tax-deferred return of capital to the extent of a shareholder's basis in its Common Shares, and such distributions would correspondingly reduce the shareholder's basis in its Common Shares. A reduction in the shareholder's basis would increase the realized gain or reduce the amount of realized loss upon the sale of the Common Shares. Additionally, distributions not paid from current and accumulated earnings and profits that exceed a shareholder's tax basis in its Common Shares will be taxed as a capital gain.

Distributions paid during the period ended November 30, 2004, of $2,081,702 have been characterized as return of capital for tax purposes. Distributions will automatically be reinvested into additional Common Shares pursuant to the Fund's Dividend Reinvestment Plan unless cash distributions are elected by the shareholder. Permanent differences incurred during the period ended November 30, 2004, resulting from differences in book and tax accounting and have been reclassified at year end to reflect an increase in net investment loss by $316,965 and a decrease to net realized gain on investments by $316,965. Net assets were not affected by this reclassification.

INCOME TAXES:

The Fund has elected to be treated as a regular C corporation for U.S. federal income tax purposes and as such will be obligated to pay federal and applicable state and foreign corporate taxes on its taxable income. The current U.S. federal maximum graduated income tax rate for corporations is 35%. In addition, the United States also imposes a 20% alternative minimum tax on the recalculated alternative minimum taxable income of an entity treated as a corporation. This differs from most investment companies, which elect to be treated as "regulated investment companies" under the United States Internal Revenue Code of 1986, as amended.

The tax deferral benefit the Fund derives from its investment in MLPs results largely because the MLPs are treated as partnerships for federal income tax purposes. As a partnership, an MLP has no income tax liability at the entity level. As a limited partner in the MLPs in which it invests, the Fund will be allocated its pro rata share of income, gains, losses, deductions and credits from the MLPs, regardless of whether or not any cash is distributed from the MLPs.

To the extent that the distributions received from the MLPs exceed the net taxable income realized by the Fund from its investment, a tax liability results. This tax liability is a deferred liability to the extent that MLP distributions received have not exceeded the Fund's adjusted tax basis in the respective MLPs. To the extent that distributions from an MLP exceed the Fund's adjusted tax basis, the Fund will recognize a taxable capital gain.

For the period ended November 30, 2004, distributions of $4,404,600 received from MLPs have been classified as return of capital.

The Fund's provision for income taxes is calculated in accordance with SFAS No. 109 Accounting for Income Taxes and consists of the following:

Current Federal and State Income Taxes	$ --
Deferred Federal Income Taxes	8,922,778
Deferred State Income Taxes	54,634
Total income tax expense	$8,977,412

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Components of the Fund's deferred tax assets and liabilities as of November 30, 2004 are as follows:

DEFERRED TAX ASSETS:	
Organization costs...........................	$ --
Net operating loss carryforwards..............	215,764
State income taxes...........................	19,122

	$ 234,886
	==========
DEFERRED TAX LIABILITIES:	
Unrealized gains on investment securities......	$9,212,298

	$9,212,298
	==========
Total net deferred tax liability..............	$8,977,412
	==========

ENERGY INCOME AND GROWTH FUND
NOVEMBER 30, 2004

The components of income tax expense include $8,922,778 and $54,634 for deferred federal and state income taxes, respectively. For the period ended November 30, 2004, the Fund had a net operating loss for federal income tax purposes of approximately $616,469. This net loss may be carried forward for 20 years, and accordingly would expire after the year ended November 30, 2024.

Total income taxes differ from the amount computed by applying the federal statutory income tax rate of 35% to net investment income and realized and unrealized gains on investments.

Application of statutory income tax rate.......	$8,980,184
Dividends received deduction...................	(38,284)
State income taxes, net........................	35,512

Total..	$8,977,412
	==========

EXPENSES:

The Fund pays all expenses directly related to its operations.

ORGANIZATIONAL AND OFFERING COSTS:

Organization costs consist of costs incurred to establish the Fund and enable it to legally do business. These costs include filing fees, legal services pertaining to the organization of the business and audit fees relating to the initial registration and auditing the initial statement of assets and liabilities, among other fees. Offering costs consist of legal fees pertaining to the Fund's shares offered for sale, registration fees, underwriting fees, and printing of the initial prospectus, among other fees. First Trust Advisors, L.P. ("First Trust") has paid all organizational expenses and will pay all offering costs of the Fund (other than sales load) that exceed $0.04 per Common Share. The Fund's share of Common Share offering costs, $256,209, were recorded as a reduction of the proceeds from the sale of Common Shares at November 30, 2004.

3. INVESTMENT ADVISORY FEE AND OTHER AFFILIATED TRANSACTIONS

First Trust is a limited partnership with one limited partner, Grace Partners of DuPage L.P., and one general partner, The Charger Corporation. First Trust serves as investment advisor to the Fund pursuant to an Investment Management

Agreement. First Trust is responsible for the ongoing monitoring of the Fund's investment portfolio, managing the Fund's business affairs and certain administrative services necessary for the management of the Fund. For these services, First Trust is entitled to a monthly fee calculated at an annual rate of 1.00% of the Fund's Managed Assets, the average daily gross asset value of the Fund minus accrued liabilities.

Fiduciary Asset Management, LLC (the "Sub-Adviser") serves as the Fund's sub-adviser and manages the Fund's portfolio subject to First Trust's supervision. The Sub-Adviser receives a portfolio management fee of 0.50% of Managed Assets that is paid monthly by First Trust out of the First Trust management fee.

First Trust has agreed to reimburse the Fund for fees and expenses in an amount equal to 0.25% of the average daily Managed Assets of the Fund for the first two years of the Fund's operations through June 24, 2006. The Sub-Adviser has agreed to bear a portion of this expense reimbursement obligation by reducing the amount of its full sub-advisory fee to 0.382%. Reimbursements are reported as "expenses reimbursed by investment advisor" in the statement of operations.

PFPC Inc. ("PFPC"), an indirect, majority-owned subsidiary of The PNC Financial Services Group Inc., serves as the Fund's Administrator and Transfer Agent in accordance with certain fee arrangements. PFPC Trust Company, an indirect, majority-owned subsidiary of The PNC Financial Services Group Inc., serves as the Fund's Custodian in accordance with certain fee arrangements.

The Fund pays each Trustee who is not an officer or employee of First Trust or any of their affiliates an annual retainer of $10,000, which includes compensation for all regular quarterly board meetings and regular committee meetings. No additional meeting fees are paid in connection with regular quarterly board meetings or regular committee meetings. Additional fees of $1,000 and $500 are paid to non-interested Trustees for special board meetings and non-regular committee meetings, respectively. These additional fees are shared by the funds in the First Trust fund complex that participate in the particular meeting and are not per fund fees. Trustees are also reimbursed for travel and out-of-pocket expenses in connection with all meetings.

4. PURCHASES AND SALES OF SECURITIES

Cost of purchases and proceeds from sales of investment securities, excluding short-term investments, for the period ended November 30, 2004, aggregated amounts were $192,466,319 and $41,136,996, respectively.

As of November 30, 2004, the aggregate gross unrealized appreciation for all securities, in which there was an excess of value over tax cost, was $26,389,868 and the aggregate gross unrealized depreciation for all securities, in which there was an excess of tax cost over value, was $41,872.

WRITTEN OPTION ACTIVITY FOR THE FUND WAS AS FOLLOWS:

NUMBER
OF

	CONTRACTS	PREMIUMS
WRITTEN OPTIONS		
Options outstanding at inception of Fund	--	$ --
Options written	8,425	1,780,721
Options closed	(7,286)	(1,566,529)
Options outstanding at November 30, 2004	1,139	$ 214,192

5. COMMON STOCK

As of November 30, 2004, 6,420,643 of $0.01 par value Common Shares were issued and outstanding. An unlimited number of Common Shares has been authorized under the Fund's Dividend Reinvestment Plan.

COMMON STOCK TRANSACTIONS WERE AS FOLLOWS:

	PERIOD ENDED NOVEMBER 30, 2004	
	SHARES	AMOUNT
Proceeds from shares sold	6,405,236	$122,340,007
Issued as reinvestment of dividends under the Dividend Reinvestment Plan	15,407	310,920
Offering Cost Common Shares	--	(256,209)
	6,420,643	$122,394,718

6. LOAN OUTSTANDING

The Fund has a credit agreement with the Custodial Trust Company of Bear Stearns, under which the Fund may borrow from the Custodial Trust Company an aggregate amount of up to the lesser of $30,000,000 or the maximum amount the Fund is permitted to borrow under the 1940 Act. For the period ended November 30, 2004, the average amount outstanding was $21,857,924 with a weighted average interest rate of 2.50%. This loan has no maturity date and can be paid or called at any time.

7. CONCENTRATION OF CREDIT RISK

The Fund intends to invest at least 85% of its Managed Assets in securities issued by energy companies, energy sector MLPs and MLP related entities. Given this industry concentration, the Fund will be more susceptible to adverse economic or regulatory occurrences affecting that industry than an investment company that is not concentrated in a single industry. Energy issuers may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors.

An investment in MLP units involves risks which differ from an investment in common stock of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. In addition, there are certain tax risks associated with an investment in MLP units and conflicts of interest exist between common unit holders and the general partner, including those arising from incentive distribution payments.

8. SUBSEQUENT EVENTS

On December 20, 2004, the Fund declared a dividend of $0.33 per share which represents a return of capital to Common Shareholders of record January 12, 2005, payable January 31, 2005.

On December 13, 2004, the Fund's Board of Trustees approved plans to issue auction rate senior notes. The Fund has filed a registration statement related to such offering and expects that the notes will be issued during the first quarter of 2005, subject to obtaining required regulatory approvals. The Fund intends to issue Series A Energy Notes in an amount up to approximately 20% of the Fund's Managed Assets.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF TRUSTEES AND SHAREHOLDERS OF ENERGY INCOME AND GROWTH FUND:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of Energy Income and Growth Fund (the "Fund"), as of November 30, 2004 and the related statements of operations, changes in net assets, and cash flows and the financial highlights for the period June 17, 2004 (inception) through November 30, 2004. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of November 30, 2004, by correspondence with the Fund's custodian, brokers and selling or agent banks; where replies were not received, we performed other auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Energy Income and Growth Fund at November 30, 2004, the results of its operations, the changes in its net assets, cash flows and the financial highlights for the period June 17, 2004 (inception) through November 30, 2004, in conformity with accounting principles generally accepted in the United States of America.

/S/DELITTE & TOUCHE LLP

Chicago, Illinois
January 19, 2005

ADDITIONAL INFORMATION

ENERGY INCOME AND GROWTH FUND
NOVEMBER 30, 2004 (UNAUDITED)

DIVIDEND REINVESTMENT PLAN

If your Common Shares are registered directly with the Fund or if you hold your Common Shares with a brokerage firm that participates in the Fund's Dividend Reinvestment Plan (the "Plan"), unless you elect to receive cash distributions, all dividends and distributions on your Common Shares will be automatically reinvested by PFPC (the "Plan Agent") in additional Common Shares under the Plan. If you elect to receive cash distributions, you will receive all distributions in cash paid by check mailed directly to you by PFPC, as dividend paying agent.

If you decide to participate in the Plan, the number of Common Shares you will receive will be determined as follows:

(1) If the Common Shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at a price equal to the greater of (i) net asset value per Common Share on that date or (ii) 95% of the market price on that date.

(2) If the Common Shares are trading below net asset value at the time of valuation, the Plan Agent will receive the dividend or distribution in cash and will purchase Common Shares in the open market, on the American Stock Exchange or elsewhere, for the participants' accounts. It is possible that the market price for the Common Shares may increase before the Plan Agent has completed its purchases. Therefore, the average purchase price per share paid by the Plan Agent may exceed the market price at the time of valuation, resulting in the purchase of fewer shares than if the dividend or distribution had been paid in Common Shares issued by the Fund. The Plan Agent will use all dividends and distributions received in cash to purchase Common Shares in the open market within 30 days of the valuation date except where temporary curtailment or suspension of purchases is necessary to comply with federal securities laws. Interest will not be paid on any uninvested cash payments.

You may withdraw from the Plan at any time by giving written notice to the Plan Agent, or by telephone in accordance with such reasonable requirements as the Plan Agent and Fund may agree upon. If you withdraw or the Plan is terminated, you will receive a certificate for each whole share in your account under the Plan and you will receive a cash payment for any fraction of a share in your account. If you wish, the Plan Agent will sell your shares and send you the proceeds, minus brokerage commissions.

The Plan Agent maintains all shareholders' accounts in the Plan and gives written confirmation of all transactions in the accounts, including information you may need for tax records. Common Shares in your account will be held by the Plan Agent in non-certificated form. The Plan Agent will forward to each participant any proxy solicitation material and will vote any shares so held only in accordance with proxies returned to the Fund. Any proxy you receive will include all Common Shares you have received under the Plan.

There is no brokerage charge for reinvestment of your dividends or distributions in Common Shares. However, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open market purchases.

Automatically reinvesting dividends and distributions does not mean that you do not have to pay income taxes due upon receiving dividends and distributions. Capital gains and income are realized, although cash is not received by you.

If you hold your Common Shares with a brokerage firm that does not participate in the Plan, you will not be able to participate in the Plan and any dividend reinvestment may be effected on different terms than those described above. Consult your financial advisor for more information.

The Fund reserves the right to amend or terminate the Plan if in the judgment of the Board of Trustees the change is warranted. There is no direct service charge to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. Additional information about the Plan may be obtained by writing PFPC Inc., 301 Bellevue Parkway, Wilmington, Delaware 19809.

PROXY VOTING POLICIES AND PROCEDURES

A description of the policies and procedures that the Fund uses to determine how to vote proxies and information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling (800) 988-5891; (2) on the Fund's website located at http://www.ftportfolios.com; and (3) on the Securities and Exchange Commission's website located at http://www.sec.gov.

PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available (1) by calling (800) 988-5891; (2) on the Fund's website located at http://www.ftportfolios.com; (3) on the SEC's website at http://www.sec.gov; and (4) for review and copying at the SEC's Public Reference Room ("PRR") in Washington, DC. Information regarding the operation of the PRR may be obtained by calling 1-800-SEC-0330.

ENERGY INCOME AND GROWTH FUND
NOVEMBER 30, 2004 (UNAUDITED)

BOARD OF TRUSTEES AND OFFICERS

Information pertaining to the Trustees and officers* of the Fund is set forth below. The Statement of Additional Information (SAI) includes additional information about the Trustees and is available without charge, upon request, by calling (800) 988-5891.

NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIO IN FUND COM OVERSEEN BY T
		DISINTERESTED TRUSTEES	
Richard E. Erickson, Trustee D.O.B. 04/51 c/o First Trust Advisors L.P. 1001 Warrenville Road Suite 300 Lisle, IL 60532	o One year term o 7 months served	Physician, Sportsmed/ Wheaton Orthopedics	20 portfolios
Niel B. Nielson, Trustee D.O.B. 03/54 c/o First Trust Advisors L.P. 1001 Warrenville Road Suite 300 Lisle, IL 60532	o One year term o 7 months served	President, Covenant College (June 2002 to present); Pastor, College Church in Wheaton (1997 to June 2002)	20 portfolios
Thomas R. Kadlec, Trustee D.O.B. 11/57 c/o First Trust Advisors L.P. 1001 Warrenville Road Suite 300 Lisle, IL 60532	o One year term o 7 months served	Vice President and Chief Financial Officer (1990 to present) ADM Investor Services, Inc. (Futures Commission Merchant); Registered Representative (2000 to present) Segerdahl & Company, Inc., a NASD member (Broker-Dealer)	20 portfolios
David M. Oster, Trustee D.O.B. 03/64 c/o First Trust Advisors L.P. 1001 Warrenville Road Suite 300 Lisle, IL 60532	o One year term o 7 months served	Trader and Market Maker, Chicago Options Exchange (Self Employed -1987 to present in options trading and market making)	9 portfolios

BOARD OF TRUSTEES AND OFFICERS (CONTINUED)

NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIO IN FUND COM OVERSEEN BY T
		INTERESTED TRUSTEES	
James A. Bowen, Trustee President, Chairman of the Board and CEO D.O.B. 09/55 1001 Warrenville Road Suite 300 Lisle, IL 60532	o One year trustee term and indefinite officer term o 7 months served	President, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chairman of the Board, BondWave LLC	20 portfolios
		OFFICERS WHO ARE NOT TRUSTEES	
Robert F. Carey, Vice President D.O.B 07/63 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 7 months served	Senior Vice President, First Trust Advisors L.P. and First Trust Portfolios L.P.	N/A
Mark R. Bradley, Treasurer, Controller, Chief Financial Officer, Chief Accounting Officer D.O.B. 11/57 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 7 months served	Chief Financial Officer, Managing Director, First Trust Advisors L.P. and First Trust Portfolios L.P.; Chief Financial Officer, BondWave LLC	N/A
W. Scott Jardine, Chief Compliance Officer and Secretary D.O.B. 05/60 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 7 months served	General Counsel, First Trust Advisors L.P. and First Trust Portfolios L.P.; Secretary, BondWave LLC	N/A

MANAGEMENT - (CONTINUED)

ENERGY INCOME AND GROWTH FUND
NOVEMBER 30, 2004 (UNAUDITED)

BOARD OF TRUSTEES AND OFFICERS (CONTINUED)

NAME, D.O.B., ADDRESS AND POSITION(S) WITH THE FUND	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF PORTFOLIO IN FUND COM OVERSEEN BY T
OFFICERS WHO ARE NOT TRUSTEES - (CONTINUED)			
Roger Testin Vice President D.O.B. 06/66 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 7 months served	Senior Vice President, First Trust Advisors L.P. (August 2001 to present); Analyst, Dolan Capital Management (1998-2001)	N/A
Susan M. Brix Assistant Vice President D.O.B. 01/60 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 7 months served	Representative, First Trust Portfolios L.P.; Assistant Portfolio Manager, First Trust Advisors L.P.	N/A
Kristi A. Maher Assistant Secretary D.O.B. 12/66 1001 Warrenville Road Suite 300 Lisle, IL 60532	o Indefinite term o 6 months served	Assistant General Counsel, First Trust Portfolios L.P. (March 2004 to present); Associate, Chapman and Cutler LLP (1995-2004)	N/A

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ITEM 2. CODE OF ETHICS.

(a) The registrant, as of the end of the period covered by this report, has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party.

(c) There have been no amendments, during the period covered by this report, to a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, and that relates to any element of the code of ethics description.

(d) The registrant has not granted any waivers, including an implicit waiver, from a provision of the code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party, that relates to one or more of the items set forth in paragraph (b) of this item's instructions.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

As of the end of the period covered by the report, the registrant's board of trustees has determined that Thomas R. Kadlec is qualified to serve as an audit committee financial expert serving on its audit committee and that he is "independent," as defined by Item 3 of Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) AUDIT FEES (REGISTRANT) -- The aggregate fees billed for the Fund's last two fiscal years (from inception on June 24, 2004 to November 30, 2004) for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for such last two fiscal years are $ 57,500.

(b) AUDIT-RELATED FEES (REGISTRANT) -- The aggregate fees billed in the Fund's last two fiscal years (from inception on June 24, 2004 to November 30, 2004) for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item are $ 0.

AUDIT-RELATED FEES (INVESTMENT ADVISER) -- The aggregate fees billed in the last two fiscal years (of the Registrant) for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the adviser's registration statements and are not reported under paragraph (a) of this Item are $ 22,000. The fees were for AIMR Verification.

(c) TAX FEES (REGISTRANT) -- The aggregate fees billed in the last two fiscal years (from inception on June 24, 2004 to November 30, 2004) for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning to the registrant are $ 0.

TAX FEES (INVESTMENT ADVISER) -- The aggregate fees billed in the last two fiscal years (of the Registrant) for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning to the Fund's adviser are $ 6,000. The fees are for return preparation.

(d) ALL OTHER FEES (REGISTRANT) -- The aggregate fees billed in the last two fiscal years (from inception on June 24, 2004 to November 30, 2004) for products and services provided by the principal accountant to the registrant, other than the services reported in paragraphs (a) through (c) of this Item, are $ 0.

ALL OTHER FEES (INVESTMENT ADVISER) -- The aggregate fees billed in the last two fiscal years (of the Registrant) for products and services provided by the principal accountant to the registrant's investment adviser, other than services reported in paragraphs (a) through (c) of this Item, are $ 0.

(e)(1) Disclose the audit committee's pre-approval policies and procedures described in paragraph (c)(7) of Rule 2-01 of Regulation S-X.

Pursuant to its charter, the Audit Committee (the "COMMITTEE") is responsible for the pre-approval of all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Fund by its independent auditors. The Chairman of the Committee is authorized to give such pre-approvals on behalf of the Committee and shall report any such pre-approval to the full Committee.

The Committee is also responsible for the approval of the independent auditor's engagements for non-audit services with the Fund's management (not including a sub-adviser whose role is primarily portfolio management and is sub-contracted or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Fund, if the engagement relates directly to the operations and financial reporting of the Fund, subject to the DE MINIMIS exceptions for non-audit services described in Rule 2-01 of Regulation S-X. If the independent auditor has provided non-audit services to the Fund's management (other than any sub-adviser whose role is primarily portfolio management and is sub-contracted with or overseen by another investment adviser) and any entity controlling, controlled by or under common control with the investment adviser that provides ongoing services to the Fund that were not pre-approved pursuant to the DE MINIMIS exception, the Committee will consider whether the provision of such non-audit services is compatible with the auditor's independence.

(e)(2) The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X are as follows:

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

The percentage of services described in each of paragraphs (b) through (d) of this Item that were approved by the audit committee pursuant to paragraph (c)(7)(ii) of Rule 2-01 of Regulation S-X are as follows:

(b) 100%.

(c) 100%.

(d) Not applicable.

(f) The percentage of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year (from inception on June 24, 2004 to November 30, 2004) that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was less than fifty percent.

(g) The aggregate non-audit fees billed by the registrant's accountant for services rendered to the registrant, and rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant for the last two fiscal years of the registrant (from inception on June 24, 2004 to November 30, 2004) was $ 28,000.

(h) Not applicable. The audit committee pre-approved all non-audit services rendered to the Registrant's investment adviser and any entity controlling, controlled by or under common control with the adviser that provides ongoing services to the registrant.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

(a) The registrant has a separately designated audit committee consisting of all the independent trustees of the registrant. The members of the audit committee are: Thomas R. Kadlec. Niel B. Nielson, David M. Oster and Richard E. Erickson.

ITEM 6. SCHEDULE OF INVESTMENTS

Schedule of Investments in securities of unaffiliated issuers as of the close of the reporting period is included as part of the report to shareholders filed under Item 1 of this form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Proxy Voting Policies are attached herewith.

FIDUCIARY ASSET MANAGEMENT, LLC
PROXY VOTING POLICY

A. STATEMENT OF POLICY

1. It is the policy of Fiduciary Asset Management, LLC ("FAM") to vote all proxies over which it has voting authority in the best interest of FAM's clients.

B. DEFINITIONS

2. By "best interest of FAM's clients," FAM means clients' best economic interest over the long term -- that is, the common interest that all clients share in seeing the value of a common investment increase over time. Clients may have differing political or social interests, but their best economic interest is generally uniform.

3. By "material conflict of interest," FAM means circumstances when FAM itself

knowingly does business with a particular proxy issuer or closely affiliated entity, and may appear to have a significant conflict of interest between its own interests and the interests of clients in how proxies of that issuer are voted.

C. FAM INVESTS WITH MANAGEMENTS THAT SEEK SHAREHOLDERS' BEST INTERESTS

4. Under its investment philosophy, FAM generally invests client funds in a company only if FAM believes that the company's management seeks to serve shareholders' best interests. Because FAM has confidence in the managements of the companies in which it invests, it believes that management decisions and recommendations on issues such as proxy voting GENERALLY are likely to be in shareholders' best interests.

5. FAM may periodically reassess its view of company managements. If FAM concludes that a company's management no longer serves shareholders' best interests, FAM generally sells its clients' shares of the company. FAM believes that clients do not usually benefit from holding shares of a poorly managed company or engaging in proxy contests with management.

D. FAM'S PROXY VOTING PROCEDURES

6. When companies in which FAM has invested client funds issue proxies, FAM routinely votes the proxies as recommended by management, because it believes that recommendations by these companies' managements generally are in shareholders' best interests, and therefore in the best economic interest of FAM's clients.

7. If FAM has decided to sell the shares of a company, whether because of concerns about the company's management or for other reasons, FAM generally abstains from

voting proxies issued by the company after FAM has made the decision to sell. FAM generally will not notify clients when this type of routine abstention occurs.

8. FAM also may abstain from voting proxies in other circumstances. FAM may determine, for example, that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best economic interest of clients, such as when foreign proxy issuers impose unreasonable voting or holding requirements. FAM generally will not notify clients when this type of routine abstention occurs.

9. The procedures in this policy apply to all proxy voting matters over which FAM has voting authority, including changes in corporate governance structures, the adoption or amendment of compensation plans (including stock options), and matters involving social issues or corporate responsibility.

E. ALTERNATIVE PROCEDURES FOR POTENTIAL MATERIAL CONFLICTS OF INTEREST

10. In certain circumstances, such as when the proponent of a proxy proposal is also a client of FAM, an appearance might arise of a potential conflict between FAM's interests and the interests of affected clients in how the proxies of that issuer are voted.

11. Because FAM does not exercise discretion in voting proxies, but routinely votes proxies as recommended by management, no potential conflict of interest could actually affect FAM's voting of the proxies.

12.a. Nevertheless, when FAM itself knowingly does business with a particular proxy issuer and a material conflict of interest between FAM's interests and clients' interests may appear to exist, FAM generally would, to avoid any appearance concerns, follow an alternative procedure rather than vote proxies as recommended by management. Such an alternative procedure generally would involve causing the proxies to be voted in accordance with the recommendations of an independent service provider that FAM may use to assist in voting proxies. FAM generally will not notify clients if it uses this procedure to resolve an apparent material conflict of interest. FAM will document the identification of any material conflict of interest and its procedure for resolving the particular conflict.

12.b. In unusual cases, FAM may use other alternative procedures to address circumstances when a material conflict of interest may appear to exist, such as, without limitation:

(i) Notifying affected clients of the conflict of interest (if practical), and seeking a waiver of the conflict to permit FAM to vote the proxies under its usual policy;

(ii) Abstaining from voting the proxies; or

(iii) Forwarding the proxies to clients so that clients may vote the proxies themselves.

FAM generally will notify affected clients if it uses one of these alternative procedures to resolve a material conflict of interest.

F. OTHER EXCEPTIONS

13. On an exceptions basis, FAM may for other reasons choose to depart from its usual procedure of routinely voting proxies as recommended by management.

G. VOTING BY CLIENT INSTEAD OF FAM

14. A FAM client may vote its own proxies instead of directing FAM to do so. FAM recommends this approach if a client believes that proxies should be voted based on political or social interests.

15. FAM generally will not accept proxy voting authority from a client (and will encourage the client to vote its own proxies) if the client seeks to impose client-specific voting guidelines that may be inconsistent with FAM's guidelines or with the client's best economic interest in FAM's view.

16. FAM generally will abstain from voting on (or otherwise participating in) the commencement of legal proceedings such as shareholder class actions or bankruptcy proceedings.

H. PERSONS RESPONSIBLE FOR IMPLEMENTING FAM'S POLICY

17. FAM's client services staff has primary responsibility for implementing FAM's proxy voting procedures, including ensuring that proxies are timely submitted. FAM also may use a service provider to assist in voting proxies, recordkeeping, and other matters.

18. FAM's security analysts routinely review proxy proposals as part of their ongoing reassessment of companies and their managements.

I. RECORDKEEPING

19. FAM or a service provider maintains, in accordance with Rule 204-2 of the Investment Advisers Act:

(i) Copies of all proxy voting policies and procedures;

(ii) Copies of proxy statements received (unless maintained elsewhere as described below);

(iii) Records of proxy votes cast on behalf of clients;

(iv) Documents prepared by FAM that are material to a decision on how to vote or memorializing the basis for a decision;

(v) Written client requests for proxy voting information, and (vi) written responses by FAM to written or oral client requests.

20. FAM will obtain an undertaking from any service provider that the service provider will provide copies of proxy voting records and other documents promptly upon request if FAM relies on the service provider to maintain related records.

21. FAM or its service provider may rely on the SEC's EDGAR system to keep records of certain proxy statements if the proxy statements are maintained by issuers on that system (as is generally true in the case of larger U.S.-based issuers).

22. All proxy related records will be maintained in an easily accessible place for five years (and an appropriate office of FAM or a service provider for the first two years).

J. AVAILABILITY OF POLICY AND PROXY VOTING RECORDS TO CLIENTS

23. FAM will initially inform clients of this policy and how a client may learn of FAM's voting record for the client's securities through summary disclosure in Part II of FAM's Form ADV. Upon receipt of a client's request for more information, FAM will provide to the client a copy of this proxy voting policy and/or how FAM voted proxies for the client during the period since this policy was adopted.

Adopted effective August 1, 2003 and as amended September 9, 2003

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not yet applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

None.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.
There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's board of directors, where those changes were implemented after the registrant last provided disclosure in

response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of ethics, or any amendment thereto, that is the subject of disclosure required by Item 2 is attached hereto.

(a)(2) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

(a)(3) Not applicable.

(b) Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(registrant) ENERGY INCOME AND GROWTH FUND

By (Signature and Title)* /S/ JAMES A. BOWEN

James A. Bowen, President and Chief Executive Officer
(principal executive officer)

Date JANUARY 27, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the

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dates indicated.

By (Signature and Title)*  /S/ JAMES A. BOWEN
                          -------------------------------------------------------
                           James A. Bowen, President and Chief Executive Officer
                           (principal executive officer)

Date    JANUARY 27, 2005
    ----------------------------------------------------------------------------


By (Signature and Title)*  /S/ MARK R. BRADLEY
                          -------------------------------------------------------
                           Mark R. Bradley, Treasurer, Controller,
                           Chief Financial Officer and Chief Accounting Officer
                           (principal financial officer)

Date    JANUARY 27, 2005
    ----------------------------------------------------------------------------


* Print the name and title of each signing officer under his or her signature.
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:0pt;;text-indent:0pt;;color:#000000;font-family:Times New Roman;font-size:10pt;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">4,144,485

3,960,375

Less accumulated depreciation and amortization

(754,862

)

(703,840

)

Net investment in properties

3,389,623

3,256,535

Investments in and advances to unconsolidated joint ventures

82,683

94,728

Net investment in real estate

3,472,306

3,351,263

Cash and cash equivalents

11,783

19,631

Restricted cash

3,005

3,779

Deferred loan costs, net

9,101

8,026

Straight-line rent and other receivables, net of allowance for doubtful accounts of
$433 and $956, respectively

57,347

54,183

Other assets, net

17,623

14,652

Assets held for sale

1,046

-

Total assets

$

3,572,211

$

3,451,534

LIABILITIES AND EQUITY

Liabilities:

Accounts payable and accrued expenses

$

91,511

$

83,543

Distributions payable

26,029

25,973

Tenant prepaids and security deposits

31,311

30,539

Other liabilities

17,867

14,078

Intangible lease liabilities, net

21,859

22,940

Line of credit

186,000

37,000

Senior unsecured notes

1,082,788

1,122,621

Mortgage notes

264,157

249,424

Liabilities related to assets held for sale

18

-

Total liabilities

1,721,540

1,586,118

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 88,209,975 and

88,012,696 shares issued and outstanding as of September 30, 2015 and

December 31, 2014, respectively

882

880

Additional paid-in capital

2,765,231

2,762,431

Distributions in excess of earnings

(1,004,937

)

(986,289

)

Accumulated other comprehensive loss

(24,745

)

(27,190

)

Total stockholders' equity

1,736,431

1,749,832

Noncontrolling interests

114,240

115,584

Total equity

1,850,671

1,865,416

Total liabilities and equity

$

3,572,211

$

3,451,534

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

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DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(unaudited, in thousands, except per share information)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES:				
Rental revenues	$88,092	$84,285	$264,269	$250,206
Institutional capital management and other fees	333	322	1,134	1,394
Total revenues	88,425	84,607	265,403	251,600
OPERATING EXPENSES:				
Rental expenses	8,900	9,672	27,456	31,507
Real estate taxes	14,056	13,288	42,082	40,196
Real estate related depreciation and amortization	39,431	37,842	116,876	111,545
General and administrative	7,720	6,727	24,912	21,059
Impairment losses	371	900	371	5,635
Casualty and involuntary conversion (gain) loss	-	14	-	(326)
Total operating expenses	70,478	68,443	211,697	209,616
Operating income	17,947	16,164	53,706	41,984
OTHER INCOME (EXPENSE):				
Development profit, net of taxes	-	-	2,627	2,016
Equity in earnings of unconsolidated joint ventures, net	4,493	892	6,336	5,202
Gain on business combination	-	-	-	1,000
Gain on dispositions of real estate interests	-	10,230	41,086	11,647
Interest expense	(13,078)	(16,078)	(40,591)	(48,316)
Interest and other income (expense)	(42)	1,577	(71)	1,582
Income tax benefit (expense) and other taxes	(241)	73	(712)	257
Income from continuing operations	9,079	12,858	62,381	15,372
Income from discontinued operations	-	352	-	5,576
Consolidated net income of DCT Industrial Trust Inc.	9,079	13,210	62,381	20,948
Net income attributable to noncontrolling interests	(622)	(801)	(6,882)	(1,421)
Net income attributable to common stockholders	8,457	12,409	55,499	19,527
Distributed and undistributed earnings allocated to participating securities	(166)	(171)	(510)	(507)
Adjusted net income attributable to common stockholders	$8,291	$12,238	$54,989	$19,020
EARNINGS PER COMMON SHARE - BASIC				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to common stockholders	$0.09	$0.15	$0.62	$0.23

EARNINGS PER COMMON SHARE - DILUTED				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to common stockholders	$0.09	$0.15	$0.62	$0.23
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	88,207	83,391	88,162	82,227
Diluted	88,526	83,691	88,472	82,509
Distributions declared per common share	$0.28	$0.28	$0.84	$0.84

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 Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Consolidated net income of DCT Industrial Trust Inc.	$9,079	$13,210	$62,381	$20,948
Other comprehensive income:				
Net derivative gain (loss) on cash flow hedging instruments	(518)	135	(973)	(711)
Net reclassification adjustment on cash flow hedging instruments	1,155	1,163	3,466	3,491
Other comprehensive income	637	1,298	2,493	2,780
Comprehensive income	9,716	14,508	64,874	23,728
Comprehensive income attributable to noncontrolling interests	(576)	(881)	(6,930)	(1,659)
Comprehensive income attributable to common stockholders	$9,140	$13,627	$57,944	$22,069

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, 2014	$1,865,416	88,013	$ 880	$2,762,431	$(986,289)	$ (27,190)	$115,584
Net income	62,381	-	-	-	55,499	-	6,882
Other comprehensive income	2,493	-	-	-	-	2,445	48
Issuance of common stock, stock-based compensation plans	(605)	87	1	(606)	-	-	-
Amortization of stock-based compensation	5,065	-	-	1,243	-	-	3,822
Distributions to common stockholders and noncontrolling interests	(82,365)	-	-	-	(74,147)	-	(8,218)
Redemptions of noncontrolling interests	(1,714)	110	1	2,163	-	-	(3,878)
Balance at September 30, 2015	$1,850,671	88,210	$ 882	$2,765,231	$(1,004,937)	$ (24,745)	$114,240

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)

	Nine Months Ended September 30, 2015	2014
OPERATING ACTIVITIES:		
Consolidated net income of DCT Industrial Trust Inc.	$62,381	$20,948
Adjustments to reconcile consolidated net income of DCT Industrial Trust Inc. to net cash provided by operating activities:		
Real estate related depreciation and amortization	116,876	111,545
Gain on acquisitions and dispositions of real estate interests	(41,086)	(18,034)
Distributions of earnings from unconsolidated joint ventures	4,310	3,724
Equity in earnings of unconsolidated joint ventures, net	(6,336)	(5,202)
Impairment losses	371	5,767
Stock-based compensation	3,882	3,410
Casualty and involuntary conversion gain	-	(326)
Straight-line rent	(4,293)	(7,628)
Other	(447)	3,580
Changes in operating assets and liabilities:		
Other receivables and other assets	4,639	3,957
Accounts payable, accrued expenses and other liabilities	11,406	7,368
Net cash provided by operating activities	151,703	129,109
INVESTING ACTIVITIES:		
Real estate acquisitions	(154,833)	(257,098)
Capital expenditures and development activities	(162,538)	(134,865)
Proceeds from dispositions of real estate investments	136,128	126,160
Investments in unconsolidated joint ventures	(840)	(754)
Proceeds from casualties and involuntary conversion	-	604
Distributions of investments in unconsolidated joint ventures	9,488	17,043
Other investing activities	(2,510)	5,970
Net cash used in investing activities	(175,105)	(242,940)
FINANCING ACTIVITIES:		
Proceeds from senior unsecured revolving line of credit	210,000	135,000
Repayments of senior unsecured revolving line of credit	(61,000)	(42,000)
Repayments of senior unsecured notes	(40,000)	-
Principal payments on mortgage notes	(5,999)	(14,446)
Proceeds from issuance of common stock	-	105,015
Net settlement on issuance of stock-based compensation awards	(605)	(282)
Offering costs for issuance of common stock and OP Units	-	(1,392)
Redemption of noncontrolling interests	(1,714)	(800)
Dividends to common stockholders	(74,102)	(68,705)
Distributions to noncontrolling interests	(8,207)	(4,546)
Contributions from noncontrolling interests	-	101
Other financing activity	(2,819)	(14)

Net cash provided by financing activities	15,554	107,931
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,848)	(5,900)
CASH AND CASH EQUIVALENTS, beginning of period	19,631	32,226
CASH AND CASH EQUIVALENTS, end of period	$11,783	$26,326
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest, net of capitalized interest	$35,706	$42,350
Supplemental Disclosures of Non-Cash Activities		
Retirement of fully depreciated and amortized assets	$21,850	$19,396
Redemptions of OP Units settled in shares of common stock	$2,164	$6,029
Assumption of mortgage notes in connection with real estate acquired	$22,958	$11,459

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

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DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except unit information)

	September 30, 2015	December 31, 2014
ASSETS	(unaudited)	
Land	$1,017,656	$950,963
Buildings and improvements	2,944,900	2,787,959
Intangible lease assets	88,118	86,515
Construction in progress	93,811	134,938
Total investment in properties	4,144,485	3,960,375
Less accumulated depreciation and amortization	(754,862)	(703,840)
Net investment in properties	3,389,623	3,256,535
Investments in and advances to unconsolidated joint ventures	82,683	94,728
Net investment in real estate	3,472,306	3,351,263
Cash and cash equivalents	11,783	19,631
Restricted cash	3,005	3,779
Deferred loan costs, net	9,101	8,026
Straight-line rent and other receivables, net of allowance for doubtful accounts of $433 and $956, respectively	57,347	54,183
Other assets, net	17,623	14,652
Assets held for sale	1,046	-
Total assets	$3,572,211	$3,451,534
LIABILITIES AND CAPITAL		
Liabilities:		
Accounts payable and accrued expenses	$91,511	$83,543
Distributions payable	26,029	25,973
Tenant prepaids and security deposits	31,311	30,539
Other liabilities	17,867	14,078
Intangible lease liabilities, net	21,859	22,940
Line of credit	186,000	37,000
Senior unsecured notes	1,082,788	1,122,621
Mortgage notes	264,157	249,424
Liabilities related to assets held for sale	18	-
Total liabilities	1,721,540	1,586,118
Partners' Capital:		
General Partner:		
OP Units, 924,232 and 922,131 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	18,647	18,819

Limited Partners:		
OP Units, 91,498,991 and 91,290,942 issued and outstanding as of September 30, 2015 and December 31, 2014, respectively	1,846,015	1,863,050
Accumulated other comprehensive loss	(25,926)	(28,487)
Total partners' capital	1,838,736	1,853,382
Noncontrolling interests	11,935	12,034
Total capital	1,850,671	1,865,416
Total liabilities and capital	$3,572,211	$3,451,534

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 September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
REVENUES:				
Rental revenues	$88,092	$84,285	$264,269	$250,206
Institutional capital management and other fees	333	322	1,134	1,394
Total revenues	88,425	84,607	265,403	251,600
OPERATING EXPENSES:				
Rental expenses	8,900	9,672	27,456	31,507
Real estate taxes	14,056	13,288	42,082	40,196
Real estate related depreciation and amortization	39,431	37,842	116,876	111,545
General and administrative	7,720	6,727	24,912	21,059
Impairment losses	371	900	371	5,635
Casualty and involuntary conversion (gain) loss	-	14	-	(326)
Total operating expenses	70,478	68,443	211,697	209,616
Operating income	17,947	16,164	53,706	41,984
OTHER INCOME (EXPENSE):				
Development profit, net of taxes	-	-	2,627	2,016
Equity in earnings of unconsolidated joint ventures, net	4,493	892	6,336	5,202
Gain on business combination	-	-	-	1,000
Gain on dispositions of real estate interests	-	10,230	41,086	11,647
Interest expense	(13,078)	(16,078)	(40,591)	(48,316)
Interest and other income (expense)	(42)	1,577	(71)	1,582
Income tax benefit (expense) and other taxes	(241)	73	(712)	257
Income from continuing operations	9,079	12,858	62,381	15,372
Income from discontinued operations	-	352	-	5,576
Consolidated net income of DCT Industrial Operating Partnership LP	9,079	13,210	62,381	20,948
Net income attributable to noncontrolling interests	(226)	(148)	(4,203)	(385)
Net income attributable to OP Unitholders	8,853	13,062	58,178	20,563
Distributed and undistributed earnings allocated to participating securities	(166)	(171)	(510)	(507)
Adjusted net income attributable to OP Unitholders	$8,687	$12,891	$57,668	$20,056
EARNINGS PER OP UNIT - BASIC				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to OP Unitholders	$0.09	$0.15	$0.62	$0.23

EARNINGS PER OP UNIT - DILUTED				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to OP Unitholders	$0.09	$0.15	$0.62	$0.23
WEIGHTED AVERAGE OP UNITS OUTSTANDING:				
Basic	92,424	87,679	92,419	86,587
Diluted	92,743	87,979	92,729	86,869
Distributions declared per OP Unit	$0.28	$0.28	$0.84	$0.84

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

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DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

(unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Consolidated net income of DCT Industrial Operating Partnership LP	$9,079	$13,210	$62,381	$20,948
Other comprehensive income:				
Net derivative gain (loss) on cash flow hedging instruments	(518)	135	(973)	(711)
Net reclassification adjustment on cash flow hedging instruments	1,155	1,163	3,466	3,491
Other comprehensive income	637	1,298	2,493	2,780
Comprehensive income	9,716	14,508	64,874	23,728
Comprehensive income attributable to noncontrolling interests	(141)	(156)	(4,135)	(374)
Comprehensive income attributable to OP Unitholders	$9,575	$14,352	$60,739	$23,354

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

DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

Consolidated Statement of Changes in Capital

(unaudited, in thousands)

	Total Capital	General Partner OP Units Units	General Partner OP Units Amount	Limited Partners OP Units Units	Limited Partners OP Units Amount	Accumulated Other Comprehensive Loss	Non-controlling Interests
Balance at December 31, 2014	$1,865,416	922	$18,819	91,291	$1,863,050	$ (28,487)	$ 12,034
Net income	62,381	-	582	-	57,596	-	4,203
Other comprehensive income (loss)	2,493	-	-	-	-	2,561	(68)
Issuance of OP Units, share-based compensation plans	(605)	-	-	261	(605)	-	-
Amortization of share-based compensation	5,065	-	-	-	5,065	-	-
Distributions to OP Unitholders and noncontrolling interests	(82,365)	-	(781)	-	(77,350)	-	(4,234)
Redemption of limited partner OP Units, net	(1,714)	-	-	(51)	(1,714)	-	-
Conversion of limited partner OP Units to OP Units of general partner	-	2	27	(2)	(27)	-	-
Balance at September 30, 2015	$1,850,671	924	$18,647	91,499	$1,846,015	$ (25,926)	$ 11,935

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

DCT INDUSTRIAL OPERATING PARTNERSHIP LP AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(unaudited, in thousands)

	Nine Months Ended September 30,	
	2015	2014
OPERATING ACTIVITIES:		
Consolidated net income of DCT Industrial Operating Partnership LP	$62,381	$20,948
Adjustments to reconcile consolidated net income of DCT Industrial Operating Partnership LP to net cash provided by operating activities:		
Real estate related depreciation and amortization	116,876	111,545
Gain on acquisitions and dispositions of real estate interests	(41,086)	(18,034)
Distributions of earnings from unconsolidated joint ventures	4,310	3,724
Equity in earnings of unconsolidated joint ventures, net	(6,336)	(5,202)
Impairment losses	371	5,767
Share-based compensation	3,882	3,410
Casualty and involuntary conversion gain	-	(326)
Straight-line rent	(4,293)	(7,628)
Other	(447)	3,580
Changes in operating assets and liabilities:		
Other receivables and other assets	4,639	3,957
Accounts payable, accrued expenses and other liabilities	11,406	7,368
Net cash provided by operating activities	151,703	129,109
INVESTING ACTIVITIES:		
Real estate acquisitions	(154,833)	(257,098)
Capital expenditures and development activities	(162,538)	(134,865)
Proceeds from dispositions of real estate investments	136,128	126,160
Investments in unconsolidated joint ventures	(840)	(754)
Proceeds from casualties and involuntary conversion	-	604
Distributions of investments in unconsolidated joint ventures	9,488	17,043
Other investing activities	(2,510)	5,970
Net cash used in investing activities	(175,105)	(242,940)
FINANCING ACTIVITIES:		
Proceeds from senior unsecured revolving line of credit	210,000	135,000
Repayments of senior unsecured revolving line of credit	(61,000)	(42,000)
Repayments of senior unsecured notes	(40,000)	-
Principal payments on mortgage notes	(5,999)	(14,446)
Proceeds from the issuance of OP Units in exchange for contributions from the REIT, net	-	103,623
Net settlement on issuance of share-based compensation awards	(605)	(282)
OP Unit redemptions	(1,714)	(800)
Distributions paid on OP Units	(78,075)	(72,753)
Distributions paid to noncontrolling interests	(4,234)	(498)
Contributions from noncontrolling interests	-	101
Other financing activity	(2,819)	(14)
Net cash provided by financing activities	15,554	107,931

NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,848)	(5,900)
CASH AND CASH EQUIVALENTS, beginning of period	19,631	32,226
CASH AND CASH EQUIVALENTS, end of period	$11,783	$26,326
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest, net of capitalized interest	$35,706	$42,350
Supplemental Disclosures of Non-Cash Activities		
Retirement of fully depreciated and amortized assets	$21,850	$19,396
Assumption of mortgage notes in connection with real estate acquired	$22,958	$11,459

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

DCT INDUSTRIAL TRUST INC. AND SUBSIDIARIES

DCT INDUSTRIAL OPERATING PARTERNSHIP LP AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Unaudited)

Note 1 – Organization

DCT Industrial Trust Inc. is a leading industrial real estate company specializing in the acquisition, development, leasing and management of bulk distribution and light industrial properties located in high-volume distribution markets in the United States ("U.S."). As used 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 the "Operating Partnership," we are referring to DCT Industrial Operating Partnership LP by itself, and not including any of its subsidiaries.

DCT was formed as a Maryland corporation in April 2002 and 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 of 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. DCT owns properties through the Operating Partnership and its subsidiaries. As of September 30, 2015, DCT owned approximately 95.4% of the outstanding equity interests in the Operating Partnership.

On November 17, 2014, we completed a one-for-four reverse stock split of our issued and outstanding common stock and a corresponding reverse split of the partnership interests of the Operating Partnership. The number of authorized shares and the par value of the common stock were not changed. All common stock/unit and per share/unit data for all periods presented in this Quarterly Report on Form 10-Q have been restated to give effect to the reverse stock split.

In May 2015, we determined that we had been the victim of a criminal fraud involving the impersonation of our Chief Executive Officer resulting in our transfer of $6.1 million to third-party overseas accounts. As a result of efforts working with our bank and federal law enforcement authorities, we have recovered approximately $3.0 million of the amount transferred. In addition, we have incurred $0.3 million of other costs related to the investigation of this incident. We have filed a claim with our insurance carriers related to this incident. As of September 30, 2015, it is not known whether we will be determined to be entitled to receive insurance proceeds related to this claim. Accordingly, during the nine months ended September 30, 2015, we recorded an expense of $3.4 million in "General and administrative" expense related to this incident and the associated internal investigation, which expense may be reduced in the future by any insurance claim recoveries.

As of September 30, 2015, the Company owned interests in approximately 73.3 million square feet of properties leased to approximately 900 customers, including:

- 62.0 million square feet comprising 405 consolidated operating properties, including one 33,000 square foot building classified as held for sale, were 94.5% occupied;
- 7.5 million square feet comprising 23 unconsolidated properties were 92.9% occupied and which we operated on behalf of three institutional capital management partners;
- 0.8 million square feet comprising four consolidated properties under redevelopment; and
- 3.0 million square feet comprising eight consolidated buildings in development.

In addition, the Company has 11 projects under construction and several projects in predevelopment. See Note 3 – Investment in Properties for further details.

Note 2 – Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the accompanying unaudited Consolidated Financial Statements include all adjustments, consisting of normal recurring items, necessary for their fair presentation in conformity with GAAP. Interim results are not necessarily indicative of results for a full year. The information included in this Form 10-Q should be read in conjunction with our audited Consolidated Financial Statements as of December 31, 2014 and related notes thereto included in our Form 10-K filed on February 20, 2015.

Basis of Presentation and Principles of Consolidation

The accompanying Consolidated Financial Statements include the financial position, results of operations and cash flows of the Company, the Operating Partnership, their wholly-owned qualified REIT subsidiaries and taxable REIT subsidiaries, and their consolidated joint ventures in which they have a controlling interest.

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 in entities consolidated into the Operating Partnership that are held by third parties are reflected in our accompanying balance sheets as noncontrolling interests in consolidated entities. We also have noncontrolling partnership interests in unconsolidated institutional capital management and other joint ventures, which are accounted for under the equity method. All significant intercompany transactions and balances have been eliminated in consolidation.

We hold interests in both consolidated and unconsolidated joint ventures. All joint ventures over which we have financial and operating control, and variable interest entities ("VIEs") in which we have determined that we are the primary beneficiary, are included in the Consolidated Financial Statements. We use the equity method of accounting for joint ventures over which we do not have a controlling interest or where we do not exercise significant control over major operating and management decisions but where we exercise significant influence and include our share of earnings or losses of these joint ventures in our consolidated results of operations.

We analyze our joint ventures in accordance with GAAP to determine whether they are VIEs and, if so, whether we are the primary beneficiary. Our judgment with respect to our level of influence or control over an entity and whether we are the primary beneficiary of a VIE involves consideration of various factors including the form of our ownership interest, our representation on the entity's board of directors, the size of our investment (including loans) and our ability to participate in major decisions. Our ability to correctly assess our influence or control over an entity affects the presentation of these investments in the Consolidated Financial Statements and, consequently, our financial position and results of operations.

Use of Estimates

The preparation of the Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

We record rental revenues on a straight-line basis under which contractual rent increases are recognized evenly over the lease term. Certain properties have leases that provide for tenant occupancy during periods where no rent is due or where minimum rent payments change during the term of the lease. Accordingly, we record receivables from tenants that we expect to collect over the remaining lease term rather than currently, which are recorded as a straight-line rent receivable. When we acquire a property, the terms of existing leases are considered to commence as of the acquisition date for the purposes of this calculation. The total increase to "Rental revenues" due to straight-line rent adjustments was approximately $0.9 million and $4.3 million for the three and nine months ended September 30, 2015, respectively, and approximately $2.3 million and $7.6 million for the three and nine months ended September 30, 2014, respectively.

Tenant recovery income includes payments and amounts due from tenants pursuant to their leases for real estate taxes, insurance and other recoverable property operating expenses and is recognized as "Rental revenues" during the same period the related expenses are incurred. Tenant recovery income recognized as "Rental revenues" was approximately

$20.6 million and $62.8 million for the three and nine months ended September 30, 2015, respectively, and approximately $19.4 million and $58.2 million for the three and nine months ended September 30, 2014, respectively.

We maintain an allowance for estimated losses that may result from the inability of our tenants to make required payments. If a tenant fails to make contractual payments beyond any allowance, we may recognize additional bad debt expense in future periods equal to the net outstanding balances.

In connection with property acquisitions qualifying as business combinations, we may acquire leases with rental rates above or below the market rental rates. Such differences are recorded as an intangible lease asset or liability and amortized to “Rental revenues” over the reasonably assured term of the related leases. We consider a reasonably assured term to be the measurement period equal to the remaining non-cancelable term of the lease for above-market leases and the initial term plus the term of any below-market fixed rate renewal options for below-market leases. The unamortized balances of these assets and liabilities associated with the early termination of leases are fully amortized to their respective revenue line items in our Consolidated Statements of Operations on a straight-line basis over the estimated remaining contractual lease term. The total net impact to "Rental revenues" due to the amortization of above and below market rents was an increase of approximately $0.8 million and $2.3 million for the three and nine months ended September 30, 2015, respectively, and approximately $0.6 million and $1.5 million for the three and nine months ended September 30, 2014, respectively.

Early lease termination fees are recorded in "Rental revenues" on a straight-line basis over the estimated remaining contractual lease term or upon collection if collectability is not assured. The total net impact to "Rental revenues" due to early lease termination fees was approximately $1.2 million and $2.4 million for the three and nine months ended September 30, 2015, respectively, and approximately $0.3 million and $1.9 million for the three and nine months ended September 30, 2014, respectively.

We earn revenues from asset management fees, acquisition fees, property management fees and fees for other services pursuant to joint venture and other agreements. These are included in our Consolidated Statements of Operations in "Institutional capital management and other fees." We recognize revenues from asset management fees, acquisition fees, property management fees and fees for other services when the related fees are earned and are realized or realizable.

We develop certain properties for specific buyers, called build-to-suit projects. We make certain judgments based on the specific terms of each project as to the amount and timing of recognition of profits from the project. Projects are generally accounted for using the percentage of completion method or full accrual method. Profits under the percentage of completion method are based on our estimates of the percentage of completion of individual contracts, commencing when the work performed under the contracts reaches a point where the final costs can be estimated with reasonable accuracy. The percentage of completion estimates are based on a comparison of the contract expenditures incurred to the estimated final costs. Changes in job performance, job conditions and estimated profitability may result in revisions to the costs and income and are recognized in the period in which the revisions are determined. If the sale recognition criteria for using the percentage of completion or full accrual methods are not met, we apply another recognition method provided by GAAP, such as the installment or cost recovery methods. The profit recognized from these projects is reported net of estimated taxes, when applicable, and is included in "Development profit, net of taxes" in our Consolidated Statements of Operations.

New Accounting Standards

In May 2014, the FASB issued an accounting standards update ("ASU") that requires companies to recognize revenue from contracts with customers based upon the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard also results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. The guidance is effective for fiscal years beginning after December 15, 2017. The Company is in the process of evaluating the impact this guidance will have on our Consolidated Financial Statements.

In February 2015, the FASB issued an ASU that modifies the evaluation of whether limited partnerships and similar legal entities are VIEs, eliminates the presumption that a general partner should consolidate a limited partnership and affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships. The guidance is effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. The Company is in the process of evaluating the potential impact this guidance will have on our Consolidated Financial Statements.

In April 2015, the FASB issued an ASU that requires debt issuance costs related to a recognized liability to be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. In August 2015, the FASB issued an ASU which clarified that debt issuance costs related to line-of-credit arrangements can be presented as an asset and amortized over the term of the line-of-credit arrangement regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The guidance is effective for fiscal years beginning after

December 15, 2015. Early adoption is permitted. The Company does not expect the ASU to have a material effect on the Company's results of operations, however, it will impact Consolidated Balance Sheet presentation and Consolidated Financial Statement disclosures related to the Company's debt issuance costs.

Note 3 – Investment in Properties

Our consolidated investment in properties consists of operating properties, properties under development, redevelopment properties, properties in pre-development and land held for future development or other purposes. The historical cost of our investment in properties was (in thousands):

	September 30, 2015	December 31, 2014
Operating properties	$3,754,744	$3,635,287
Properties under development	289,560	241,934
Properties in pre-development	47,034	23,353
Properties under redevelopment	45,449	50,931
Land held	7,698	8,870
Total Investment in Properties	4,144,485	3,960,375
Less accumulated depreciation and amortization	(754,862)	(703,840)
Net Investment in Properties	$3,389,623	$3,256,535

Acquisition Activity

During the nine months ended September 30, 2015, we acquired 14 buildings totaling 2.1 million square feet. These properties located in the Atlanta, Dallas, Denver, Houston, Northern California, Phoenix and Seattle markets were acquired for a total purchase price of approximately $124.9 million. In addition, we incurred acquisition costs of approximately $1.9 million during the nine months ended September 30, 2015, included in "General and administrative" in our Consolidated Statements of Operations.

Development Activity

Our properties under development include the following:

Eight buildings totaling 3.0 million square feet are currently in lease-up as shell-complete activities have been completed as of September 30, 2015. These properties are 70.3% leased based on weighted average square feet; and
Eleven projects under construction totaling 3.7 million square feet.

During the nine months ended September 30, 2015, we acquired 232.3 acres of land in the Atlanta, Baltimore/Washington D.C., Chicago, Dallas, Miami and Orlando markets for approximately $52.4 million that is held for future development.

During the nine months ended September 30, 2015, we recognized development profit, net of taxes, of approximately $2.6 million related to the sales of 8th & Vineyard C, 8th & Vineyard D and 8th & Vineyard E to third-parties. See Note 9 – Related Party Transactions for additional information.

Disposition Activity

During the nine months ended September 30, 2015, we sold 13 consolidated operating properties totaling 3.7 million square feet from our Atlanta and Memphis markets to third-parties for gross proceeds of approximately $138.1 million. We recognized gains of approximately $41.1 million on the disposition of these 13 properties.

Intangible Lease Assets and Liabilities

Aggregate amortization expense for intangible lease assets recognized in connection with property acquisitions (excluding assets and liabilities related to above and below market rents; see "Note 2—Summary of Significant Accounting Policies" for additional information) was approximately $3.6 million and $11.2 million for the three and nine months ended September 30, 2015, respectively, and $3.6 million and $10.9 million for the three and nine months ended September 30, 2014, respectively. Our intangible lease assets and liabilities include the following as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015			December 31, 2014		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Other intangible lease assets	$83,181	$ (37,298)	$45,883	$81,996	$ (33,031)	$48,965
Above market rent	$4,937	$ (2,314)	$2,623	$4,519	$ (1,773)	$2,746
Below market rent	$(31,135)	$ 9,276	$(21,859)	$(30,266)	$ 7,326	$(22,940)

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Note 4 – Investments in and Advances to Unconsolidated Joint Ventures

We enter into joint ventures primarily for purposes of operating and developing industrial real estate. Our investments in these joint ventures are included in "Investments in and advances to unconsolidated joint ventures" in our Consolidated Balance Sheets.

During August 2015, IDI/DCT, LLC sold its last property. We received approximately $14.0 million for our share of the gross proceeds and recognized our share of the gain on sale of approximately $3.7 million, included in "Equity in Earnings of unconsolidated joint ventures, net" in our Consolidated Statement of Operations.

During August 2015, we purchased our partner's 25.0% interest in one land parcel from the IDI/DCT Buford, LLC joint venture for approximately $1.1 million.

The following table summarizes our unconsolidated joint ventures as of September 30, 2015 and December 31, 2014 (dollars in thousands):

	As of September 30, 2015		Investments in and Advances to as of	
Unconsolidated Joint Ventures	Ownership Percentage	Number of Buildings	September 30, 2015	December 31, 2014
Institutional Joint Ventures:				
DCT/SPF Industrial Operating LLC	20.0 %	13	$ 38,624	$ 39,744
TRT-DCT Venture III	10.0 %	4	1,164	1,196
Total Institutional Joint Ventures		17	39,788	40,940
Other:				
Stirling Capital Investments (SCLA)[1]	50.0 %	6	$ 42,631	$ 45,342
IDI/DCT, LLC	0.0 %	-	264	4,363
IDI/DCT Buford, LLC (land only)	0.0 %	-	-	4,083
Total Other		6	42,895	53,788
Total		23	$ 82,683	$ 94,728

[1] Although we contributed 100% of the initial cash equity capital required by the venture, our partners retain certain participant rights in the venture's available cash flows.

Guarantees

There are no lines of credit or side agreements related to, or between, our unconsolidated joint ventures and us, and there are no derivative financial instruments between our unconsolidated joint ventures and us. In addition, we believe we have no material exposure to financial guarantees.

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Note 5 – Financial Instruments and Hedging Activities

Fair Value of Financial Instruments

As of September 30, 2015 and December 31, 2014, the fair values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximated their carrying values due to the short-term nature of settlement of these instruments. The fair values of other financial instruments subject to fair value disclosures were determined based on available market information and valuation methodologies we believe to be appropriate estimates for these purposes. Considerable judgment and a high degree of subjectivity are involved in developing these estimates. Our estimates may differ from the actual amounts that we could realize upon disposition. The following table summarizes these financial instruments (in thousands):

	As of September 30, 2015		As of December 31, 2014	
	Carrying Amounts	Estimated Fair Value	Carrying Amounts	Estimated Fair Value
Borrowings[1]:				
Senior unsecured revolving credit facility	$186,000	$186,000	$37,000	$37,000
Fixed rate debt[2]	$1,121,945	$1,197,106	$1,147,045	$1,238,671
Variable rate debt	$225,000	$223,902	$225,000	$226,431
Interest rate contracts:				
Interest rate swap liability[3]	$(311)	$(311)	$(167)	$(167)

(1) The fair values of our borrowings were estimated using a discounted cash flow methodology. Credit spreads and market interest rates used to determine the fair value of these instruments are based on unobservable Level 3 inputs which management has determined to be its best estimate of current market values.

(2) The carrying amount of our fixed rate debt includes premiums and discounts.

(3) The fair value of our interest rate swaps is determined using the market standard methodology of netting the discounted future fixed cash flows and the discounted expected variable cash flows based on an expectation of future interest rates derived from Level 2 observable market interest rate curves. We also incorporate a credit valuation adjustment, which is derived using unobservable Level 3 inputs, to appropriately reflect both our nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurement. The asset or liability is included in “Other assets” or “Other liabilities,” respectively, in our Consolidated Balance Sheets.

The following table displays a reconciliation of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the nine months ended September 30, 2015 and 2014. The table also displays gains and losses due to changes in fair value, including both realized and unrealized, recognized in the Consolidated Statements of Operations for Level 3 assets and liabilities. When assets and liabilities are transferred between levels, we recognize the transfer at the beginning of the period. There were no transfers between levels during the three and nine months ended September 30, 2015 and 2014.

During the

	Nine Months Ended September 30, 2015	2014
Level 3 Assets (Liabilities):		
Interest Rate Swaps:		
Beginning balance at January 1	$(167)	$212
Net unrealized loss included in accumulated other comprehensive income	(255)	(351)
Realized loss recognized in interest expense	111	116
Ending balance at September 30	$(311)	$(23)

Hedging Activities

To manage interest rate risk for variable rate debt and issuances of fixed rate debt, we primarily use treasury locks and interest rate swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate increases by providing a fixed interest rate for a limited, pre-determined period of time. Such derivatives have been used to hedge the variability in existing and future interest expense associated with existing variable rate borrowings and forecasted issuances of debt, which may include the issuances of new debt, as well as refinancing of existing debt upon maturity.

Accounting for changes in the fair value of derivatives depends on the intended use of the derivative and the designation of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge.

For derivatives designated as "cash flow" hedges, the effective portion of the changes in the fair value of the derivative is initially reported in "Other comprehensive income ("OCI")" in our Consolidated Statements of Comprehensive Income (i.e., not included in earnings) and subsequently reclassified into earnings when the hedged transaction affects earnings or the hedging relationship is no longer effective at which time the ineffective portion of the derivative's changes in fair value is recognized directly into earnings. We assess the effectiveness of each hedging relationship whenever financial statements are issued or earnings are reported and at least every three months. We do not use derivatives for trading or speculative purposes.

During June 2013, certain of our consolidated ventures entered into two pay-fixed, receive-floating interest rate swaps to hedge the variability of future cash flows attributable to changes in the 1 month LIBOR rates. The pay-fixed, receive-floating swaps have an effective date of June 2013 and a maturity date of June 2023. These interest rates swaps effectively fix the interest rate on the related debt instruments at 4.72%. As of September 30, 2015 and December 31, 2014, we had borrowings payable subject to pay-fixed, receive-floating interest rate swaps with aggregate principal balances of approximately $6.8 million and $7.0 million, respectively.

The following table presents the effect of our derivative financial instruments on our accompanying consolidated financial statements for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Derivatives in Cash Flow Hedging Relationships				
Interest Rate Swaps:				
Amount of gain (loss) recognized in OCI for effective portion of derivatives	$518	$135	$(973)	$(711)
Amount of loss reclassified from accumulated OCI for effective portion of derivatives into interest expense and equity in earnings of unconsolidated joint ventures, net	$(1,155)	$(1,163)	$(3,466)	$(3,491)

Amounts reported in “Accumulated other comprehensive loss” related to derivatives will be amortized to “Interest expense” as interest payments are made on our current debt and anticipated debt issuances. During the next 12 months, we estimate that approximately $4.2 million will be reclassified from “Accumulated other comprehensive loss” to “Interest expense” resulting in an increase in interest expense.

Note 6 – Outstanding Indebtedness

As of September 30, 2015, our outstanding indebtedness of approximately $1.5 billion consisted of mortgage notes, senior unsecured notes and bank unsecured credit facilities, excluding approximately $36.7 million representing our proportionate share of debt associated with unconsolidated joint ventures. As of December 31, 2014, our outstanding indebtedness of approximately $1.4 billion consisted of mortgage notes, senior unsecured notes and bank unsecured credit facilities, excluding approximately $42.5 million representing our proportionate share of debt associated with unconsolidated joint ventures.

As of September 30, 2015, the gross book value of our consolidated properties was approximately $4.1 billion and the gross book value of all properties securing our mortgage debt was approximately $0.7 billion. As of December 31, 2014, the gross book value of our consolidated properties was approximately $4.0 billion and the gross book value of all properties securing our mortgage debt was approximately $0.6 billion. Our debt has various covenants with which we were in compliance as of September 30, 2015 and December 31, 2014.

Line of Credit

As of September 30, 2015, we had $186.0 million outstanding and $210.5 million available under our senior unsecured revolving credit facility, net of one letter of credit totaling $3.5 million. As of December 31, 2014, we had $37.0 million outstanding and $243.5 million available under our senior unsecured revolving credit facility, net of three letters of credit totaling $19.5 million.

Debt Assumptions

During the nine months ended September 30, 2015, we assumed two mortgage notes with aggregate outstanding balances totaling $21.1 million in connection with property acquisitions. We recorded a $1.9 million premium in connection with the assumption of these notes.

Debt Payoffs and Refinancing

On April 8, 2015, we amended and restated our existing $225.0 million senior unsecured term loan and $300.0 million senior unsecured revolving credit facility with our syndicated bank group. The senior unsecured term loan was disaggregated into two tranches, $125.0 million and $100.0 million, with maturity dates of April 8, 2020 and April 8, 2017, respectively. The senior unsecured revolving credit facility's commitment was increased to $400.0 million with a maturity date of April 8, 2019.

During June 2015, we paid-off our $40.0 million senior unsecured note maturing in June 2015, using proceeds from the Company's senior unsecured revolving credit facility and dispositions.

During October 2015, we paid-off a $50.9 million mortgage note maturing February 2016.

Guarantee of Debt

DCT has guaranteed the Operating Partnership's obligations with respect to the senior unsecured notes and the senior unsecured revolving credit facility.

Note 7 – Noncontrolling Interests

DCT

Noncontrolling interests are the portion of equity, or net assets, in a subsidiary not attributable, directly or indirectly, to a parent. Noncontrolling interests of DCT primarily represent limited partnership interests in the Operating Partnership and equity interests held by third party partners in consolidated real estate investments, including related parties as discussed in Note 9 – Related Party Transactions.

The following table illustrates the noncontrolling interests' share of consolidated net income during the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Noncontrolling interests' share of income from continuing operations	$(622)	$(787)	$(6,882)	$(1,140)
Noncontrolling interests' share of income from discontinued operations	-	(14)	-	(281)
Net income attributable to noncontrolling interests	$(622)	$(801)	$(6,882)	$(1,421)

Operating Partnership

Equity interests in the Operating Partnership held by third-parties and LTIP Units, as defined in Note 8 – Stockholders' Equity of DCT and Partners' Capital of the Operating Partnership, are classified as permanent equity of the Operating Partnership and as noncontrolling interests of DCT in the Consolidated Balance Sheets.

All income attributable to noncontrolling interest holders for all periods presented in the Operating Partnership's Consolidated Statements of Operations is income from continuing operations.

Note 8 – Stockholders' Equity of DCT and Partners' Capital of the Operating Partnership

On November 17, 2014, we completed a one-for-four reverse stock split of our issued and outstanding common stock and a corresponding reverse split of the partnership interests of the Operating Partnership. The number of authorized shares and the par value of the common stock were not changed. All common stock/unit and per share/unit data for all periods presented in this Quarterly Report on Form 10-Q have been restated to give effect to the reverse stock split.

DCT

Common Stock

As of September 30, 2015, approximately 88.2 million shares of common stock were issued and outstanding.

During the nine months ended September 30, 2015 and 2014, we issued approximately 0.1 million shares of common stock in each corresponding period related to vested shares of restricted stock, phantom shares and stock option exercises.

Operating Partnership

OP Units

For each share of common stock issued by DCT, the Operating Partnership issues a corresponding OP Unit to DCT in exchange for the contribution of the proceeds from the stock issuances.

As of September 30, 2015 and December 31, 2014, DCT owned approximately 95.4% of the outstanding equity interests in the Operating Partnership. The remaining common partnership interests in the Operating Partnership were owned by executives of the Company and non-affiliated limited partners.

DCT holds its interests through both general and limited partner units. The Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement") stipulates that the general partner shall at all times own a minimum of 1.0% of all outstanding OP Units. As a result, each reporting period certain of DCT's limited partner units are converted to general partner units to satisfy this requirement as illustrated in the Consolidated Statement of Changes in Capital.

Limited partners have the right to require the Company to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the Partnership Agreement), provided that such OP Units have been outstanding for at least one year. The Company may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Shares Amount (generally one share of DCT's common stock for each OP Unit), as defined in the Partnership Agreement.

During the nine months ended September 30, 2015 and 2014, approximately 0.2 million and 0.3 million OP Units were redeemed for approximately $1.7 million and $0.8 million in cash and approximately 0.1 million and 0.2 million shares of DCT common stock, respectively.

As of September 30, 2015 and December 31, 2014, there were approximately 4.2 million outstanding OP Units in each corresponding period held by entities other than DCT and redeemable, with an aggregate redemption value of approximately $141.8 million and $149.8 million based on the $33.66 and $35.66 per share closing price of DCT's common stock on September 30, 2015 and December 31, 2014, respectively.

Equity-Based Compensation

On October 10, 2006, the Company established the Long-Term Incentive Plan, as amended, to grant restricted stock, stock options and other awards to our personnel and directors, as defined in the plan. Awards granted under this plan are measured at fair value on the grant date and amortized to compensation expense on a straight-line basis over the service period during which the awards fully vest. Such expense is included in "General and administrative" expense in our Consolidated Statements of Operations. Options issued under the Long-Term Incentive Plan are valued using the Black-Scholes option pricing model, which relies on assumptions we make related to the expected term of the options, volatility, dividend yield and risk-free interest rate. During the nine months ended September 30, 2015, we did not grant any stock options.

Restricted Stock

Holders of restricted stock have voting rights and rights to receive dividends. Restricted stock may not be sold, assigned, transferred, pledged or otherwise disposed of and is subject to a risk of forfeiture prior to the expiration of the applicable vesting period. Restricted stock is recorded at fair value on the date of grant and amortized to compensation expense on a straight-line basis over the service period during which term the stock fully vests. Restricted stock generally vests ratably over a period of four or five years, depending on the grant. During the nine months ended September 30, 2015, we granted approximately 28,000 shares of restricted stock to certain officers and employees at the weighted average fair market value of $37.68 per share.

LTIP Units

Pursuant to the Long-Term Incentive Plan, as amended, the Company may grant limited partnership interests in the Operating Partnership called LTIP Units. Vested LTIP Units may be redeemed by the Company in cash or DCT common stock, at the discretion of the Company, on a one-for-one basis with common shares, subject to certain restrictions of the Partnership Agreement. LTIP Units receive distributions equally along with common shares. LTIP Units are valued by reference to the value of DCT's common stock and generally vest ratably over a period of four to five years, depending on the grant. LTIP Unit equity compensation is amortized into expense over the service period during which the units vest.

During the nine months ended September 30, 2015, approximately 0.2 million LTIP Units were granted to certain senior executives, which vest over a four year period with a total fair value of approximately $7.3 million at the date of grant as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a weighted average volatility factor of 26% and a weighted average risk-free interest rate of 1.28%. During the nine months ended September 30, 2015, approximately 5,000 vested LTIP Units were converted into approximately 5,000 common shares. As of September 30, 2015, approximately 1.1 million LTIP Units were outstanding of which approximately 0.6 million were vested.

During the nine months ended September 30, 2014, approximately 0.2 million LTIP Units were granted to certain senior executives, which vest over a four to five year period with a total fair value of approximately $4.3 million at the date of grant as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation using a volatility factor of 40% and risk-free interest rate of 1.47%. During the nine months ended September 30, 2014, approximately 8,000 vested LTIP Units were converted into approximately 8,000 common shares. As of December 31, 2014, approximately 0.9 million LTIP Units were outstanding of which approximately 0.4 million were vested.

Note 9 – Related Party Transactions

8th & Vineyard Consolidated Joint Venture

In 2010, we entered into the 8th & Vineyard joint venture with Iowa Investments, LLC, an entity owned by one of our executives, to purchase 19.3 acres of land held for development in Southern California. Pursuant to the joint venture agreement, we will first receive a return of all capital along with a preferred return. Thereafter, Iowa Investments, LLC will receive a return of all capital along with a promoted interest. The land parcel acquired by 8th & Vineyard was purchased from an entity in which the same executive had a minority ownership. The total acquisition price of $4.7 million was determined to be at fair value.

As of September 30, 2015, we completed the construction and sale of the five buildings and 0.8 acres of land in the joint venture to third-parties resulting in the disposition of all of the joint venture's assets. The joint venture is in the process of winding up activities and liquidating the partnership. We received a preferred return on our capital contributions of approximately $3.0 million and Iowa Investments, LLC was distributed and allocated approximately $3.7 million of non-controlling interest.

Southern California Consolidated Ventures

We entered into four agreements, two in December 2010 and two in January 2011, whereby we acquired a weighted average ownership interest, based on square feet, of approximately 48.4% in five bulk industrial buildings located in the Southern California market. Entities controlled by one of our executives have a weighted average ownership in these properties of approximately 43.7%, based on square feet, and the remaining 7.9% is held by a third-party. Each venture partner will earn returns in accordance with their ownership interests. We have controlling rights including management of the operations of the properties and we have consolidated the properties in accordance with GAAP. The total acquisition price of $46.3 million was determined to be at fair value.

Note 10 – Earnings per Share/Unit

We use the two-class method of computing earnings per common share/unit which is an earnings allocation formula that determines earnings per share/unit for common stock/unit and any participating securities according to dividends declared (whether paid or unpaid) and participation rights in undistributed earnings. Under the two-class method, earnings per common share/unit are computed by dividing the sum of distributed earnings to common stockholders/OP Unitholders and undistributed earnings allocated to common stockholders/OP Unitholders by the weighted average number of common shares/units outstanding for the period.

A participating security is defined by GAAP as an unvested share-based payment award containing non-forfeitable rights to dividends and must be included in the computation of earnings per share/unit pursuant to the two-class method. Nonvested restricted stock and LTIP Units are considered participating securities as these share-based awards contain non-forfeitable rights to dividends irrespective of whether the awards ultimately vest or expire.

DCT

The following table sets forth the computation of basic and diluted earnings per common share for the three and nine months ended September 30, 2015 and 2014 (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Earnings per Common Share – Basic and Diluted				
Numerator				
Income from continuing operations	$9,079	$12,858	$62,381	$15,372
Income from continuing operations attributable to noncontrolling interests	(622)	(787)	(6,882)	(1,140)
Income from continuing operations attributable to common stockholders	8,457	12,071	55,499	14,232
Less: Distributed and undistributed earnings allocated to participating securities	(166)	(171)	(510)	(507)
Numerator for adjusted income from continuing operations attributable to common stockholders	8,291	11,900	54,989	13,725
Income from discontinued operations	-	352	-	5,576
Noncontrolling interests' share of income from discontinued operations	-	(14)	-	(281)
Numerator for income from discontinued operations attributable to common stockholders	-	338	-	5,295
Adjusted net income attributable to common stockholders	$8,291	$12,238	$54,989	$19,020
Denominator				
Weighted average common shares outstanding – basic	88,207	83,391	88,162	82,227
Effect of dilutive securities:				

Stock options and phantom stock	319	300	310	282
Weighted average common shares outstanding – diluted	88,526	83,691	88,472	82,509
Earnings per Common Share – Basic				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to common stockholders	$0.09	$0.15	$0.62	$0.23
Earnings per Common Share – Diluted				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to common stockholders	$0.09	$0.15	$0.62	$0.23

Operating Partnership

The following table sets forth the computation of basic and diluted earnings per common unit for the three and nine months ended September 30, 2015 and 2014 (in thousands, except per unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Earnings per OP Unit – Basic and Diluted				
Numerator				
Income from continuing operations	$9,079	$12,858	$62,381	$15,372
Income from continuing operations attributable to noncontrolling interests	(226)	(148)	(4,203)	(385)
Income from continuing operations attributable to OP Unitholders	8,853	12,710	58,178	14,987
Less: Distributed and undistributed earnings allocated to participating securities	(166)	(171)	(510)	(507)
Numerator for adjusted income from continuing operations attributable to OP Unitholders	8,687	12,539	57,668	14,480
Income from discontinued operations	-	352	-	5,576
Noncontrolling interests' share of income from discontinued operations	-	-	-	-
Numerator for income from discontinued operations attributable to OP Unitholders	-	352	-	5,576
Adjusted net income attributable to OP Unitholders	$8,687	$12,891	$57,668	$20,056
Denominator				
Weighted average OP Units outstanding – basic	92,424	87,679	92,419	86,587
Effect of dilutive securities:				
Stock options and phantom stock	319	300	310	282
Weighted average OP Units outstanding – diluted	92,743	87,979	92,729	86,869
Earnings per OP Unit – Basic				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to OP Unitholders	$0.09	$0.15	$0.62	$0.23
Earnings per OP Units – Diluted				
Income from continuing operations	$0.09	$0.15	$0.62	$0.17
Income from discontinued operations	0.00	0.00	0.00	0.06
Net income attributable to OP Unitholders	$0.09	$0.15	$0.62	$0.23

DCT and the Operating Partnership

Potentially Dilutive Shares

For the three and nine months ended September 30, 2015, DCT excluded from diluted earnings per share the weighted average common share equivalents related to 4.2 million and 4.3 million OP Units, respectively, because their effect would be anti-dilutive. During the same periods ended September 30, 2014, DCT excluded from diluted earnings per share the weighted average common share equivalents related to 4.3 million and 4.4 million OP Units, respectively, because their effect would be anti-dilutive.

Note 11 – Segment Information

The Company's segments are based on our internal reporting of operating results used to assess performance based on our properties' geographical markets. Our markets are aggregated into three reportable regions or segments, East, Central and West, which are based on the geographical locations of our properties. Management considers rental revenues and property net operating income aggregated by segment to be the appropriate way to analyze performance. Certain reclassifications have been made to prior year results to conform to the current presentation related to discontinued operations (see "Note 12 – Discontinued Operations and Assets Held" for Sale for additional information).

The following table reflects our total assets, net of accumulated depreciation and amortization, by segment, as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015	December 31, 2014
Segments:		
East assets	$1,012,626	$1,010,263
Central assets	1,113,089	1,067,616
West assets	1,335,389	1,245,990
Total segment net assets	3,461,104	3,323,869
Non-segment assets:		
Non-segment cash and cash equivalents	10,231	16,653
Other non-segment assets [(1)]	100,876	111,012
Total assets	$3,572,211	$3,451,534

[(1)] Other non-segment assets primarily consist of investments in and advances to unconsolidated joint ventures, deferred loan costs, other receivables and other assets.

The following table sets forth the rental revenues of our segments in continuing operations for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
East	$25,887	$27,289	$79,184	$84,082
Central	32,777	32,965	98,693	97,714
West	29,428	24,031	86,392	68,410
Rental revenues	88,092	84,285	264,269	250,206
Institutional capital management and other fees	333	322	1,134	1,394
Total revenues	$88,425	$84,607	$265,403	$251,600

The following table sets forth property net operating income of our segments in continuing operations and a reconciliation of our property NOI to our reported "Income from continuing operations" for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
East	$19,632	$20,475	$59,202	$61,306
Central	23,327	22,963	69,648	65,757
West	22,177	17,887	65,881	51,440
Property NOI [1]	65,136	61,325	194,731	178,503
Institutional capital management and other fees	333	322	1,134	1,394
Gain on business combination	-	-	-	1,000
Gain on dispositions of real estate interests	-	10,230	41,086	11,647
Real estate related depreciation and amortization	(39,431)	(37,842)	(116,876)	(111,545)
Casualty and involuntary conversion gain (loss)	-	(14)	-	326
Development profit, net of taxes	-	-	2,627	2,016
General and administrative expense	(7,720)	(6,727)	(24,912)	(21,059)
Impairment losses	(371)	(900)	(371)	(5,635)
Equity in earnings of unconsolidated joint ventures, net	4,493	892	6,336	5,202
Interest expense	(13,078)	(16,078)	(40,591)	(48,316)
Interest and other income (expense)	(42)	1,577	(71)	1,582
Income tax benefit (expense) and other taxes	(241)	73	(712)	257
Income from continuing operations	$9,079	$12,858	$62,381	$15,372

(1) Property net operating income ("property NOI") is defined as rental revenues, including reimbursements, less rental expenses and real estate taxes, which excludes institutional capital management fees, depreciation, amortization, casualty and involuntary conversion gain (loss), impairment, general and administrative expenses, equity in earnings (loss) of unconsolidated joint ventures, interest expense, interest and other income (expense) and income tax benefit (expense) and other taxes. We consider property NOI to be an appropriate supplemental performance measure because property NOI reflects the operating performance of our properties and excludes certain items that are not considered to be controllable in connection with the management of the properties such as depreciation, amortization, impairment, general and administrative expenses and interest expense. However, property NOI should not be viewed as an alternative measure of our financial performance since it excludes expenses which could materially impact our results of operations. Further, our property NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating property NOI. Therefore, we believe net income (loss) attributable to common stockholders, as defined by GAAP, to be the most appropriate measure to evaluate our overall financial performance.

Note 12 – Discontinued Operations and Assets Held for Sale

Assets Held for Sale

As of September 30, 2015, one property in our East operating segment was classified as held for sale. In October 2015, we completed the sale of this property.

Discontinued Operations

We report results of operations from real estate assets that meet the definition of a component of an entity, have been sold or meet the criteria to be classified as held for sale, for which the disposal or expected disposal represents a strategic shift in operations, as discontinued operations. Real estate assets that meet the definition of a component of an entity and were disposed of or held for sale prior to January 1, 2014 are reported as discontinued operations.

The following table summarizes the components of income from discontinued operations for the three and nine months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Rental revenues	$ -	$ 37	$ -	$ 429
Rental expenses and real estate taxes	-	48	-	(19)
General and administrative expense	-	(1)	-	(38)
Operating income	-	84	-	372
Interest and other expense	-	(2)	-	(19)
Income tax expense and other taxes	-	-	-	(32)
Operating income and other income	-	82	-	321
Impairment losses	-	-	-	(132)
Gain on dispositions of real estate interests	-	270	-	5,387
Income from discontinued operations	$ -	$ 352	$ -	$ 5,576

Note 13 – Condensed Consolidating Financial Information

During October 2013, the Operating Partnership issued $275.0 million aggregate principal amount of 4.50% senior notes at 99.038% of face value in a private placement. The senior notes are jointly and severally, fully and unconditionally guaranteed by DCT and certain of the Company's wholly owned subsidiaries. During May 2014, we completed the exchange of these notes for SEC registered notes having substantially identical terms.

The following tables present the condensed consolidated financial information for (a) DCT Industrial Trust, Inc. ("Parent" and a guarantor), (b) DCT Industrial Operating Partnership LP ("Subsidiary Issuer"), (c) on a combined basis, the guarantor subsidiaries ("Subsidiary Guarantors"), and (d) on a combined basis, the non-guarantor subsidiaries ("Non-Guarantor Subsidiaries"). Additional columns present consolidating adjustments and consolidated totals as of September 30, 2015 and December 31, 2014 and for the three and nine months ended September 30, 2015 and 2014.

Certain of our subsidiaries may be released from their guarantees, primarily due to the disposition of properties. These changes in guarantors are reflected retrospectively for all periods presented.

Separate financial statements of the Subsidiary Guarantors are not presented because the guarantee by each 100% owned Subsidiary Guarantor is full and unconditional, joint and several. Furthermore, there are no significant legal restrictions on the Parent's ability to obtain funds from its subsidiaries by dividend or loan.

Investments in consolidated subsidiaries are accounted for using the equity method for purposes of the combined presentation. The consolidating adjustments principally relate to the elimination of investments in consolidated subsidiaries and intercompany balances and transactions.

Condensed Consolidated Balance Sheets

September 30, 2015

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
ASSETS						
Land	$ -	$ -	$ 865,289	$ 152,367	$ -	$ 1,017,656
Buildings and improvements	-	-	2,498,197	446,703	-	2,944,900
Intangible lease assets	-	-	64,530	23,588	-	88,118
Construction in progress	-	-	88,044	5,767	-	93,811
Total investment in properties	-	-	3,516,060	628,425	-	4,144,485
Less accumulated depreciation and amortization	-	-	(637,765)	(117,097)	-	(754,862)
Net investment in properties	-	-	2,878,295	511,328	-	3,389,623
Investments in and advances to unconsolidated joint ventures	-	82,081	602	-	-	82,683
Net investment in real estate	-	82,081	2,878,897	511,328	-	3,472,306
Cash and cash equivalents	-	14,634	21	-	(2,872)	11,783
Restricted cash	-	-	162	2,843	-	3,005
Deferred loan costs, net	-	8,709	50	342	-	9,101
Straight-line rent and other receivables, net	-	269	47,678	9,400	-	57,347
Other assets, net	-	3,892	9,534	4,197	-	17,623
Intercompany receivables, net	24,751	118,134	8,520	-	(151,405)	-
Investment in subsidiaries	1,736,431	2,918,648	24,296	-	(4,679,375)	-
Assets held for sale	-	-	1,046	-	-	1,046
Total assets	$ 1,761,182	$ 3,146,367	$ 2,970,204	$ 528,110	$ (4,833,652)	$ 3,572,211
LIABILITIES AND EQUITY						
Liabilities:						
Accounts payable and accrued expenses	$ -	$ 12,467	$ 63,913	$ 18,003	$ (2,872)	$ 91,511
Intercompany payables, net	-	24,751	26,075	100,579	(151,405)	-
Distributions payable	24,751	1,278	-	-	-	26,029
Tenant prepaids and security deposits	-	-	27,602	3,709	-	31,311
Other liabilities	-	347	16,202	1,318	-	17,867
Intangible lease liabilities, net	-	-	18,108	3,751	-	21,859
Line of credit	-	186,000	-	-	-	186,000
Senior unsecured notes	-	1,082,788	-	-	-	1,082,788
Mortgage notes	-	-	22,511	241,646	-	264,157

Liabilities related to assets held for sale	-	-	18	-	-	18
Total liabilities	24,751	1,307,631	174,429	369,006	(154,277)	1,721,540
Equity:						
Stockholders' equity	1,736,431	1,838,736	2,795,775	159,104	(4,793,615)	1,736,431
Noncontrolling interests	-	-	-	-	114,240	114,240
Total equity	1,736,431	1,838,736	2,795,775	159,104	(4,679,615)	1,850,671
Total liabilities and equity	$1,761,182	$3,146,367	$2,970,204	$ 528,110	$(4,833,652)	$3,572,211

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Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

For the Three Months Ended September 30, 2015

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
REVENUES:						
Rental revenues	$ -	$ -	$ 73,967	$ 14,125	$ -	$ 88,092
Institutional capital management and other fees	-	25	-	379	(71)	333
Total revenues	-	25	73,967	14,504	(71)	88,425
OPERATING EXPENSES:						
Rental expenses	-	-	7,557	1,343	-	8,900
Real estate taxes	-	-	11,446	2,610	-	14,056
Real estate related depreciation and amortization	-	-	33,137	6,294	-	39,431
General and administrative	-	6,649	85	986	-	7,720
Impairment losses	-	-	371	-	-	371
Total operating expenses	-	6,649	52,596	11,233	-	70,478
Operating income (loss)	-	(6,624)	21,371	3,271	(71)	17,947
OTHER INCOME (EXPENSE):						
Equity in earnings of unconsolidated joint ventures, net	-	4,418	4	-	71	4,493
Interest expense	-	(9,937)	(751)	(2,790)	400	(13,078)
Interest and other income (expense)	-	410	(29)	(23)	(400)	(42)
Income tax expense and other taxes	-	(171)	(48)	(22)	-	(241)
Income (loss) from continuing operations	-	(11,904)	20,548	436	-	9,079
Equity in earnings of consolidated subsidiaries	8,457	20,757	(18)	-	(29,196)	-
Consolidated net income	8,457	8,853	20,529	436	(29,196)	9,079
Net income attributable to noncontrolling interests	-	-	-	-	(622)	(622)
Net income attributable to common stockholders	8,457	8,853	20,529	436	(29,818)	8,457
Distributed and undistributed earnings allocated to participating securities	-	(166)	-	-	-	(166)
Adjusted net income attributable to	$ 8,457	$ 8,687	$ 20,529	$ 436	$ (29,818)	$ 8,291

common stockholders						
Net income	$8,457	$8,853	$20,529	$436	$(29,196)	$9,079
Other comprehensive income (loss):						
Net derivative loss on cash flow hedging instruments	-	(300)	-	(218)	-	(518)
Net reclassification adjustment on cash flow hedging instruments	-	1,118	-	37	-	1,155
Other comprehensive income (loss)	-	818	-	(181)	-	637
Comprehensive income	8,457	9,671	20,529	255	(29,196)	9,716
Comprehensive income attributable to noncontrolling interests	-	-	-	-	(576)	(576)
Comprehensive income attributable to common stockholders	$8,457	$9,671	$20,529	$255	$(29,772)	$9,140

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

For the Nine Months Ended September 30, 2015

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
REVENUES:						
Rental revenues	$ -	$ -	$ 218,933	$ 45,336	$ -	$ 264,269
Institutional capital management and other fees	-	73	-	1,305	(244)	1,134
Total revenues	-	73	218,933	46,641	(244)	265,403
OPERATING EXPENSES:						
Rental expenses	-	-	23,474	3,982	-	27,456
Real estate taxes	-	-	33,828	8,254	-	42,082
Real estate related depreciation and amortization	-	-	97,053	19,823	-	116,876
General and administrative	-	22,933	254	1,725	-	24,912
Impairment losses	-	-	371	-	-	371
Total operating expenses	-	22,933	154,980	33,784	-	211,697
Operating income (loss)	-	(22,860)	63,953	12,857	(244)	53,706
OTHER INCOME (EXPENSE):						
Development profit, net of taxes	-	-	-	2,627	-	2,627
Equity in earnings (loss) of unconsolidated joint ventures, net	-	6,095	(3)	-	244	6,336
Gain on dispositions of real estate interests	-	-	-	41,086	-	41,086
Interest expense	-	(31,339)	(2,123)	(8,329)	1,200	(40,591)
Interest and other income (expense)	-	1,219	(62)	(28)	(1,200)	(71)
Income tax expense and other taxes	-	(450)	(218)	(44)	-	(712)
Income (loss) from continuing operations	-	(47,335)	61,547	48,169	-	62,381
Equity in earnings of consolidated subsidiaries	55,499	105,513	2,639	-	(163,651)	-
Consolidated net income	55,499	58,178	64,186	48,169	(163,651)	62,381
Net income attributable to noncontrolling interests	-	-	-	-	(6,882)	(6,882)
Net income attributable to common stockholders	55,499	58,178	64,186	48,169	(170,533)	55,499
	-	(510)	-	-	-	(510)

Distributed and undistributed earnings allocated to participating securities						
Adjusted net income attributable to common stockholders	$55,499	$57,668	$64,186	$ 48,169	$ (170,533)	$ 54,989
Net income	$55,499	$58,178	$64,186	$ 48,169	$ (163,651)	$ 62,381
Other comprehensive income (loss):						
Net derivative loss on cash flow hedging instruments	-	(718)	-	(255)	-	(973)
Net reclassification adjustment on cash flow hedging instruments	-	3,354	-	112	-	3,466
Other comprehensive income (loss)	-	2,636	-	(143)	-	2,493
Comprehensive income	55,499	60,814	64,186	48,026	(163,651)	64,874
Comprehensive income attributable to noncontrolling interests	-	-	-	-	(6,930)	(6,930)
Comprehensive income attributable to common stockholders	$55,499	$60,814	$64,186	$ 48,026	$ (170,581)	$ 57,944

Condensed Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2015

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
OPERATING ACTIVITIES:						
Net cash provided by (used in) operating activities	$-	$(35,611)	$160,226	$29,848	$(2,760)	$151,703
INVESTING ACTIVITIES:						
Real estate acquisitions	-	-	(123,496)	(31,337)	-	(154,833)
Capital expenditures and development activities	-	-	(155,788)	(6,750)	-	(162,538)
Proceeds from dispositions of real estate investments	-	-	-	136,128	-	136,128
Investments in unconsolidated joint ventures	-	(840)	-	-	-	(840)
Distributions of investments in unconsolidated joint ventures	-	9,488	-	-	-	9,488
Other investing activities	-	(2,298)	6	(218)	-	(2,510)
Net cash provided by (used in) investing activities	-	6,350	(279,278)	97,823	-	(175,105)
FINANCING ACTIVITIES:						
Proceeds from senior unsecured revolving line of credit	-	210,000	-	-	-	210,000
Repayments of senior unsecured revolving line of credit	-	(61,000)	-	-	-	(61,000)
Repayments of senior unsecured notes	-	(40,000)	-	-	-	(40,000)
Principal payments on mortgage notes	-	-	(415)	(5,584)	-	(5,999)
Net settlement on issuance of stock-based compensation awards	(605)	(605)	-	-	605	(605)
Net payments relating to intercompany financing	74,707	(1,635)	119,488	(117,853)	(74,707)	-
Redemption of noncontrolling interests	-	(1,714)	-	-	-	(1,714)
Dividends to common stockholders	(74,102)	(74,102)	-	-	74,102	(74,102)

Distributions to noncontrolling interests	-	(3,973)	-	(4,234)	-	(8,207)
Other financing activity	-	(2,819)	-	-	-	(2,819)
Net cash provided by (used in) financing activities	-	24,152	119,073	(127,671)	-	15,554
Net change in cash and cash equivalents	-	(5,109)	21	-	(2,760)	(7,848)
Cash and cash equivalents, beginning of period	-	19,743	-	-	(112)	19,631
Cash and cash equivalents, end of period	$-	$ 14,634	$ 21	$ -	$ (2,872)	$ 11,783

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Condensed Consolidated Balance Sheets

December 31, 2014

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
ASSETS						
Land	$-	$-	$784,723	$ 166,240	$-	$950,963
Buildings and improvements	-	-	2,273,733	514,226	-	2,787,959
Intangible lease assets	-	-	62,828	23,687	-	86,515
Construction in progress	-	-	121,997	12,941	-	134,938
Total investment in properties	-	-	3,243,281	717,094	-	3,960,375
Less accumulated depreciation and amortization	-	-	(558,797)	(145,043)	-	(703,840)
Net investment in properties	-	-	2,684,484	572,051	-	3,256,535
Investments in and advances to unconsolidated joint ventures	-	94,122	606	-	-	94,728
Net investment in real estate	-	94,122	2,685,090	572,051	-	3,351,263
Cash and cash equivalents	-	19,743	-	-	(112)	19,631
Restricted cash	-	3	162	3,614	-	3,779
Deferred loan costs, net	-	7,580	54	392	-	8,026
Straight-line rent and other receivables, net	-	101	43,733	10,349	-	54,183
Other assets, net	-	3,525	6,965	4,162	-	14,652
Intercompany receivables, net	24,706	153,557	8,742	-	(187,005)	-
Investment in subsidiaries	1,749,832	2,770,752	21,892	-	(4,542,476)	-
Total assets	$1,774,538	$3,049,383	$2,766,638	$ 590,568	$(4,729,593)	$3,451,534
LIABILITIES AND EQUITY						
Liabilities:						
Accounts payable and accrued expenses	$-	$10,257	$54,764	$ 18,634	$(112)	$83,543
Intercompany payables, net	-	24,706	26,059	136,240	(187,005)	-
Distributions payable	24,706	1,267	-	-	-	25,973
Tenant prepaids and security deposits	-	-	25,393	5,146	-	30,539
Other liabilities	-	150	10,947	2,981	-	14,078
Intangible lease liabilities, net	-	-	19,167	3,773	-	22,940
Line of credit	-	37,000	-	-	-	37,000
Senior unsecured notes	-	1,122,621	-	-	-	1,122,621
Mortgage notes	-	-	19,742	229,682	-	249,424
Total liabilities	24,706	1,196,001	156,072	396,456	(187,117)	1,586,118

Equity:						
Stockholders' equity	1,749,832	1,853,382	2,610,566	194,112	(4,658,060)	1,749,832
Noncontrolling interests	-	-	-	-	115,584	115,584
Total equity	1,749,832	1,853,382	2,610,566	194,112	(4,542,476)	1,865,416
Total liabilities and equity	$1,774,538	$3,049,383	$2,766,638	$ 590,568	$(4,729,593)	$3,451,534

Condensed Consolidated Statements of Operations and Comprehensive Income

For the Three Months Ended September 30, 2014

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
REVENUES:						
Rental revenues	$ -	$ -	$ 64,490	$ 19,795	$ -	$ 84,285
Institutional capital management and other fees	-	25	-	367	(70)	322
Total revenues	-	25	64,490	20,162	(70)	84,607
OPERATING EXPENSES:						
Rental expenses	-	-	7,649	2,023	-	9,672
Real estate taxes	-	-	10,379	2,909	-	13,288
Real estate related depreciation and amortization	-	-	29,181	8,661	-	37,842
General and administrative	-	6,347	73	307	-	6,727
Impairment losses	-	-	201	699	-	900
Casualty and involuntary conversion loss	-	-	14	-	-	14
Total operating expenses	-	6,347	47,497	14,599	-	68,443
Operating income (loss)	-	(6,322)	16,993	5,563	(70)	16,164
OTHER INCOME (EXPENSE):						
Equity in earnings (loss) of unconsolidated joint ventures, net	-	824	(2)	-	70	892
Gain on dispositions of real estate interests	-	-	-	10,230	-	10,230
Interest expense	-	(12,493)	(1,317)	(2,818)	550	(16,078)
Interest and other income (expense)	-	2,156	(16)	(13)	(550)	1,577
Income tax benefit (expense) and other taxes	-	(160)	270	(37)	-	73
Income (loss) from continuing operations	-	(15,995)	15,928	12,925	-	12,858
Income from discontinued operations	-	-	-	352	-	352
Equity in earnings of consolidated subsidiaries	12,409	29,057	39	-	(41,505)	-
Consolidated net income	12,409	13,062	15,967	13,277	(41,505)	13,210
Net income attributable to noncontrolling interests	-	-	-	-	(801)	(801)
Net income attributable to common	12,409	13,062	15,967	13,277	(42,306)	12,409

stockholders						
Distributed and undistributed earnings allocated to participating securities	-	(171)	-	-	-	(171)
Adjusted net income attributable to common stockholders	$12,409	$12,891	$15,967	$ 13,277	$ (42,306)	$ 12,238
Net income	$12,409	$13,062	$15,967	$ 13,277	$ (41,505)	$ 13,210
Other comprehensive income:						
Net derivative gain (loss) on cash flow hedging instruments	-	159	-	(24)	-	135
Net reclassification adjustment on cash flow hedging instruments	-	1,124	-	39	-	1,163
Other comprehensive income	-	1,283	-	15	-	1,298
Comprehensive income	12,409	14,345	15,967	13,292	(41,505)	14,508
Comprehensive income attributable to noncontrolling interests	-	-	-	-	(881)	$ (881)
Comprehensive income attributable to common stockholders	$12,409	$14,345	$15,967	$ 13,292	$ (42,386)	$ 13,627

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Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

For the Nine Months Ended September 30, 2014

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
REVENUES:						
Rental revenues	$ -	$ -	$ 189,798	$ 60,408	$ -	$ 250,206
Institutional capital management and other fees	-	479	-	1,185	(270)	1,394
Total revenues	-	479	189,798	61,593	(270)	251,600
OPERATING EXPENSES:						
Rental expenses	-	-	24,500	7,007	-	31,507
Real estate taxes	-	-	29,859	10,337	-	40,196
Real estate related depreciation and amortization	-	-	85,137	26,408	-	111,545
General and administrative	-	20,129	253	677	-	21,059
Impairment losses	-	-	201	5,434	-	5,635
Casualty and involuntary conversion gain	-	-	(326)	-	-	(326)
Total operating expenses	-	20,129	139,624	49,863	-	209,616
Operating income (loss)	-	(19,650)	50,174	11,730	(270)	41,984
OTHER INCOME (EXPENSE):						
Development profit, net of taxes	-	-	-	1,966	50	2,016
Equity in earnings (loss) of unconsolidated joint ventures, net	-	5,014	(32)	-	220	5,202
Gain on business combination	-	1,000	-	-	-	1,000
Gain on dispositions of real estate interests	-	1,175	-	10,472	-	11,647
Interest expense	-	(37,626)	(4,051)	(8,507)	1,868	(48,316)
Interest and other income (expense)	-	3,480	(52)	22	(1,868)	1,582
Income tax benefit (expense) and other taxes	-	(296)	734	(181)	-	257
Income (loss) from continuing operations	-	(46,903)	46,773	15,502	-	15,372
Income from discontinued operations	-	-	-	5,576	-	5,576
Equity in earnings of consolidated subsidiaries	19,527	67,466	2,018	-	(89,011)	-
Consolidated net income	19,527	20,563	48,791	21,078	(89,011)	20,948
	-	-	-	-	(1,421)	(1,421)

Net income attributable to noncontrolling interests						
Net income attributable to common stockholders	19,527	20,563	48,791	21,078	(90,432)	19,527
Distributed and undistributed earnings allocated to participating securities	-	(507)	-	-	-	(507)
Adjusted net income attributable to common stockholders	$ 19,527	$ 20,056	$ 48,791	$ 21,078	$ (90,432)	$ 19,020
Net income	$ 19,527	$ 20,563	$ 48,791	$ 21,078	$ (89,011)	$ 20,948
Other comprehensive income (loss)						
Net derivative loss on cash flow hedging instruments	-	(360)	-	(351)	-	(711)
Net reclassification adjustment on cash flow hedging instruments	-	3,375	-	116	-	3,491
Other comprehensive income (loss)	-	3,015	-	(235)	-	2,780
Comprehensive income	19,527	23,578	48,791	20,843	(89,011)	23,728
Comprehensive income attributable to noncontrolling interests	-	-	-	-	(1,659)	(1,659)
Comprehensive income attributable to common stockholders	$ 19,527	$ 23,578	$ 48,791	$ 20,843	$ (90,670)	$ 22,069

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Condensed Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2014

(in thousands)

(unaudited)

	Parent	Subsidiary Issuer	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Consolidating Adjustments	Total Consolidated
OPERATING ACTIVITIES:						
Net cash provided by (used in) operating activities	$-	$(38,456)	$128,652	$ 43,766	$ (4,853)	$ 129,109
INVESTING ACTIVITIES:						
Real estate acquisitions	-	-	(208,309)	(48,789)	-	(257,098)
Capital expenditures and development activities	-	-	(121,028)	(13,837)	-	(134,865)
Proceeds from dispositions of real estate investments	-	1,988	-	124,172	-	126,160
Investments in unconsolidated joint ventures	-	(754)	-	-	-	(754)
Proceeds from casualties and involuntary conversion	-		461	143	-	604
Distributions of investments in unconsolidated joint ventures	-	17,043	-	-	-	17,043
Other investing activities	-	6,247	6	(283)	-	5,970
Net cash provided by (used in) investing activities	-	24,524	(328,870)	61,406	-	(242,940)
FINANCING ACTIVITIES:						
Proceeds from senior unsecured revolving line of credit	-	135,000	-	-	-	135,000
Repayments of senior unsecured revolving line of credit	-	(42,000)	-	-	-	(42,000)
Principal payments on mortgage notes	-	-	(4,532)	(9,914)	-	(14,446)
Proceeds from issuance of common stock	105,015	105,015	-	-	(105,015)	105,015
Net settlement on issuance of stock-based compensation awards	(282)	(282)	-	-	282	(282)
Offering costs for issuance of common stock and OP	(1,392)	(1,392)	-	-	1,392	(1,392)

Units						
Net payments relating to intercompany financing	(34,636)	(115,365)	214,356	(98,991)	34,636	-
Redemption of noncontrolling interests	-	(800)	-	-	-	(800)
Dividends to common stockholders	(68,705)	(68,705)	-	-	68,705	(68,705)
Distributions to noncontrolling interests	-	(4,048)	-	(498)	-	(4,546)
Contributions from noncontrolling interests	-	-	-	101	-	101
Other financing activity	-	62	(78)	2	-	(14)
Net cash provided by (used in) financing activities	-	7,485	209,746	(109,300)	-	107,931
Net change in cash and cash equivalents	-	(6,447)	9,528	(4,128)	(4,853)	(5,900)
Cash and cash equivalents, beginning of period	-	28,098	-	4,128	-	32,226
Cash and cash equivalents, end of period	$-	$21,651	$9,528	$ -	$ (4,853)	$ 26,326

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Note 14 – Subsequent Events

GAAP requires an entity to disclose events that occur after the balance sheet date but before financial statements are issued or are available to be issued (“subsequent events”) as well as the date through which an entity has evaluated subsequent events. There are two types of subsequent events. The first type consists of events or transactions that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, (“recognized subsequent events”). The second type consists of events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date (“nonrecognized subsequent events”). No significant recognized or nonrecognized subsequent events were noted other than those mentioned in Note 6 – Outstanding Indebtedness.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

We make statements in this report that are considered "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which are usually identified by the use of words such as "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "seeks," "should," "will," and variations of such words or simila expressions. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation 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, intentions, expectations, 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, expectations, strategies and prospects as reflected in or suggested by those forward-looking statements are reasonable, we can give no assurance that the plans, intentions, expectations or strategies will be attained or achieved. Furthermore, actual results may differ materially from those described in the forward-looking statements and will be affected by a variety of risks and factors that are beyond our control including, without limitation:

- national, international, regional and local economic conditions;
- the general level of interest rates and the availability of capital;
- the competitive environment in which we operate;
- real estate risks, including fluctuations in real estate values and the general economic climate in local markets and competition for tenants in such markets;
- decreased rental rates or increasing vacancy rates;
- defaults on or non-renewal of leases by tenants;
- acquisition and development risks, including failure of such acquisitions and development projects to perform in accordance with projections;
- the timing of acquisitions, dispositions and development;
- natural disasters such as fires, floods, tornadoes, hurricanes and earthquakes;
- energy costs;
- the terms of governmental regulations that affect us and interpretations of those regulations, including the costs of compliance with those regulations, changes in real estate and zoning laws and increases in real property tax rates;
- financing risks, including the risk that our cash flows from operations may be insufficient to meet required payments of principal, interest and other commitments;
- lack of or insufficient amounts of insurance;
- litigation, including costs associated with prosecuting or defending claims and any adverse outcomes;
- the consequences of future terrorist attacks or civil unrest;
- environmental liabilities, including costs, fines or penalties that may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by us; and
- other risks and uncertainties detailed in the section entitled "Risk Factors."

In addition, our current and continuing qualification as a real estate investment trust, or REIT, involves the application of highly technical and complex provisions of the Internal Revenue Code of 1986, or the Code, and depends on our ability to meet the various requirements imposed by the Code through actual operating results, distribution levels and diversity of stock ownership.

We assume no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. The reader should carefully review our financial statements and the notes thereto, as well as the section entitled "Risk Factors" in this report.

Overview

DCT Industrial Trust Inc. is a leading industrial real estate company specializing in the acquisition, development, leasing and management of bulk distribution and light industrial properties located in high-volume distribution markets in the United States. As used 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,” we are referring to DCT Industrial Trust Inc. by itself, and not including any of its subsidiaries, and when we use the term the “Operating Partnership,” we are referring to DCT Industrial Operating Partnership LP by itself, and not including any of its subsidiaries.

DCT was formed as a Maryland corporation in April 2002 and 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 of 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. DCT owns properties through the Operating Partnership and its subsidiaries. As of September 30, 2015, DCT owned approximately 95.4% of the outstanding equity interests in the Operating Partnership.

As of September 30, 2015, the Company owned interests in approximately 73.3 million square feet of properties leased to approximately 900 customers, including:

- 62.0 million square feet comprising 405 consolidated operating properties, including one 33,000 square foot building classified as held for sale, were 94.5% occupied;
- 7.5 million square feet comprising 23 unconsolidated properties were 92.9% occupied and which we operated on behalf of three institutional capital management partners;
- 0.8 million square feet comprising four consolidated buildings under redevelopment; and
- 3.0 million square feet comprising eight consolidated buildings in development.

In addition, the Company has 11 projects under construction and several projects in predevelopment. See “Notes to Consolidated Financial Statements Note 3—Investment in Properties” for further detail related to our development activity.

Our primary business objectives are to maximize long-term growth in Funds From Operations, or FFO, as defined on page 55, net asset value of our portfolio and total shareholder returns. In our pursuit of these long-term objectives, we seek to:

- maximize cash flows from existing properties;
- deploy capital into quality acquisitions and development opportunities which meet our asset, location and financial criteria; and
- recycle capital by selling assets that no longer fit our investment criteria and reinvesting the proceeds into higher growth opportunities.

Outlook

We seek to maximize long-term earnings growth and value within the context of overall economic conditions, primarily through increasing occupancy, rents and operating income at existing properties and acquiring and developing high-quality properties with attractive operating income and value growth prospects. Fundamentals for industrial real estate continue to improve in response to general improvement in the economy as well as trends that particularly favor industrial assets, including the growth of e-commerce and U.S. based manufacturing. We expect moderate economic growth to continue through the remainder of 2015, which should result in continued positive demand for warehouse space as companies expand and upgrade their distribution and production platforms.

In response to positive net absorption and lower market vacancy levels, rental rates are increasing in most of our markets, although they generally remain below peak levels. Rental concessions, such as free rent, have also declined in all markets. Consistent with recent experience and based on current market conditions, we expect average net effective rental rates on new leases signed during the remainder of 2015 to be higher than the rates on expiring leases. As positive net absorption of warehouse space continues, we expect the rental rate environment to continue to improve.

New development has begun to increase in many markets where fundamentals have improved; however, construction is below current levels of net absorption in most markets and below peak levels. We expect that the operating environment will continue to be favorable for landlords with a meaningful improvement of rental rates and continued strong occupancy levels.

We expect same store net operating income to be higher in 2015 than it was in 2014, primarily as a result of higher occupancy in 2015 and the impact of increasing rental rates on leases signed in 2015 compared to expiring leases.

In terms of capital investment, we will pursue the selective development of new buildings and the opportunistic acquisition of buildings in markets where we perceive demand and market rental rates will provide attractive financial returns.

We anticipate continuing to selectively dispose of non-strategic assets where demand continues at levels where we perceive opportunities to recycle capital into higher growth assets in an effort to enhance long-term growth in earnings and cash flows.

We anticipate having sufficient liquidity to fund our operating expenses, including costs to maintain our properties and distributions, though we may finance investments, including acquisitions and developments, with the issuance of new common shares, proceeds from asset sales or through additional borrowings. Please see “Liquidity and Capital Resources” for additional discussion.

Inflation

Although the U.S. economy has recently experienced low inflation, and a wide variety of industries and sectors are affected differently by changing commodity prices, inflation has not had a significant impact on us in our markets. Most of our leases require the customers to pay their share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing our exposure to increases in costs and operating expenses resulting from inflation. In addition, most of our leases expire within five years which enables us to replace existing leases with new leases at then-existing market rates.

Summary of Significant Transactions and Activities During 2015

Significant transactions for the nine months ended September 30, 2015

Acquisitions

During the nine months ended September 30, 2015, we acquired 14 buildings comprising 2.1 million square feet in the Atlanta, Dallas, Denver, Houston, Northern California, Phoenix and Seattle markets for a total purchase price of approximately $124.9 million. Weighted average occupancy upon the acquisition of the properties was 80.0%. Additionally, during the nine months ended September 30, 2015, we acquired 232.3 acres of land in the Atlanta, Baltimore/Washington D.C., Chicago, Dallas, Miami and Orlando markets for approximately $52.4 million that are held for future development.

Development Activities

As of September 30, 2015, construction was shell-complete on eight buildings totaling 3.0 million square feet in the Atlanta, Dallas, Houston, Orlando, Seattle and Southern California markets. During the nine months ended September 30, 2015, we stabilized six buildings totaling 1.1 million square feet. Additionally, we recognized development profit, net of taxes, of approximately $2.6 million related to the sales of 8th & Vineyard C, 8th & Vineyard D and 8th & Vineyard E to third-parties.

The table below reflects a summary of development activities as of September 30, 2015:

Project	Market	Acres	Number of Buildings	Square Feet (in thousands)	Percentage Owned	Cumulative Costs at 9/30/2015 (in thousands)	Projected Investment (in thousands)	Completion Date[(1)]	Percentage Leased[(2)]
Consolidated Development Activities:									
Development Projects in Lease Up									
DCT River West	Atlanta	47	1	734	100 %	$25,442	$37,008	Q3-2015	0 %
DCT Freeport North	Dallas	6	1	100	100 %	7,206	7,814	Q1-2015	100 %
DCT Airtex Industrial Center II	Houston	7	1	127	100 %	10,414	11,510	Q4-2014	100 %
DCT Northwest Crossroads Logistics Centre II	Houston	18	1	320	100 %	14,984	23,088	Q2-2015	59 %
DCT Airport Distribution Center North Building C	Orlando	8	1	97	100 %	5,558	6,901	Q4-2014	83 %
DCT White River Corporate Center Phase I	Seattle	30	1	649	100 %	42,251	46,079	Q4-2014	100 %
DCT Fife 45 North	Seattle	5	1	79	100 %	6,182	8,109	Q1-2015	77 %
DCT Rialto Logistics Center	So. California	42	1	928	100 %	57,000	62,300	Q1-2015	100 %
	Sub Total	163	8	3,034	100 %	$169,037	$202,809		70 %
Under Construction									
DCT Fairburn	Atlanta	75	1	1037	100 %	$30,361	$51,771	Q1-2016	100 %
DCT Downs Park Building A[(3)]	Baltimore/Washington D.C.	13	1	149	100 %	7,499	25,525	Q1-2016	100 %
DCT Downs Park Building B[(3)]	Baltimore/Washington D.C.	13	1	149	100 %	7,452	25,853	Q1-2016	100 %
DCT O'Hare Logistics Center	Chicago	7	1	113	100 %	8,862	13,184	Q4-2015	100 %
DCT North Avenue Distribution	Chicago	20	1	350	100 %	10,244	26,633	Q3-2016	100 %

Center									
DCT Waters Ridge	Dallas	18	1	346	100 %	2,600	18,093	Q2-2016	0 %
DCT Freeport West	Dallas	7	1	108	100 %	1,772	9,230	Q2-2016	55 %
6400 Hollister Road - Expansion	Houston	2	Expansion	55	100 %	1,756	3,649	Q4-2015	100 %
DCT Fife Distribution Center North	Seattle	9	1	152	100 %	8,385	12,781	Q1-2016	56 %
DCT Fife Distribution Center South	Seattle	12	1	240	100 %	9,094	18,838	Q1-2016	100 %
DCT Jurupa Ranch	So. California	39	1	970	100 %	32,498	73,008	Q2-2016	100 %
	Sub Total	215	10	3,669	100 %	$120,523	$278,565		87 %
Leased Pre-Development									
DCT Central Avenue	Chicago	54	1	172	100 %	$9,555	$60,020	Q4-2016	100 %
	Total	432	19	6,875	100 %	$299,115	$541,394		80 %

(1) The completion date represents the date of building shell-completion or estimated date of shell-completion.

(2) Percentage leased is computed as of the date the financial statements were available to be issued.

(3) The Projected Investment does not include any potential promote payable to our joint venture partner.

Dispositions

During the nine months ended September 30, 2015, we sold 13 consolidated operating properties totaling 3.7 million square feet located in our Atlanta and Memphis markets, to third-parties for gross proceeds of approximately $138.1 million.

We recognized gains of approximately $41.1 million on the disposition of these 13 properties.

Debt Activity

As of September 30, 2015, we had $186.0 million outstanding and $210.5 million available under our unsecured revolving credit facility, net of one letter of credit totaling $3.5 million.

During 2015, we assumed two mortgage notes with aggregate outstanding balances of approximately $21.1 million in connection with property acquisitions. We recorded approximately a $1.9 million premium in connection with the assumption of these notes.

On April 8, 2015, we amended and restated our existing $225.0 million senior unsecured term loan and $300.0 million senior unsecured revolving credit facility with our syndicated bank group. The senior unsecured term loan was disaggregated into two tranches, $125.0 million and $100.0 million, with maturity dates of April 8, 2020 and April 8, 2017, respectively. The senior unsecured revolving credit facility's commitment was increased to $400.0 million with a maturity date of April 8, 2019.

Leasing Activity

The following table provides a summary of our leasing activity for the nine months ended September 30, 2015:

	Number of Leases Signed	Square Feet Signed[1] (in thousands)	Net Effective Rent Per Square Foot[2]	GAAP Basis Rent Growth[3]	Weighted Average Lease Term[4] (in months)	Turnover Costs Per Square Foot[5]	Weighted Average Retention[6]
Third quarter 2015	83	5,081	$ 5.61	18.8 %	74	$ 2.38	70.0 %
Year to date 2015	213	13,605	$ 5.27	15.8 %	74	$ 2.81	67.5 %

(1) Excludes month to month leases.

(2) Net effective rent is the average base rent calculated in accordance with GAAP, over the term of the lease.

(3) GAAP basis rent growth is an annual ratio of the change in net effective rent (including straight-line rent adjustments as required by GAAP) compared to the net effective rent of the comparable lease. Leases where there were no prior comparable leases due to materially different lease structures are excluded.

(4) Assumes no exercise of lease renewal options, if any.

(5) Turnover costs are comprised of the costs incurred or capitalized for improvements of vacant and renewal spaces, as well as the commissions paid and indirect costs capitalized for leasing transactions. Turnover costs per square foot represent the total turnover costs expected to be incurred on the leases signed during the period and do not reflect actual expenditures for the period.

(6) Represents the percentage of customers renewing their respective leases weighted by average square feet.

During the nine months ended September 30, 2015, we signed 97 leases comprising 7.4 million square feet with total concessions of $10.9 million primarily related to free rent periods.

Other Events

In May 2015, we determined that we had been the victim of a criminal fraud involving the impersonation of our Chief Executive Officer resulting in our transfer of $6.1 million to third-party overseas accounts. As a result of efforts working with our bank and federal law enforcement authorities, we have recovered approximately $3.0 million of the amount transferred. In addition, we have incurred $0.3 million of other costs related to the investigation of this incident. We have filed a claim with our insurance carriers related to this incident. As of September 30, 2015, it is not known whether we will be determined to be entitled to receive insurance proceeds related to this claim. Accordingly, during the nine months ended September 30, 2015, we recorded an expense of $3.4 million in "General and administrative" expense related to this incident and the associated internal investigation, which expense may be reduced in the future by any insurance claim recoveries.

Customer Diversification

As of September 30, 2015, there were no customers that occupied more than 2.1% of our consolidated properties based on annualized base rent. The following table reflects our 10 largest customers, based on annualized base rent as of September 30, 2015, who occupy a combined 6.3 million square feet or 9.6% of our consolidated properties.

Customer	Percentage of Annualized Base Rent	
Distributions Alternatives, Inc.	2.1	%
Schenker, Inc.	1.2	%
The Clorox Company	1.1	%
The Glidden Company	1.0	%
YRC, LLC	1.0	%
Kellogg Company	1.0	%
Bridgestone Corporation	0.9	%
One Kings Lane, Inc.	0.9	%
Genco I, Inc.	0.8	%
Ozburn-Hessey Logistics, L.L.C.	0.8	%
Total	10.8	%

Although base rent is supported by long-term lease contracts, customers who file bankruptcy generally have the legal right to reject any or all of their leases. In the event that a customer with a significant number of leases in our properties files bankruptcy and cancels its leases we could experience a reduction in our revenues and an increase in allowance for doubtful accounts receivable.

We frequently monitor the financial condition of our customers. We communicate often with those customers whom have been late on payments or filed bankruptcy. We are not currently aware of any significant financial difficulties of any tenants that would cause a material reduction in our revenues, and no customer represents more than 2.1% of our annual base rent.

Results of Operations

Summary of the three and nine months ended September 30, 2015 compared to the same period ended September 30, 2014

We are a leading industrial real estate company specializing in the acquisition, development, leasing and management of bulk distribution and light industrial properties located in high-volume distribution markets in the U.S. As of September 30, 2015, the Company owned interests in or had under development approximately 73.3 million square feet of properties leased to approximately 900 customers, including 7.5 million square feet managed on behalf of three institutional capital management joint venture partners. Also as of September 30, 2015, we consolidated 404 operating properties, four redevelopment properties, eight development properties and one consolidated property classified as held for sale.

Comparison of the three months ended September 30, 2015 compared to the same period ended September 30, 2014

The following table illustrates the changes in rental revenues, rental expenses and real estate taxes, property net operating income, other revenue and other income, and other expenses for the three months ended September 30, 2015 compared to the three months ended September 30, 2014. Our same store portfolio includes all operating properties that we owned for the entirety of both the current and prior year reporting periods. Developed properties are generally included in same store properties once they are stabilized. We generally consider buildings stabilized when occupancy reaches 90%. Non-same store operating properties include properties not meeting the same store criteria and exclude development and redevelopment properties. The same store portfolio for the periods presented totaled 361 operating properties and was comprised of 54.9 million square feet. A discussion of these changes follows in the table below (in thousands):

	Three Months Ended September 30,			
	2015	2014	$ Change	Percent Change
Rental Revenues				
Same store	$77,920	$74,152	$3,768	5.1 %
Non-same store operating properties	10,001	9,471	530	5.6 %
Development and redevelopment	171	662	(491)	-74.2 %
Total rental revenues	88,092	84,285	3,807	4.5 %
Rental Expenses and Real Estate Taxes				
Same store	20,091	19,691	400	2.0 %
Non-same store operating properties	2,822	2,870	(48)	-1.7 %
Development and redevelopment	43	399	(356)	-89.2 %
Total rental expenses and real estate taxes	22,956	22,960	(4)	0.0 %
Property Net Operating Income (1)				
Same store	57,829	54,461	3,368	6.2 %
Non-same store operating properties	7,179	6,601	578	8.8 %
Development and redevelopment	128	263	(135)	-51.3 %
Total property net operating income	65,136	61,325	3,811	6.2 %
Other Revenue and Other Income				
Institutional capital management and other fees	333	322	11	3.4 %
Casualty and involuntary conversion loss	-	(14)	14	100.0 %
Equity in earnings of unconsolidated joint ventures, net	4,493	892	3,601	403.7 %
Gain on dispositions of real estate interests	-	10,230	(10,230)	-100.0 %
Interest and other income (expense)	(42)	1,577	(1,619)	-102.7 %
Total other revenue and other income	4,784	13,007	(8,223)	-63.2 %
Other Expenses				
Real estate related depreciation and amortization	39,431	37,842	1,589	4.2 %
Interest expense	13,078	16,078	(3,000)	-18.7 %
General and administrative	7,720	6,727	993	14.8 %
Impairment losses	371	900	(529)	-58.8 %
Income tax (benefit) expense and other taxes	241	(73)	314	430.1 %
Total other expenses	60,841	61,474	(633)	-1.0 %
Income from discontinued operations	-	352	(352)	-100.0 %
Net income attributable to noncontrolling interests of the Operating Partnership	(226)	(148)	(78)	-52.7 %
Net income attributable to OP Unitholders	8,853	13,062	(4,209)	-32.2 %
Net income attributable to noncontrolling interests of DCT Industrial Trust Inc.	(396)	(653)	257	39.4 %
Net income attributable to common stockholders	$8,457	$12,409	$(3,952)	-31.8 %

(1) Property net operating income, or property NOI, is defined as rental revenues, including expense reimbursements, less rental expenses and real estate taxes, and excludes institutional capital management fees, depreciation, amortization, casualty and involuntary conversion gain (loss), impairment, general and administrative expenses, equity in (earnings) loss of unconsolidated joint ventures, interest expense, interest and other income and income tax expense and other taxes. DCT Industrial considers NOI to be an appropriate supplemental performance

measure because NOI reflects the operating performance of DCT Industrial's properties and excludes certain items that are not considered to be controllable in connection with the management of the properties such as amortization, depreciation, impairment, interest expense, interest income and general and administrative expenses. However, NOI should not be viewed as an alternative measure of DCT Industrial's financial performance since it excludes expenses which could materially impact our results of operations. Further, DCT Industrial's NOI may not be comparable to that of other real estate companies, as they may use different methodologies for calculating NOI. Therefore, DCT Industrial believes net income, as defined by GAAP, to be the most appropriate measure to evaluate DCT Industrial's overall financial performance. For a reconciliation of our property net operating income to our reported "Income from continuing operations," see "Notes to Consolidated Financial Statements, Note 11 – Segment Information."

Rental Revenues

Rental revenues, which are comprised of base rent, straight-line rent, amortization of above and below market rent intangibles, tenant recovery income, other rental income and early lease termination fees, increased by $3.8 million for the three months ended September 30, 2015 compared to the same period in 2014, primarily due to the following:

$3.8 million increase in total revenue in our same store portfolio primarily due to the following:
$3.4 million increase in base rent primarily resulting from increased rental rates and a 110 basis point increase in average occupancy period over period;
$1.0 million increase in operating expense recoveries related to higher average occupancy and higher property operating expenses;
$0.7 million increase in early lease terminations primarily attributable to four tenants; and
$0.3 million increase in miscellaneous income from tenants due to move-out repairs; which was partially offset by
$1.6 million decrease in straight-line rental revenue.

The following table illustrates the various components of our consolidated rental revenues for the three months ended September 30, 2015 and 2014 (in thousands):

	Three Months Ended September 30,		
	2015	2014	$ Change
Base rent	$64,209	$61,368	$2,841
Straight-line rent	907	2,326	(1,419)
Amortization of above and below market rent intangibles	748	605	143
Tenant recovery income	20,608	19,375	1,233
Other	436	351	85
Revenues related to early lease terminations	1,184	260	924
Total rental revenues	$88,092	$84,285	$3,807

Rental Expenses and Real Estate Taxes

Rental expenses and real estate taxes remained consistent for the three months ended September 30, 2015 compared to the same period in 2014, primarily due to the following:

$0.4 million decrease in rental expenses and real estate taxes related to non-same store properties, including operating properties not included in same store, development and redevelopment properties placed into service during the period; which was offset by
$0.4 million increase in rental expenses and real estate taxes period over period in our same store portfolio, which was primarily due to increases in property taxes resulting from higher assessments.

Other Revenue and Other Income

Total other revenue and other income decreased $8.2 million for the three months ended September 30, 2015 as compared to the same period in 2014, primarily due to the following:

$10.2 million decrease in gain on dispositions of real estate interests due to no disposition activity occurring during 2015 compared to gains recognized from the disposition of 11 properties during 2014; and
$1.6 million decrease in interest and other income (expense) primarily related to a settlement on roof damages on several properties located in the Houston market during 2014; which was partially offset by

$3.6 million increase in equity in earnings of unconsolidated joint ventures primarily related to the IDI/DCT, LLC joint venture's sale of its remaining property during 2015.

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Other Expenses

Other expenses decreased $0.6 million for the three months ended September 30, 2015 as compared to the same period in 2014, primarily due to the following:

- $3.0 million decrease in interest expense as a result of a $2.1 million increase in capitalized interest in 2015 related to increased development activities and the repayment of a $43.3 million mortgage note in November 2014 and a $40.0 million 5 year private placement note in June 2015; and
- $0.5 million decrease in impairment primarily due to $0.9 million recognized on one property disposed and one property held for sale during 2014 compared to $0.4 million recognized on one property held for sale during 2015; which was partially offset by
- $1.6 million increase in depreciation and amortization expense resulting from a $5.1 million increase related to real estate acquisitions and capital additions, partially offset by $3.1 million related to real estate dispositions and $0.4 million related to same store tenant improvements that were fully amortized subsequent to September 30, 2014;
- $0.3 million increase in income tax (benefit) expense and other taxes related to the change in our deferred tax benefit resulting from a decrease in net operating losses during 2015; and
- $1.0 million increase in general and administrative expenses primarily related to increased personnel costs.

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Comparison of the nine months ended September 30, 2015 compared to the same period ended September 30, 2014

The following table illustrates the changes in rental revenues, rental expenses and real estate taxes, property net operating income, other revenue and other income, and other expenses for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. Our same store portfolio includes all operating properties that we owned for the entirety of both the current and prior year reporting periods. Developed properties are generally included in same store properties once they are stabilized. We generally consider buildings stabilized when occupancy reaches 90%. Non-same store operating properties include properties not meeting the same store criteria and exclude development and redevelopment properties. The same store portfolio for the periods presented totaled 345 operating properties and was comprised of 52.0 million square feet. A discussion of these changes follows in the table below (in thousands):

	Nine Months Ended September 30,			
	2015	2014	$ Change	Percent Change
Rental Revenues				
Same store	$220,966	$211,501	$9,465	4.5 %
Non-same store operating properties	42,839	36,780	6,059	16.5 %
Development and redevelopment	464	1,925	(1,461)	-75.9 %
Total rental revenues	264,269	250,206	14,063	5.6 %
Rental Expenses and Real Estate Taxes				
Same store	58,321	59,389	(1,068)	-1.8 %
Non-same store operating properties	11,251	11,590	(339)	-2.9 %
Development and redevelopment	(34)	724	(758)	-104.7 %
Total rental expenses and real estate taxes	69,538	71,703	(2,165)	-3.0 %
Property Net Operating Income (1)				
Same store	162,645	152,112	10,533	6.9 %
Non-same store operating properties	31,762	25,190	6,572	26.1 %
Development and redevelopment	324	1,201	(877)	-73.0 %
Total property net operating income	194,731	178,503	16,228	9.1 %
Other Revenue and Other Income				
Institutional capital management and other fees	1,134	1,394	(260)	-18.7 %
Casualty and involuntary conversion gain	-	326	(326)	-100.0 %
Development profit, net of taxes	2,627	2,016	611	30.3 %
Equity in earnings of unconsolidated joint ventures, net	6,336	5,202	1,134	21.8 %
Gain on business combinations	-	1,000	(1,000)	-100.0 %
Gain on dispositions of real estate interests	41,086	11,647	29,439	252.8 %
Interest and other income (expense)	(71)	1,582	(1,653)	-104.5 %
Total other revenue and other income	51,112	23,167	27,945	120.6 %
Other Expenses				
Real estate related depreciation and amortization	116,876	111,545	5,331	4.8 %
Interest expense	40,591	48,316	(7,725)	-16.0 %
General and administrative	24,912	21,059	3,853	18.3 %
Impairment losses	371	5,635	(5,264)	-93.4 %
Income tax (benefit) expense and other taxes	712	(257)	969	377.0 %
Total other expenses	183,462	186,298	(2,836)	-1.5 %
Income from discontinued operations	-	5,576	(5,576)	-100.0 %
Net income attributable to noncontrolling interests of the	(4,203)	(385)	(3,818)	-991.7 %

Operating Partnership				
Net income attributable to OP Unitholders	58,178	20,563	37,615	182.9 %
Net income attributable to noncontrolling interests of DCT Industrial Trust Inc.	(2,679)	(1,036)	(1,643)	-158.6 %
Net income attributable to common stockholders	$55,499	$19,527	$35,972	184.2 %

(1) See definitions of property net operating income on page 43.

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Rental Revenues

Rental revenues, which are comprised of base rent, straight-line rent, amortization of above and below market rent intangibles, tenant recovery income, other rental income and early lease termination fees, increased by $14.1 million for the nine months ended September 30, 2015 compared to the same period in 2014, primarily due to the following:

- $4.6 million increase in our non-same store rental revenues, including operating properties not included in same store, development and redevelopment properties, primarily as a result of an increase in the number of consolidated properties. Since January 1, 2014, we have acquired 42 operating properties and placed into operation 19 development and redevelopment properties.
- $9.5 million increase in total revenue in our same store portfolio primarily due to the following:
- $9.0 million increase in base rent primarily resulting from increased rental rates and a 150 basis point increase in average occupancy period over period;
- $3.3 million increase in operating expense recoveries related to higher average occupancy and higher property operating expense;
- $0.7 million increase in miscellaneous income due to move-out repairs; and
- $0.2 million increase in early lease terminations; which was partially offset by
- $3.7 million decrease in straight-line rental revenue.

The following table illustrates the various components of our consolidated rental revenues for the nine months ended September 30, 2015 and 2014 (in thousands):

	Nine Months Ended September 30,		
	2015	2014	$ Change
Base rent	$190,648	$179,176	$11,472
Straight-line rent	4,293	7,651	(3,358)
Amortization of above and below market rent intangibles	2,290	1,505	785
Tenant recovery income	62,819	58,216	4,603
Other	1,823	1,793	30
Revenues related to early lease terminations	2,396	1,865	531
Total rental revenues	$264,269	$250,206	$14,063

Rental Expenses and Real Estate Taxes

Rental expenses and real estate taxes decreased by $2.2 million for the nine months ended September 30, 2015 compared to the same period in 2014, primarily due to the following:

- $1.1 million decrease in rental expenses and real estate taxes related to non-same store properties, including operating properties not included in same store, development and redevelopment properties placed into service during the period; and
- $1.1 million decrease in rental expenses and real estate taxes period over period in our same store portfolio, which was primarily due to a decrease in bad debt expense and other non-recoverable expenses.

Other Revenue and Other Income

Total other revenue and other income increased $27.9 million for the nine months ended September 30, 2015 as compared to the same period in 2014, primarily due to the following:

$29.4 million increase in gain on dispositions of real estate interests primarily related to gains of $41.1 million recognized on the disposition of 13 properties in the Atlanta and Memphis markets during 2015, which was partially offset by a $0.9 million gain on the sale of our interest in the TRT-DCT Venture I and gains of $10.8 million recognized on the sale of 12 properties during 2014; and

$1.1 million increase in equity in earnings of unconsolidated joint ventures primarily related to $3.7 million of gain recognized on the sale of one property in the IDI/DCT, LLC joint venture during 2015, which was partially offset by the disposition of all of the properties in the TRT-DCT Venture I, our disposition of our unconsolidated interest in TRT-DCT Venture II and disposition of one property in the IDI/DCT, LLC Venture during 2014; which was partially offset by

$1.6 million decrease in interest and other income (expense) primarily related to a settlement on roof damages on several properties located in the Houston market during 2014; and

$1.0 million decrease in gain on business combinations related to obtaining control through the purchase of our partners' 50.0% interest in one property from the IDI/DCT, LLC joint venture during 2014.

Other Expenses

Other expenses decreased $2.8 million for the nine months ended September 30, 2015 as compared to the same period in 2014, primarily due to the following:

$7.7 million decrease in interest expense as a result of a $6.0 million increase in capitalized interest in 2015 related to increased development activities, the payment of a $43.3 million mortgage note in November 2014, the payment of the $40.0 million 5 year private placement note in June 2015 and an overall lower weighted average effective interest rate; and

$5.3 million net decrease in impairment expense due to five properties sold or held for sale during 2014 compared to one property held for sale as of September 30, 2015; which was partially offset by

$5.3 million increase in depreciation and amortization expense resulting from a $16.6 million increase related to real estate acquisitions and capital additions, partially offset by $9.8 million related to real estate dispositions and $1.5 million related to same store tenant improvements that were fully amortized during 2015;

$1.0 million increase in income tax (benefit) expense and other taxes related to the change in our deferred tax benefit resulting from the sale of three development projects during 2015; and

$3.9 million increase in general and administrative expenses due to the following:

- $2.9 million in increased personnel costs; and
- $3.4 million increase resulting from the criminal fraud and the investigation of the incident. See discussion under Significant Transactions and Activities; which was partially offset by
- $2.2 million increase in capitalized overhead as a result of increased development, leasing and other capital activities; and
- $0.2 million decrease in professional service costs.

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Segment Summary for the three and nine months ended September 30, 2015 compared to the same period ended September 30, 2014

The Company's segments are based on our internal reporting of operating results used to assess performance based on our properties' geographical markets. Our markets are aggregated into three reportable regions or segments, East, Central and West, which are based on the geographical locations of our properties. These regions are comprised of the markets by which management and their operating teams conduct and monitor business (see further detail on our Segments in "Notes to the Consolidated Financial Statements, Note 11 – Segment Information"). Management considers rental revenues and property net operating income aggregated by segment to be the appropriate way to analyze performance.

The following table illustrates the changes in our consolidated properties in continuing operations by segment as of, and for the three and nine months ended September 30, 2015 compared to September 30, 2014, respectively (dollar amounts and square feet in thousands):

	As of September 30,				Three Months Ended September 30,		Nine Months Ended September 30,	
	Number of buildings	Square feet	Occupancy at period end	Segment assets[(1)]	Rental revenues[(2)]	Property net operating income[(3)]	Rental revenues[(2)]	Property net operating income[(3)]
EAST:								
2015	117	20,460	91.0 %	$1,012,626	$25,887	$19,632	$79,184	$59,202
2014	121	21,987	92.5 %	$975,695	$27,289	$20,475	$84,082	$61,306
CHANGE:	(4)	(1,527)	-1.5 %	$36,931	$(1,402)	$(843)	$(4,898)	$(2,104)
CENTRAL:								
2015	165	26,329	89.9 %	$1,113,089	$32,777	$23,327	$98,693	$69,648
2014	173	28,425	91.8 %	$1,142,082	$32,965	$22,963	$97,714	$65,757
CHANGE:	(8)	(2,096)	-1.9 %	$(28,993)	$(188)	$364	$979	$3,891
WEST:								
2015	135	18,985	86.9 %	$1,335,389	$29,428	$22,177	$86,392	$65,881
2014	113	15,358	93.2 %	$1,181,021	$24,031	$17,887	$68,410	$51,440
CHANGE:	22	3,627	-6.3 %	$154,368	$5,397	$4,290	$17,982	$14,441

(1) Segment assets include all assets comprising operating properties included in a segment, less non-segment cash and cash equivalents, other non-segment assets, and assets held for sale that meet the definition of a discontinued operation. The prior year segment assets are not restated for current year discontinued operations.

(2) Segment rental revenues include revenue from operating properties and development properties. Properties classified as discontinued operations are not included in these results.

(3) For the definition of property net operating income, or property NOI, and a reconciliation of our property net operating income to our reported "Income from Continuing Operations," see "Notes to Consolidated Financial Statements, Note 11 – Segment Information."

The following table reflects our total assets, net of accumulated depreciation and amortization, by segment as of September 30, 2015 and December 31, 2014 (in thousands):

	September 30, 2015	December 31, 2014	$ Change
Segments:			
East assets	$1,012,626	$1,010,263	$2,363
Central assets	1,113,089	1,067,616	45,473
West assets	1,335,389	1,245,990	89,399
Total segment net assets	3,461,104	3,323,869	137,235
Non-segment assets:			
Non-segment cash and cash equivalents	10,231	16,653	(6,422)
Other non-segment assets[1]	100,876	111,012	(10,136)
Total assets	$3,572,211	$3,451,534	$120,677

[1] Other non-segment assets primarily consists of investments in and advances to unconsolidated joint ventures, other receivables and other assets.

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East Segment

East Segment assets increased by approximately $2.4 million in 2015 due to the acquisition of three properties, five land parcels and the completion of development on two properties since December 31, 2014.

East Segment property NOI decreased approximately $0.8 million, for the three months ended September 30, 2015 as compared to the same period in 2014, primarily as a result of:

$1.4 million decrease in rental revenues, of which $3.6 million is attributed to property dispositions, which was partially offset by a $1.3 million increase attributed to the timing of property acquisitions, and a $0.9 million increase attributed to higher operating expense recoveries at properties in our same store portfolio; which was partially offset by

$0.6 million decrease in operating expenses primarily related to lower property taxes and utility costs.

East Segment property NOI decreased approximately $2.1 million, for the nine months ended September 30, 2015 as compared to the same period in 2014, primarily as a result of:

$4.9 million decrease in rental revenues, of which $10.5 million is attributed to property dispositions, which was partially offset by a $3.5 million increase attributed to the timing of property acquisitions, and a $2.1 million increase attributed to higher operating expense recoveries at properties in our same store portfolio; which was partially offset by

$2.8 million decrease in operating expenses primarily related to lower property taxes and snow removal costs incurred from severe winter storms during 2014.

Central Segment

Central Segment assets increased by approximately $45.5 million in 2015 due to the acquisition of two properties, four land parcels and completion of development or redevelopment on five properties since December 31, 2014.

Central Segment property NOI increased approximately $0.4 million, for the three months ended September 30, 2015 as compared to the same period in 2014 primarily as a result of:

$0.6 million decrease in operating expenses primarily related to lower utility and maintenance expense; which was partially offset by

$0.2 million decrease in rental revenues, of which, $4.6 million is attributed to property dispositions; which was partially offset by a $2.9 million increase attributed to the timing of property acquisitions and the completion of developments, and a $1.5 million increase attributed to higher operating expense recoveries at properties in our same store portfolio.

Central Segment property NOI increased approximately $3.9 million, for the nine months ended September 30, 2015 as compared to the same period in 2014 primarily as a result of:

$1.0 million increase in rental revenues, of which, $12.2 million is attributed to the timing of property acquisitions and the completion of developments and $2.9 million is attributed to higher operating expense recoveries at properties in our same store portfolio, which was offset in part by a $14.1 million decrease attributed to property dispositions; and

$2.9 million decrease in operating expenses primarily related to prior year bad debt expenses and snow removal costs incurred from severe winter storms during 2014.

West Segment

West Segment assets increased by approximately $89.4 million in 2015 due to the acquisition of nine properties and completion of development on four properties since December 31, 2014.

West Segment property NOI increased approximately $4.3 million for the three months ended September 30, 2015 as compared to the same period in 2014, primarily as a result of:

$5.4 million increase in rental revenues, of which $4.0 million is attributed to the timing of property acquisitions and completion of developments, and $1.4 million is attributed to higher operating expense recoveries at properties in our same store portfolio; which was partially offset by

$1.1 million increase in operating expenses primarily comprised of increased property taxes due to the completion of developments and real estate acquisitions.

West Segment property NOI increased approximately $14.4 million for the nine months ended September 30, 2015 as compared to the same period in 2014, primarily as a result of:

- $18.0 million increase in rental revenues, of which $13.5 million is attributed to the timing of property acquisitions and the completion of developments, and $4.5 million is attributed to higher operating expense recoveries at properties in our same store portfolio; which was partially offset by
- $3.6 million increase in operating expenses primarily comprised of increased property taxes due to the completion of developments and real estate acquisitions.

Liquidity and Capital Resources

Overview

We currently expect that our principal sources of working capital and funding for potential capital requirements for expansions and renovation of properties, developments, acquisitions, and debt service and distributions to shareholders will include:

- Cash flows from operations;
- Proceeds from dispositions;
- Borrowings under our senior unsecured revolving credit facility;
- Other forms of secured or unsecured financings;
- Offerings of common stock or other securities;
- Current cash balances; and
- Distributions from institutional capital management and other joint ventures.

Our sources of capital will be used to meet our liquidity requirements and capital commitments, including operating activities, debt service obligations, equity holder distributions, capital expenditures at our properties, development funding requirements and future acquisitions. We expect to utilize the same sources of capital to meet our short-term and long-term liquidity requirements.

Cash Flows

“Cash and cash equivalents” were $11.8 million and $19.6 million as of September 30, 2015 and December 31, 2014, respectively.

Net cash provided by operating activities increased $22.6 million to $151.7 million during the nine months ended September 30, 2015 compared to $129.1 million during the same period in 2014. This change was primarily due to an increase in property net operating income attributable to acquired properties and operating performance at existing properties.

Net cash used in investing activities decreased $67.8 million to $175.1 million during the nine months ended September 30, 2015 compared to $242.9 million during the same period in 2014. This change was primarily due to a decrease of $102.3 million of cash outflows related to acquisitions; which were partially offset by an increase of cash outflows related to capital expenditures of $27.7 million, as reflected in the table below, and a decrease of cash inflows from distributions of investments in unconsolidated joint ventures of $7.6 million.

We pursue the acquisition of buildings and land and consider selective development of new buildings in markets where we perceive that demand and market rental rates will provide attractive financial returns. The amount of cash used related to acquisitions and development and redevelopment investments will vary from period to period based on a number of factors, including, among others, current and anticipated future market conditions impacting the desirability of investments, leasing results with respect to our existing development and redevelopment projects and our ability to locate attractive opportunities. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Summary of Significant Transactions and Activities During 2015—Development Activities” for further details regarding projected investment of our current development activities as well as cumulative costs incurred as of September 30, 2015. Our total capital expenditures for the nine months ended September 30, 2015 and 2014 were comprised of the following (in thousands):

	Nine Months Ended September 30,		
	2015	2014	$ Change
Development	$113,691	$105,980	$7,711
Redevelopment	7,046	1,640	5,406
Due diligence	11,465	6,070	5,395
Casualty expenditures	2,077	687	1,390
Building and land improvements	10,808	9,809	999
Tenant improvements and leasing costs	28,484	29,147	(663)
Total capital expenditures and development activities	173,571	153,333	20,238
Change in accruals and other adjustments	(11,033)	(18,468)	7,435
Total cash paid for capital expenditures and development activities	$162,538	$134,865	$27,673

We capitalize costs directly related to the development, predevelopment, redevelopment or improvement of our investments in real estate. Building and land improvements comprise capital expenditures related to maintaining our consolidated operating activities. Due diligence capital improvements relate to acquired operating properties and are generally incurred within 12 months of the acquisition date.

We capitalize indirect costs such as personnel, office and administrative expenses that are directly related to our development projects, redevelopment projects and successful origination of new leases based on an estimate of the time spent on the development and leasing activities. These capitalized costs for the nine months ended September 30, 2015 and 2014 were $8.7 million and $6.5 million, respectively. In addition, we capitalize interest costs incurred associated with development and construction activities. During the nine months ended September 30, 2015 and 2014 total interest capitalized was $12.1 million and $6.1 million, respectively.

Net cash provided by financing activities decreased $92.3 million to $15.6 million during the nine months ended September 30, 2015 compared to $107.9 million during the same period in 2014 primarily due to the following activities:

- $103.9 million decrease in net proceeds from the issuance of common stock;
- $40.0 million decrease due to the pay-off of our $40.0 million senior unsecured note that matured in June 2015; and
- $9.1 million decrease due to additional shares issued for offerings and operating partnership unit redemptions resulting in an increase in our dividends and distributions paid to common stockholders and unitholders; which was partially offset by
- $56.0 million increase in proceeds from our senior unsecured revolving credit facility as net borrowings of $149.0 million during 2015 exceeded our $93.0 million of net borrowings during 2014; and
- $8.4 million increase in mortgage notes as principal payments of $14.4 million in 2014 exceeded principal payments of $6.0 million in 2015.

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Common Stock

As of September 30, 2015, approximately 88.2 million shares of common stock were issued and outstanding.

The net proceeds from the sales of our securities are contributed to our Operating Partnership in exchange for a number of OP Units equal to the shares of common stock sold in our offerings.

OP Units

Limited partners have the right to require the Company to redeem all or a portion of the OP Units held by the limited partner at a redemption price equal to and in the form of the Cash Amount (as defined in the Amended and Restated Limited Partnership Agreement of the Operating Partnership ("Partnership Agreement")), provided that such OP Units have been outstanding for at least one year. DCT may, in its sole discretion, purchase the OP Units by paying to the limited partner either the Cash Amount or the REIT Shares Amount (generally one share of DCT's common stock for each OP Unit), as defined in the Partnership Agreement.

During the nine months ended September 30, 2015 and 2014, approximately 0.2 million and 0.3 million OP Units were redeemed for approximately $1.7 million and $0.8 million in cash and approximately 0.1 million and 0.2 million shares of DCT common stock, respectively.

As of September 30, 2015 and December 31, 2014, the aggregate redemption value of the then-outstanding OP Units held by entities other than DCT was approximately $141.8 million and $149.8 million based on the $33.66 and $35.66 per share closing price of DCT's common stock on September 30, 2015 and December 31, 2014, respectively.

Distributions

During the three and nine months ended September 30, 2015, our board of directors declared distributions to stockholders and unitholders totaling approximately $26.0 million and $78.0 million, respectively. During the same periods in 2014, our board of directors declared distributions to stockholders and unitholders totaling approximately $24.8 million and $73.7 million, respectively. Existing cash balances, cash provided from operations, borrowings under our senior unsecured revolving credit facility and dispositions were used to pay distributions during 2015 and 2014.

Outstanding Indebtedness

As of September 30, 2015 our outstanding indebtedness of approximately $1.5 billion consisted of mortgage notes, senior unsecured notes and bank unsecured credit facilities, excluding approximately $36.7 million representing our proportionate share of non-recourse debt associated with unconsolidated joint ventures. As of December 31, 2014, our outstanding indebtedness of approximately $1.4 billion consisted of mortgage notes, senior unsecured notes and bank unsecured credit facilities, excluding approximately $42.5 million representing our proportionate share of debt associated with unconsolidated joint ventures.

As of September 30, 2015, the gross book value of our consolidated properties was approximately $4.1 billion and the gross book value of all properties securing our mortgage debt was approximately $0.7 billion. As of December 31, 2014, the gross book value of our consolidated properties was approximately $4.0 billion and the gross book value of all properties securing our mortgage debt was approximately $0.6 billion. Our debt has various covenants with which we were in compliance as of September 30, 2015 and December 31, 2014.

Our debt instruments require monthly, quarterly or semiannual payments of interest and mortgages generally require monthly or quarterly repayments of principal. Currently, cash flows from our operations are sufficient to satisfy these debt service requirements and we anticipate that cash flows from operations will continue to be sufficient to satisfy our debt service excluding principal maturities, which we plan to fund from refinancing and/or new debt.

Line of Credit

As of September 30, 2015, we had $186.0 million outstanding and $210.5 million available under our senior unsecured revolving credit facility, net of one letter of credit totaling $3.5 million. As of December 31, 2014, we had $37.0 million outstanding and $243.5 million available under our senior unsecured revolving credit facility, net of three letters of credit totaling $19.5 million.

The senior unsecured revolving credit facility agreement contains various covenants with which we were in compliance as of September 30, 2015 and December 31, 2014.

Debt Maturities

The following table sets forth the scheduled maturities of our debt, including principal amortization, and excluding unamortized premiums, as of September 30, 2015 (in thousands):

Year	Senior Unsecured Notes	Mortgage Notes	Bank Unsecured Credit Facilities		Total
2015	$ -	$ 1,913	$ -		$ 1,913
2016[1]	99,000	57,356	-		156,356
2017	51,000	41,078	100,000	(2)	192,078
2018	81,500	6,746	-		88,246
2019	46,000	51,343	186,000		283,343
Thereafter	582,500	101,057	125,000	(2)	808,557
Total	$ 860,000	$ 259,493	$ 411,000		$ 1,530,493

[1] During October 2015, we paid-off a $50.9 million mortgage note maturing in February 2016.
[2] The term loan facilities are presented in "Senior unsecured notes" in our Consolidated Balance Sheets.

Financing Strategy

We do not have a formal policy limiting the amount of debt we incur, although we currently intend to operate so that our financial metrics are generally consistent with investment grade peers in the real estate industry. We continually evaluate our secured and unsecured leverage and among other relevant metrics, our fixed charge coverage. Our charter and our bylaws do not limit the indebtedness that we may incur. We are, however, subject to certain covenants which may limit our outstanding indebtedness.

Contractual Obligations

The following table reflects our contractual obligations as of September 30, 2015, specifically our obligations under long-term debt agreements, operating lease agreements and ground lease agreements (in thousands):

	Payments due by Period				
Contractual Obligations [1]	Total	Less than 1 Year	1 -3 Years	3 – 5 Years	Thereafter
Scheduled long-term debt maturities, including interest[2]	$ 1,831,882	$ 217,462	$ 384,079	$ 601,922	$ 628,419
Operating lease commitments	1,510	887	472	139	12
Ground lease commitments[3]	12,035	560	1,104	1,102	9,269
Total	$ 1,845,427	$ 218,909	$ 385,655	$ 603,163	$ 637,700

[1] From time-to-time in the normal course of our business, we enter into various contracts with third parties that may obligate us to make payments, such as maintenance agreements at our properties. Such contracts, in the aggregate, do not represent material obligations, are typically short-term and cancellable within 90 days and are not included in the table above. Also, excluded from the total are our estimated construction costs to complete development and

redevelopment projects of approximately $210.4 million.

(2) Variable interest rate payments are estimated based on the LIBOR rate at September 30, 2015.

(3) Three of our buildings comprising 0.7 million square feet reside on 38 acres of land which is leased from an airport authority.

Off-Balance Sheet Arrangements

As of September 30, 2015 and 2014, respectively, we had no off-balance sheet arrangements, other than those disclosed under contractual obligations, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors, other than items discussed herein.

As of September 30, 2015, our proportionate share of the total construction loans of our unconsolidated development joint ventures was $35.9 million, which is scheduled to mature during 2017. Our proportionate share of the total construction loans, including undrawn amounts, of our unconsolidated development joint ventures includes 50.0% of the construction loans associated with the SCLA joint venture which are non-recourse to the venture partners.

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Indebtedness and Other Off-Balance Sheet Arrangements

There are no lines of credit or side agreements related to, or between, our unconsolidated joint ventures and us, and there are no other derivative financial instruments between our unconsolidated joint ventures and us. In addition, we believe we have no material exposure to financial guarantees, except as discussed above.

We may elect to fund additional capital to a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such funding is not required contractually or otherwise. As of September 30, 2015, our proportionate share of non-recourse debt associated with unconsolidated joint ventures is $36.7 million. The maturities of our proportionate share of the non-recourse debt are summarized in the table below (in thousands):

Year	DCT's Proportionate Share of Secured Non-Recourse Debt in Unconsolidated Joint Ventures
2015	$ -
2016	805
2017	35,850
2018	-
2019	-
Thereafter	-
Total	$ 36,655

Funds From Operations

DCT Industrial believes that net income (loss) attributable to common stockholders, as defined by GAAP, is the most appropriate earnings measure. However, DCT Industrial considers funds from operations ("FFO"), as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), to be a useful supplemental non-GAAP measure of DCT Industrial's operating performance. NAREIT developed FFO as a relative measure of performance of an equity REIT in order to recognize that the value of income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO is generally defined as net income attributable to common stockholders, calculated in accordance with GAAP, plus real estate-related depreciation and amortization, less gains from dispositions of operating real estate held for investment purposes, plus impairment losses on depreciable real estate and impairments of in substance real estate investments in investees that are driven by measureable decreases in the fair value of the depreciable real estate held by the unconsolidated joint ventures and adjustments to derive DCT Industrial's pro rata share of FFO of unconsolidated joint ventures. We exclude gains and losses on business combinations and include the gains or losses from dispositions of properties which were acquired or developed with the intention to sell or contribute to an investment fund in our definition of FFO. Although the NAREIT definition of FFO predates the guidance for accounting for gains and losses on business combinations, we believe that excluding such gains and losses is consistent with the key objective of FFO as a performance measure. We also present FFO excluding acquisition costs, debt modification costs and impairment losses on properties which are not depreciable. We believe that FFO excluding acquisition costs, debt modification costs and impairment losses on non-depreciable real estate is useful supplemental information regarding our operating performance as it provides a more meaningful and consistent comparison of our operating performance and allows investors to more easily compare our operating results. Readers should note that FFO captures neither the changes in the value of DCT Industrial's properties that result from use or market conditions, nor the level of capital expenditures and leasing commissions necessary to maintain the operating performance of DCT Industrial's properties, all of which have real economic effect and could materially impact DCT Industrial's results from operations. NAREIT's definition of FFO is subject to interpretation, and modifications to the NAREIT definition of FFO are common. Accordingly, DCT Industrial's FFO may not be comparable to other REITs' FFO and FFO should be considered only as a supplement to net income (loss) as a measure of DCT Industrial's performance.

The following table presents the calculation of our FFO reconciled from "Net income attributable to common stockholders" for the periods indicated below on a historical basis (unaudited, amounts in thousands, except per share and unit data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Reconciliation of net income attributable to common stockholders to FFO:				
Net income attributable to common stockholders	$8,457	$12,409	$55,499	$19,527
Adjustments:				
Real estate related depreciation and amortization	39,431	37,842	116,876	111,545
Equity in earnings of unconsolidated joint ventures, net	(4,493)	(892)	(6,336)	(5,202)
Equity in FFO of unconsolidated joint ventures	2,441	2,728	7,424	7,990
Impairment losses on depreciable real estate	371	900	371	5,767
Gain on business combination	-	-	-	(1,000)
Gain on dispositions of real estate interests	-	(10,500)	(41,086)	(17,034)
Gain on dispositions of non-depreciable real estate	-	-	18	98
Noncontrolling interest in the above adjustments	(1,897)	(1,640)	(4,086)	(5,680)
FFO attributable to unitholders	2,119	2,103	6,214	6,153
FFO attributable to common stockholders and unitholders – basic and diluted	46,429	42,950	134,894	122,164
Adjustments:				
Acquisition costs	455	716	1,939	2,050
FFO, as adjusted, attributable to common stockholders and unitholders — basic and diluted	$46,884	$43,666	$136,833	$124,214
FFO per common share and unit — basic	$0.50	$0.49	$1.45	$1.40
FFO per common share and unit — diluted	$0.50	$0.49	$1.45	$1.40
FFO, as adjusted, per common share and unit — basic	$0.50	$0.50	$1.47	$1.43
FFO, as adjusted, per common share and unit — diluted	$0.50	$0.49	$1.47	$1.42
FFO weighted average common shares and units outstanding:				
Common shares for earnings per share — basic	88,207	83,391	88,162	82,227
Participating securities	614	621	604	600
Units	4,217	4,288	4,257	4,360
FFO weighted average common shares, participating securities and units outstanding — basic	93,038	88,300	93,023	87,187
Dilutive common stock equivalents	319	300	310	282
FFO weighted average common shares, participating securities and units outstanding — diluted	93,357	88,600	93,333	87,469

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to losses resulting from changes in market prices such as interest rates, foreign currency exchange rates and rental rates. Our future earnings and cash flows are dependent upon prevailing market rates. Accordingly, we manage our market risk by matching projected cash inflows from operating, investing and financing activities with projected cash outflows for debt service, acquisitions, capital expenditures, distributions to stockholders and OP unitholders and other cash requirements. The majority of our outstanding debt has fixed interest rates, which minimizes the risk of fluctuating interest rates.

Interest Rate Risk

Our exposure to market risk includes interest rate fluctuations in connection with our senior unsecured revolving credit facility and other variable rate borrowings and forecasted fixed rate debt issuances, including refinancing of existing fixed rate debt. Interest rate risk may result from many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control. To manage interest rate risk for variable rate debt and issuances of fixed rate debt, in the past we have primarily used treasury locks and forward-starting swaps as part of our cash flow hedging strategy. These derivatives are designed to mitigate the risk of future interest rate increases by providing a fixed interest rate for a limited, pre-determined period of time. We do not use derivatives for trading or speculative purposes and only enter into contracts with major financial institutions based on their credit rating and other factors.

During June 2013 certain of our consolidated investments entered into two pay-fixed, receive-floating interest rate swaps to hedge the variability of future cash flows attributable to changes in the 1 month LIBOR rates. The pay-fixed, receive-floating swaps have an effective date of June 2013 and a maturity date of June 2023. These interest rates swaps effectively fix the interest rate on the related debt instruments at 4.72%. As of September 30, 2015 and December 31, 2014, we had borrowings payable subject to pay-fixed, receive-floating interest rate swaps with aggregate principal balances of $6.8 million and $7.0 million, respectively.

Our variable rate debt is subject to risk based upon prevailing market interest rates. As of September 30, 2015, we had approximately $411.0 million of variable rate debt outstanding indexed to LIBOR rates. If the LIBOR rates relevant to our variable rate debt were to increase 10%, we estimate that our interest expense during the three months ended September 30, 2015 would increase less than $0.1 million based on our outstanding floating-rate debt as of September 30, 2015. Additionally, if weighted average interest rates on our fixed rate debt were to have increased by 100 basis points due to refinancing, interest expense would have increased by approximately $8.6 million during the nine months ended September 30, 2015.

As of September 30, 2015, the estimated fair value of our debt was approximately $1.6 billion based on our estimate of the then-current market interest rates.

ITEM 4. CONTROLS AND PROCEDURES

DCT Industrial Trust Inc.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures; as such term is defined under Rule 13a-15(e) under the Exchange Act, as of September 30, 2015, the end of the period covered by this report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of September 30, 2015 in providing reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Changes in Internal Control over Financial Reporting

None.

DCT Industrial Operating Partnership LP

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of management, including the principal executive officer and principal financial officer of its general partner, the Operating Partnership conducted an evaluation of the effectiveness of its disclosure controls and procedures; as such term is defined under Rule 13a-15(e) under the Exchange Act, as of September 30, 2015, the end of the period covered by this report. Based on this evaluation, the principal executive officer and principal financial officer concluded that the Operating Partnership’s disclosure controls and procedures were effective as of September 30, 2015 in providing reasonable assurance that information required to be disclosed by the Operating Partnership in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Changes in Internal Control over Financial Reporting

None.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors set forth in Item 1A. to Part I of our Form 10-K, as filed on February 20, 2015, except to the extent factual information disclosed elsewhere in this Form 10-Q relates to such risk factors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

*10.1	Employment Agreement, dated October 13, 2015, between DCT Industrial Trust Inc. and Philip L. Hawkins (incorporated by reference to Exhibit 10.1 to Form 8-K filed on October 13, 2015)
*10.2	Executive Change in Control and Severance Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed on October 13, 2015)
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101	The following materials from DCT Industrial Trust Inc. and DCT Industrial Operating Partnership LP's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (iv) the Consolidated Statement of Changes in Equity/Consolidated Statement of Changes in Capital, (v) the Consolidated Statements of Cash Flows, and (vi) related notes to these financial statements.

+Filed herewith.
*Filed previously

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signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		DCT INDUSTRIAL TRUST INC.
Date: October 30, 2015	By:	/s/ Philip L. Hawkins Philip L. Hawkins Chief Executive Officer
Date: October 30, 2015	By:	/s/ Matthew T. Murphy Matthew T. Murphy Chief Financial Officer and Treasurer
Date: October 30, 2015	By:	/s/ Mark E. Skomal Mark E. Skomal Chief Accounting Officer

signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		DCT INDUSTRIAL OPERATING PARTNERSHIP LP
		By: DCT Industrial Trust Inc., its general partner
Date: October 30, 2015	By:	/s/ Philip L. Hawkins Philip L. Hawkins Chief Executive Officer
Date: October 30, 2015	By:	/s/ Matthew T. Murphy Matthew T. Murphy Chief Financial Officer and Treasurer
Date: October 30, 2015	By:	/s/ Mark E. Skomal Mark E. Skomal Chief Accounting Officer

EXHIBIT INDEX

a. Exhibits

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