

FIRST INDUSTRIAL REALTY TRUST INC

Form 10-K

March 03, 2010

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Form 10-K**

- þ** **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2009**
- o** **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from            to**

**Commission File Number 1-13102**  
**FIRST INDUSTRIAL REALTY TRUST, INC.**  
*(Exact name of Registrant as specified in its Charter)*

**Maryland**  
*(State or other jurisdiction of incorporation or organization)*  
**311 S. Wacker Drive,**  
**Suite 3900, Chicago, Illinois**  
*(Address of principal executive offices)*

**36-3935116**  
*(I.R.S. Employer Identification No.)*  
**60606**  
*(Zip Code)*

**(312) 344-4300**  
*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**  
**Common Stock**  
*(Title of Class)*

**New York Stock Exchange**  
*(Name of exchange on which registered)*

**Depository Shares Each Representing 1/10,000 of a Share of 7.25% Series J Cumulative Preferred Stock**  
**Depository Shares Each Representing 1/10,000 of a Share of 7.25% Series K Cumulative Preferred Stock**  
*(Title of class)*

**New York Stock Exchange**  
*(Name of exchange on which registered)*

**Securities registered pursuant to Section 12(g) of the Act:**  
**None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant was approximately \$175.4 million based on the closing price on the New York Stock Exchange for such stock on June 30, 2009.

At February 26, 2010, 61,819,661 shares of the Registrant's Common Stock, \$0.01 par value, were outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates certain information by reference to the Registrant's definitive proxy statement expected to be filed with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year.

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This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend such 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. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words believe, expect, intend, anticipate, estimate, project, seek, target, potential, focus, may, should or similar expressions. Our ability to predict the actual effect of future plans or strategies is inherently uncertain. Factors which could have a materially adverse effect on our operations and future prospects include, but are not limited to: changes in national, international, regional and local economic conditions generally and real estate markets specifically; changes in legislation/regulation (including changes to laws governing the taxation of real estate investment trusts) and actions of regulatory authorities (including the Internal Revenue Service); our ability to qualify and maintain our status as a real estate investment trust; the availability and attractiveness of financing (including both public and private capital) to us and to our potential counterparties; the availability and attractiveness of terms of additional debt repurchases; interest rates; our credit agency ratings; our ability to comply with applicable financial covenants; competition; changes in supply and demand for industrial properties (including land, the supply and demand for which is inherently more volatile than other types of industrial property) in the Company's current and proposed market areas; difficulties in consummating acquisitions and dispositions; risks related to our investments in properties through joint ventures; environmental liabilities; slippages in development or lease-up schedules; tenant creditworthiness; higher-than-expected costs; changes in asset valuations and related impairment charges; changes in general accounting principles, policies and guidelines applicable to real estate investment trusts; international business risks and those additional factors described in Item 1A, Risk Factors and in our other filings with the Securities and Exchange Commission (the SEC). We caution you not to place undue reliance on forward looking statements, which reflect our outlook only and speak only as of the date of this report or the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements. Unless the context otherwise requires, the terms Company, we, us, and our refer to First Industrial Realty Trust, Inc., First Industrial, L.P. and their controlled subsidiaries. We refer to our operating partnership, First Industrial, L.P., as the Operating Partnership. Effective September 1, 2009, our taxable real estate investment trust subsidiary, First Industrial Investment, Inc. (the old TRS) merged into First Industrial Investment II, LLC (FI LLC), which is wholly owned by the Operating Partnership. Immediately thereafter, certain assets and liabilities of FI LLC were contributed to a new subsidiary, FR Investment Properties, LLC (FRIP). FRIP is 1% owned by FI LLC and 99% owned by a new taxable real estate investment trust subsidiary, First Industrial Investment Properties, Inc. (the new TRS, which, collectively with the old TRS and certain wholly owned taxable real estate investment trust subsidiaries of FI LLC, will be referred to as the TRSs), which is wholly owned by FI LLC (see Note 12 to the Consolidated Financial Statements).

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**PART I**

**THE COMPANY**

**Item 1. *Business***

**General**

First Industrial Realty Trust, Inc. is a Maryland corporation organized on August 10, 1993, and is a real estate investment trust ( REIT ) as defined in the Internal Revenue Code of 1986 (the Code ). We are a self-administered and fully integrated real estate company which owns, manages, acquires, sells, develops, and redevelops industrial real estate. As of December 31, 2009, our in-service portfolio consisted of 369 light industrial properties, 131 R&D/flex properties, 174 bulk warehouse properties, 89 regional warehouse properties and 20 manufacturing properties containing approximately 69.2 million square feet of gross leasable area ( GLA ) located in 28 states in the United States and one province in Canada. Beginning January 1, 2009, our in-service portfolio includes all properties other than developed, redeveloped and acquired properties that have not yet reached stabilized occupancy (generally defined as properties that are 75% leased). Properties which are at least 75% occupied at acquisition are placed in-service. Acquired properties less than 75% occupied are placed in-service upon the earlier of reaching 90% occupancy or one year from the acquisition date. Development properties are placed in-service upon the earlier of reaching 90% occupancy or one year from the date construction is completed. Redevelopments (generally projects which require capital expenditures exceeding 25% of basis) are placed in-service upon the earlier of reaching 90% occupancy or one year from the completion of renovation construction.

Our interests in our properties and land parcels are held through partnerships, corporations, and limited liability companies controlled, directly or indirectly, by the Company, including the Operating Partnership, of which we are the sole general partner with an approximate 92.0% and 88.5% ownership interest at December 31, 2009 and December 31, 2008, respectively, and through the old TRS prior to September 1, 2009, and FI LLC, the new TRS and FRIP subsequent to September 1, 2009, all of whose operating data is consolidated with that of the Company as presented herein.

We also own noncontrolling equity interests in, and provide various services to, seven joint ventures whose purpose is to invest in industrial properties (the 2003 Net Lease Joint Venture, the 2005 Development/Repositioning Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program, the 2006 Land/Development Joint Venture, the 2007 Canada Joint Venture, and the 2007 Europe Joint Venture ; together the Joint Ventures ). The Joint Ventures are accounted for under the equity method of accounting. The 2007 Europe Joint Venture does not own any properties.

The operating data of our Joint Ventures is not consolidated with that of the Company as presented herein.

We utilize an operating approach which combines the effectiveness of decentralized, locally-based property management, acquisition, sales and development functions with the cost efficiencies of centralized acquisition, sales and development support, capital markets expertise, asset management and fiscal control systems. At February 26, 2010, we had 229 employees.

We maintain a website at [www.firstindustrial.com](http://www.firstindustrial.com). Information on this website shall not constitute part of this Form 10-K. Copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports are available without charge on our website as soon as reasonably practicable after

such reports are filed with or furnished to the SEC. In addition, our Corporate Governance Guidelines, Code of Business Conduct and Ethics, Audit Committee Charter, Compensation Committee Charter, Nominating/Corporate Governance Committee Charter, along with supplemental financial and operating information prepared by us, are all available without charge on our website or upon request to us. Amendments to, or waivers from, our Code of Business Conduct and Ethics that apply to our executive officers or directors will also be posted to our website. We also post or otherwise make available on our

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website from time to time other information that may be of interest to our investors. Please direct requests as follows:

First Industrial Realty Trust, Inc.  
311 S. Wacker, Suite 3900  
Chicago, IL 60606  
Attention: Investor Relations

## **Business Objectives and Growth Plans**

Our fundamental business objective is to maximize the total return to our stockholders through per share distributions and increases in the value of our properties and operations. Our long-term business growth plans include the following elements:

*Internal Growth.* We seek to grow internally by (i) increasing revenues by renewing or re-leasing spaces subject to expiring leases at higher rental levels; (ii) increasing occupancy levels at properties where vacancies exist and maintaining occupancy elsewhere; (iii) controlling and minimizing property operating and general and administrative expenses; and (iv) renovating existing properties.

*External Growth.* We seek to grow externally through (i) additional joint venture investments; (ii) the development of industrial properties; (iii) the acquisition of portfolios of industrial properties, industrial property businesses or individual properties which meet our investment parameters and target markets; and (iv) the expansion of our properties.

Our ability to pursue our long-term growth plans is affected by market conditions and our financial condition and operating capabilities.

## **Business Strategies**

We utilize the following seven strategies in connection with the operation of our business:

*Organization Strategy.* We implement our decentralized property operations strategy through the deployment of experienced regional management teams and local property managers. We provide acquisition, development and financing assistance, asset management oversight and financial reporting functions from our headquarters in Chicago, Illinois to support our regional operations. We believe the size of our portfolio enables us to realize operating efficiencies by spreading overhead among many properties and by negotiating purchasing discounts.

*Market Strategy.* Our market strategy is to concentrate on the top industrial real estate markets in the United States and select industrial real estate markets in Canada. These markets have one or more of the following characteristics: (i) strong industrial real estate fundamentals, including increased industrial demand expectations; (ii) a history of and outlook for continued economic growth and industry diversity; and (iii) sufficient size to provide for ample transaction volume.

*Leasing and Marketing Strategy.* We have an operational management strategy designed to enhance tenant satisfaction and portfolio performance. We pursue an active leasing strategy, which includes broadly marketing available space, seeking to renew existing leases at higher rents per square foot and seeking leases which provide for the pass-through of property-related expenses to the tenant. We also have local and national marketing programs which focus on the business and real estate brokerage communities and national tenants.

*Acquisition/Development Strategy.* Our acquisition/development strategy is to invest in properties and other assets with higher yield potential in the top industrial real estate markets in the United States and select



industrial real estate markets in Canada.

*Disposition Strategy.* We continuously evaluate local market conditions and property-related factors in all of our markets for purposes of identifying assets suitable for disposition.

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*Financing Strategy.* To finance acquisitions and developments, as market conditions permit, we utilize a portion of proceeds from property sales, proceeds from mortgage financings, borrowings under our unsecured line of credit (the Unsecured Line of Credit ) and proceeds from the issuance, when and as warranted, of additional debt and equity securities. We also continually evaluate joint venture arrangements as another source of capital. As of February 26, 2010, we had approximately \$7.5 million available for additional borrowings under our Unsecured Line of Credit.

*Liquidity Strategy.* We plan to enhance our liquidity, and reduce our indebtedness, through a combination of capital retention, mortgage and equity financings, asset sales and debt reduction:

**Capital Retention** We plan to retain capital by distributing the minimum amount of dividends required to maintain our REIT status. We did not pay a common stock dividend in 2009 and may not pay dividends in 2010 depending on our taxable income. If, to maintain our REIT status, we are required to pay common stock dividends with respect to 2010, we may elect to do so by distributing a combination of cash and common shares. Also, if we are not required to pay preferred stock dividends to maintain our REIT status, we may elect to suspend some or all preferred stock dividends for one or more fiscal quarters, which would aid compliance with the fixed charge coverage covenant under our Unsecured Line of Credit.

**Mortgage Financing** During the year ended December 31, 2009, we originated \$339.8 million in mortgage financings with maturities ranging from September 2012 to January 2020 and interest rates ranging from 6.42% to 7.87% (see Note 6 to the Consolidated Financial Statements). We believe these mortgage financings comply with all covenants contained in our Unsecured Line of Credit and our senior debt securities, including coverage ratios and total indebtedness, total unsecured indebtedness and total secured indebtedness limitations. We continue to engage various lenders regarding the origination of additional mortgage financings and the terms and conditions thereof. To the extent additional mortgage financing is originated, we expect the proceeds received will be used to pay down our other debt. No assurances can be made that additional mortgage financing will be obtained.

**Equity Financing** During the year ended December 31, 2009, we sold 3,034,120 shares of the Company's common stock, generating \$15.9 million in net proceeds, under the direct stock purchase component of the Company's Dividend Reinvestment and Direct Stock Purchase Plan ( DRIP ). On October 5, 2009, we sold in an underwritten public offering 13,635,700 shares of the Company's common stock at a price to the public of \$5.25 per share. Total proceeds to us, net of underwriters' discount and total expenses, were \$67.8 million (see Note 7 to the Consolidated Financial Statements). We may opportunistically access the equity markets again, subject to contractual restrictions, and may continue to issue shares under the direct stock purchase component of the DRIP. To the extent additional equity offerings occur, we expect to use the proceeds received to reduce our indebtedness.

**Asset Sales** During the year ended December 31, 2009, we sold 15 industrial properties and several land parcels for gross proceeds of \$100.2 million (see Note 9 to the Consolidated Financial Statements). We are in various stages of discussions with third parties for the sale of additional properties and plan to continue to selectively market other properties for sale throughout 2010. We expect to use sales proceeds to reduce our indebtedness. If we are unable to sell properties on an advantageous basis, this may impair our liquidity and our ability to meet our financial covenants.

**Debt Reduction** During the year ended December 31, 2009, we repurchased \$271.5 million of our senior unsecured notes (including \$19.3 million of our 2009 Notes prior to their repayment at maturity on June 15, 2009) (see Note 6 to the Consolidated Financial Statements). On February 8, 2010, we consummated a

tender offer pursuant to which we purchased \$72.7 million of our 2011 Notes, \$66.2 million of our 2012 Notes and \$21.1 million of our 2014 Notes. In connection with the tender offer, we will recognize approximately \$0.4 million as gain on early retirement of debt. We may from time to time repay additional amounts of our outstanding debt. Any repayments would depend upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors we consider important. Future repayments may materially impact our liquidity, future tax liability and results of operations.

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Although we believe we will be successful in meeting our liquidity needs and maintaining compliance with other debt covenants through a combination of capital retention, mortgage and equity financings, asset sales and debt repurchases, if we were to be unsuccessful in executing one or more of the strategies outlined above, our financial condition and operating results could be materially adversely affected.

### **Recent Developments**

During 2009, we placed in-service developments totaling 14 industrial properties and acquired one parcel of land for a total investment of approximately \$218.1 million. We also sold 15 industrial properties and several parcels of land for an aggregate gross sales price of \$100.2 million. At December 31, 2009, we owned 783 in-service industrial properties containing approximately 69.2 million square feet of GLA.

During 2009, we repurchased and retired \$271.5 million of our senior unsecured notes and recognized a gain on early debt retirement of \$34.6 million.

During 2009, we obtained \$339.8 million in mortgage financings at a weighted average interest rate of 7.47%, with maturities ranging between September 2012 and January 2020.

Every quarter beginning March 31, 2009, the coupon rate of our Series F Preferred Stock resets at 2.375% plus the greater of i) the 30 Year U.S. Treasury rate, ii) the 10 Year U.S. Treasury rate or iii) 3-Month LIBOR (see Note 7 to the Consolidated Financial Statements). In October 2008, we entered into an interest rate swap agreement (the Series F Agreement ) to mitigate our exposure to floating interest rates related to the forecasted reset rate of our Series F Preferred Stock. The Series F Agreement has a notional value of \$50.0 million and is effective from April 1, 2009 through October 1, 2013. The Series F Agreement fixes the 30-year U.S. Treasury rate at 5.2175%. We recorded \$3.2 million in mark to market gain, offset by \$0.5 million in quarterly payments, which is included in Mark-to-Market Gain on Interest Rate Protection Agreements on the Consolidated Statements of Operations for the year ended December 31, 2009.

During the year ended December 31, 2009, we sold 3,034,120 shares of the Company's common stock, generating approximately \$15.9 million in net proceeds, under the direct stock purchase component of the DRIP. On October 5, 2009, we sold in an underwritten public offering 13,635,700 shares of the Company's common stock at a price to the public of \$5.25 per share. Total proceeds to us, net of underwriters' discount and total expenses, were \$67.8 million.

On August 24, 2009, the Company received a private letter ruling from the IRS granting favorable loss treatment under Sections 331 and 336 of the Code on the tax liquidation of our old TRS. As a result, the Company completed a transaction on September 1, 2009 whereby approximately 75% of the assets formerly held by the old TRS are now held by FI LLC (which is wholly owned by the Operating Partnership). The remaining 25% of the assets are now held by FRIP (which is 99% owned by the new TRS). On November 6, 2009, legislation was enacted that allows businesses with net operating losses for 2008 or 2009 to carry back those losses for up to five years. In the fourth quarter of 2009 we received a federal tax refund from the IRS of \$40.4 million associated with the tax liquidation of the old TRS.

We committed to a plan to reduce organizational and overhead costs in October 2008 and have subsequently modified that plan with the goal of further reducing these costs. On February 25 and September 25, 2009, we committed to additional modifications to the plan consisting of further organizational and overhead cost reductions. For the year ended December 31, 2009, we recorded as restructuring costs a pre-tax charge of \$7.8 million to provide for employee severance and benefits (\$5.2 million), costs associated with the termination of certain office leases (\$1.9 million) and other costs (\$0.7 million) associated with implementing the restructuring plan.

**Future Property Acquisitions, Developments and Property Sales**

We and our Joint Ventures have acquisition and development programs through which we seek to identify portfolio and individual industrial property acquisitions and developments.

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We and our Joint Ventures also sell properties based on market conditions and property related factors. As a result, we and our Joint Ventures, other than our 2007 Europe Joint Venture, are currently engaged in negotiations relating to the possible sale of certain industrial properties in our portfolio.

When evaluating potential industrial property acquisitions and developments, as well as potential industrial property sales, we will consider such factors as: (i) the geographic area and type of property; (ii) the location, construction quality, condition and design of the property; (iii) the potential for capital appreciation of the property; (iv) the ability of the Company to improve the property's performance through renovation; (v) the terms of tenant leases, including the potential for rent increases; (vi) the potential for economic growth and the tax and regulatory environment of the area in which the property is located; (vii) the potential for expansion of the physical layout of the property and/or the number of sites; (viii) the occupancy and demand by tenants for properties of a similar type in the vicinity; and (ix) competition from existing properties and the potential for the construction of new properties in the area.

**INDUSTRY**

Industrial properties are typically used for the design, assembly, packaging, storage and distribution of goods and/or the provision of services. As a result, the demand for industrial space in the United States is related to the level of economic output. Historically, occupancy rates for industrial property in the United States have been higher than office property. We believe that the higher occupancy rate in the industrial property sector is a result of the construction-on-demand nature of, and the comparatively short development time required for, industrial property. For the five years ended December 31, 2009, the national occupancy rate for industrial properties in the United States has ranged from 86.1%\* to 90.7%\*, with an occupancy rate of 86.1%\* at December 31, 2009.

\* Source: CBRE Econometric Advisors

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**Item 1A. Risk Factors**

**Risk Factors**

Our operations involve various risks that could adversely affect our financial condition, results of operations, cash flow, ability to pay distributions on our common stock and the market price of our common stock. These risks, among others contained in our other filings with the SEC, include:

***Ongoing disruptions in the financial markets could affect our ability to obtain financing and may negatively impact our liquidity, financial condition and operating results.***

The capital and credit markets in the United States and other countries have experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many securities to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in some cases have resulted in the unavailability of financing. A majority of our existing indebtedness was sold through capital markets transactions. We anticipate that the capital markets could be a source of refinancing of our existing indebtedness in the future, including our 7.375% Notes due on March 15, 2011 in the aggregate amount of \$143.5 million and \$70.8 million as of December 31, 2009 and February 26, 2010, respectively (see Note 20 to the Consolidated Financial Statements), and our 4.625% Exchangeable Notes due on September 15, 2011 in the aggregate amount of \$146.9 million as of December 31, 2009. This source of refinancing may not be available if capital market volatility and disruption continues, which could have a material adverse effect on our liquidity. Furthermore, we could potentially lose access to our current available liquidity under our Unsecured Line of Credit if one or more participating lenders default on their commitments. While the ultimate outcome of these market conditions cannot be predicted, they may have a material adverse effect on our liquidity and financial condition if our ability to borrow money under our Unsecured Line of Credit or to issue additional debt or equity securities to finance future acquisitions, developments and redevelopments and Joint Venture activities were to be impaired.

In addition, the continuing capital and credit market price volatility could make the valuation of our properties and those of our unconsolidated Joint Ventures more difficult. There may be significant uncertainty in the valuation, or in the stability of the value, of our properties and those of our unconsolidated Joint Ventures, that could result in a substantial decrease in the value of our properties and those of our unconsolidated Joint Ventures. As a result, we may not be able to recover the carrying amount of our properties or our investments in Joint Ventures, which may require us to recognize an impairment loss in earnings.

***Real estate investments value fluctuates depending on conditions in the general economy and the real estate business. These conditions may limit the Company's revenues and available cash.***

The factors that affect the value of our real estate and the revenues we derive from our properties include, among other things:

general economic conditions;

local, regional, national and international economic conditions and other events and occurrences that affect the markets in which we own properties;

local conditions such as oversupply or a reduction in demand in an area;

the attractiveness of the properties to tenants;

tenant defaults;

zoning or other regulatory restrictions;

competition from other available real estate;

our ability to provide adequate maintenance and insurance; and

increased operating costs, including insurance premiums and real estate taxes.



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These factors may be amplified in light of the disruption of the global credit markets. Our investments in real estate assets are concentrated in the industrial sector, and the demand for industrial space in the United States is related to the level of economic output. Accordingly, reduced economic output may lead to lower occupancy rates for our properties. In addition, if any of our tenants experiences a downturn in its business that weakens its financial condition, delays lease commencement, fails to make rental payments when due, becomes insolvent or declares bankruptcy, the result could be a termination of the tenant's lease, which could adversely affect our cash flow from operations.

***Many real estate costs are fixed, even if income from properties decreases.***

Our financial results depend on leasing space to tenants on terms favorable to us. Our income and funds available for distribution to our stockholders will decrease if a significant number of our tenants cannot pay their rent or we are unable to lease properties on favorable terms. In addition, if a tenant does not pay its rent, we may not be able to enforce our rights as landlord without delays and we may incur substantial legal costs. Costs associated with real estate investment, such as real estate taxes and maintenance costs, generally are not reduced when circumstances cause a reduction in income from the investment.

***The Company may be unable to sell properties when appropriate because real estate investments are not as liquid as certain other types of assets.***

Real estate investments generally cannot be sold quickly and, therefore, will tend to limit our ability to adjust our property portfolio promptly in response to changes in economic or other conditions. The inability to respond promptly to changes in the performance of our property portfolio could adversely affect our financial condition and ability to service debt and make distributions to our stockholders. In addition, like other companies qualifying as REITs under the Code, we must comply with the safe harbor rules relating to the number of properties disposed of in a year, their tax basis and the cost of improvements made to the properties, or meet other tests which enable a REIT to avoid punitive taxation on the sale of assets. Thus, our ability at any time to sell assets may be restricted.

***The Company may be unable to sell properties on advantageous terms.***

We have sold to third parties a significant number of properties in recent years and, as part of our business, we intend to continue to sell properties to third parties. Our ability to sell properties on advantageous terms depends on factors beyond our control, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. If we are unable to sell properties on favorable terms or redeploy the proceeds of property sales in accordance with our business strategy, then our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock could be adversely affected.

We have also sold to our Joint Ventures a significant number of properties in recent years and, as part of our business, we intend to continue to sell or contribute properties to our Joint Ventures as opportunities arise. If we do not have sufficient properties available that meet the investment criteria of current or future Joint Ventures, or if the Joint Ventures have reduced or do not have access to capital on favorable terms, then such sales could be delayed or prevented, adversely affecting our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock.

***The Company may be unable to complete development and re-development projects on advantageous terms.***

As part of our business, we develop new and re-develop existing properties. In addition, we have sold to third parties or sold to our Joint Ventures a significant number of development and re-development properties in recent years, and

we intend to continue to sell such properties to third parties or to sell or contribute such properties to our Joint Ventures as opportunities arise. The real estate development and re-development

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business involves significant risks that could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock, which include:

we may not be able to obtain financing for development projects on favorable terms and complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties and generating cash flow;

we may not be able to obtain, or may experience delays in obtaining, all necessary zoning, land-use, building, occupancy and other governmental permits and authorizations;

the properties may perform below anticipated levels, producing cash flow below budgeted amounts and limiting our ability to sell such properties to third parties or to sell such properties to our Joint Ventures.

***The Company may be unable to renew leases or find other lessees.***

We are subject to the risks that, upon expiration, leases may not be renewed, the space subject to such leases may not be relet or the terms of renewal or reletting, including the cost of required renovations, may be less favorable than expiring lease terms. If we were unable to promptly renew a significant number of expiring leases or to promptly relet the space covered by such leases, or if the rental rates upon renewal or reletting were significantly lower than the current rates, our financial condition, results of operation, cash flow and ability to pay dividends on, and the market price of, our common stock could be adversely affected. As of December 31, 2009, leases with respect to approximately 11.8 million, 9.5 million and 8.7 million square feet of GLA, representing 21%, 17% and 15% of GLA, expire in 2010, 2011 and 2012, respectively.

***The Company may be unable to acquire properties on advantageous terms or acquisitions may not perform as the Company expects.***

We acquire and intend to continue to acquire primarily industrial properties. The acquisition of properties entails various risks, including the risks that our investments may not perform as expected and that our cost estimates for bringing an acquired property up to market standards may prove inaccurate. Further, we face significant competition for attractive investment opportunities from other well-capitalized real estate investors, including both publicly-traded REITs and private investors. This competition increases as investments in real estate become attractive relative to other forms of investment. As a result of competition, we may be unable to acquire additional properties as we desire or the purchase price may be elevated. In addition, we expect to finance future acquisitions through a combination of borrowings under the Unsecured Line of Credit, proceeds from equity or debt offerings and debt originations by the Company and proceeds from property sales, which may not be available and which could adversely affect our cash flow. Any of the above risks could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market value of, our common stock.

***The Company might fail to qualify or remain qualified as a REIT.***

We intend to operate so as to qualify as a REIT under the Code. Although we believe that we are organized and will operate in a manner so as to qualify as a REIT, qualification as a REIT involves the satisfaction of numerous requirements, some of which must be met on a recurring basis. These requirements are established under highly technical and complex Code provisions of which there are only limited judicial or administrative interpretations and involve the determination of various factual matters and circumstances not entirely within our control.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at corporate rates. This could result in a discontinuation or

substantial reduction in dividends to stockholders and in cash to pay interest and principal on debt securities that we issue. Unless entitled to relief under certain statutory provisions, we would be disqualified from electing treatment as a REIT for the four taxable years following the year during which we failed to qualify as a REIT.

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***Certain property transfers may generate prohibited transaction income, resulting in a penalty tax on the gain attributable to the transaction.***

As part of our business, we sell properties to third parties or sell properties to our Joint Ventures as opportunities arise. Under the Code, a 100% penalty tax could be assessed on the gain resulting from sales of properties that are deemed to be prohibited transactions. The question of what constitutes a prohibited transaction is based on the facts and circumstances surrounding each transaction. The Internal Revenue Service ( IRS ) could contend that certain sales of properties by us are prohibited transactions. While we do not believe that the IRS would prevail in such a dispute, if the matter were successfully argued by the IRS, the 100% penalty tax could be assessed against the profits from these transactions. In addition, any income from a prohibited transaction may adversely affect our ability to satisfy the income tests for qualification as a REIT.

***The REIT distribution requirements may limit the Company's ability to retain capital and require the Company to turn to external financing sources.***

We could, in certain instances, have taxable income without sufficient cash to enable us to meet the distribution requirements of the REIT provisions of the Code. In that situation, we could be required to borrow funds or sell properties on adverse terms in order to meet those distribution requirements. In addition, because we must distribute to our stockholders at least 90% of our REIT taxable income each year, our ability to accumulate capital may be limited. Thus, to provide capital resources for our ongoing business, and to satisfy our debt repayment obligations and other liquidity needs, we may be more dependent on outside sources of financing, such as debt financing or issuances of additional capital stock, which may or may not be available on favorable terms. Additional debt financings may substantially increase our leverage and additional equity offerings may result in substantial dilution of stockholders interests.

***Debt financing, the degree of leverage and rising interest rates could reduce the Company's cash flow.***

Where possible, we intend to continue to use leverage to increase the rate of return on our investments and to allow us to make more investments than we otherwise could. Our use of leverage presents an additional element of risk in the event that the cash flow from our properties is insufficient to meet both debt payment obligations and the distribution requirements of the REIT provisions of the Code. In addition, rising interest rates would reduce our cash flow by increasing the amount of interest due on our floating rate debt and on our fixed rate debt as it matures and is refinanced.

***Failure to comply with covenants in our debt agreements could adversely affect our financial condition.***

The terms of our agreements governing our Unsecured Line of Credit and other indebtedness require that we comply with a number of financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. Complying with such covenants may limit our operational flexibility. Moreover, our failure to comply with these covenants could cause a default under the applicable debt agreement even if we have satisfied our payment obligations. Upon the occurrence of an event of default, the lenders under our Unsecured Line of Credit will not be required to lend any additional amounts to us, and our outstanding senior debt securities as well as all outstanding borrowings under the Unsecured Line of Credit, together with accrued and unpaid interest and fees, could be accelerated and declared to be immediately due and payable. Furthermore, our Unsecured Line of Credit and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. These cross-default provisions may require us to repay or restructure the Unsecured Line of Credit and the senior debt securities or other debt that is in default, which could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our stock. If repayment of any of our borrowings is accelerated, we cannot provide assurance that we will have sufficient assets to

repay such indebtedness or that we would be able to borrow sufficient funds to refinance such indebtedness. Even if we are able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to us.

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Moreover, the provisions of credit agreements and other debt instruments are complex, and some are subject to varying interpretations. Breaches of these provisions may be identified or occur in the future, and such provisions may be interpreted by the lenders under our Unsecured Line of Credit, or the trustee with respect to the senior debt securities, in a manner that could impose material costs on us.

***Cross-collateralization of mortgage loans could result in foreclosure on substantially all of the Company's properties if the Company is unable to service its indebtedness.***

We intend to obtain additional mortgage debt financing in the future, if it is available to us. These mortgages may be issued on a recourse, non-recourse or cross-collateralized basis. Cross-collateralization makes all of the subject properties available to the lender in order to satisfy our debt. Holders of indebtedness that is so secured will have a claim against these properties. To the extent indebtedness is cross-collateralized, lenders may seek to foreclose upon properties that are not the primary collateral for their loan, which may, in turn, result in acceleration of other indebtedness secured by properties. Foreclosure of properties would result in a loss of income and asset value to us, making it difficult for us to meet both debt payment obligations and the distribution requirements of the REIT provisions of the Code. At December 31, 2009, none of our existing indebtedness was cross-collateralized with the exception of three mortgage loans payable, totaling \$20.4 million, that were originated in September 2009 (see Note 6 to the Consolidated Financial Statements).

***The Company may have to make lump-sum payments on its existing indebtedness.***

We are required to make the following lump-sum or balloon payments under the terms of some of our indebtedness, including indebtedness of the Operating Partnership:

\$35.0 million aggregate principal amount of 7.750% Notes due 2032 (the 2032 Notes )

\$190.0 million aggregate principal amount of 7.600% Notes due 2028 (the 2028 Notes )

Approximately \$13.6 million aggregate principal amount of 7.150% Notes due 2027 (the 2027 Notes )

Approximately \$117.8 million aggregate principal amount of 5.950% Notes due 2017 (the 2017 II Notes )

Approximately \$87.3 million aggregate principal amount of 7.500% Notes due 2017 (the 2017 Notes )

Approximately \$160.2 million aggregate principal amount of 5.750% Notes due 2016 (the 2016 Notes )

Approximately \$91.9 million aggregate principal amount of 6.420% Notes due 2014 (the 2014 Notes ); (see Note 20 to the Consolidated Financial Statements)

Approximately \$77.8 million aggregate principal amount of 6.875% Notes due 2012 (the 2012 Notes ); (see Note 20 to the Consolidated Financial Statements)

\$146.9 million aggregate principal amount of 4.625% Notes due 2011 (the 2011 Exchangeable Notes )

Approximately \$70.8 million aggregate principal amount of 7.375% Notes due 2011 (the 2011 Notes ); (see Note 20 to the Consolidated Financial Statements)

\$353.5 million in mortgage loans payable, in the aggregate, due between December 2010 and January 2020 on certain of our mortgage loans payable.

a \$500.0 million Unsecured Line of Credit under which we may borrow to finance the acquisition of additional properties and for other corporate purposes, including working capital.

The Unsecured Line of Credit provides for the repayment of principal in a lump-sum or balloon payment at maturity in 2012. As of December 31, 2009, \$455.2 million was outstanding under the Unsecured Line of Credit at a weighted average interest rate of 1.256%.



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Our ability to make required payments of principal on outstanding indebtedness, whether at maturity or otherwise, may depend on our ability either to refinance the applicable indebtedness or to sell properties. We have no commitments to refinance the 2011 Notes, the 2011 Exchangeable Notes, the 2012 Notes, the 2014 Notes, the 2016 Notes, the 2017 Notes, the 2017 II Notes, the 2027 Notes, the 2028 Notes, the 2032 Notes, the Unsecured Line of Credit or the mortgage loans. Our existing mortgage loan obligations are secured by our properties and therefore such obligations will permit the lender to foreclose on those properties in the event of a default.

***There is no limitation on debt in the Company's organizational documents.***

As of December 31, 2009, our ratio of debt to our total market capitalization was 76.1%. We compute that percentage by calculating our total consolidated debt as a percentage of the aggregate market value of all outstanding shares of our common stock, assuming the exchange of all limited partnership units of the Operating Partnership for common stock, plus the aggregate stated value of all outstanding shares of preferred stock and total consolidated debt. Our organizational documents do not contain any limitation on the amount or percentage of indebtedness we may incur. Accordingly, we could become more highly leveraged, resulting in an increase in debt service that could adversely affect our ability to make expected distributions to stockholders and in an increased risk of default on our obligations.

***Rising interest rates on the Company's Unsecured Line of Credit could decrease the Company's available cash.***

Our Unsecured Line of Credit bears interest at a floating rate. As of December 31, 2009, our Unsecured Line of Credit had an outstanding balance of \$455.2 million at a weighted average interest rate of 1.256%. Our Unsecured Line of Credit presently bears interest at the prime rate plus 0.15% or at the LIBOR plus 1.0%, at our election. Based on the outstanding balance on our Unsecured Line of Credit as of December 31, 2009, a 10% increase in interest rates would increase interest expense by \$0.5 million on an annual basis. Increases in the interest rate payable on balances outstanding under our Unsecured Line of Credit would decrease our cash available for distribution to stockholders.

***The Company's mortgages may impact the Company's ability to sell encumbered properties on advantageous terms or at all.***

As part of our plan to enhance liquidity and pay down our debt, we have originated numerous mortgage financings and we are in active discussions with various lenders regarding the origination of additional mortgage financings. Certain of our mortgages contain, and it is anticipated that some future mortgages will contain, substantial prepayment premiums which we would have to pay upon the sale of a property, thereby reducing the net proceeds to us from the sale of any such property. As a result, our willingness to sell certain properties and the price at which we may desire to sell a property may be impacted by the terms of any mortgage financing encumbering a property. If we are unable to sell properties on favorable terms or redeploy the proceeds of property sales in accordance with our business strategy, then our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock could be adversely affected.

***Adverse market and economic conditions could cause us to recognize additional impairment charges.***

We regularly review our real estate assets for impairment indicators, such as a decline in a property's occupancy rate. If we determine that indicators of impairment are present, we review the properties affected by these indicators to determine whether an impairment charge is required. We use considerable judgment in making determinations about impairments, from analyzing whether there are indicators of impairment to the assumptions used in calculating the fair value of the investment. Accordingly, our subjective estimates and evaluations may not be accurate, and such estimates and evaluations are subject to change or revision.

Ongoing adverse market and economic conditions and market volatility will likely continue to make it difficult to value the real estate assets owned by us as well as the value of our interests in unconsolidated joint

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ventures. There may be significant uncertainty in the valuation, or in the stability of the cash flows, discount rates and other factors related to such assets due to the adverse market and economic conditions that could result in a substantial decrease in their value. We may be required to recognize additional asset impairment charges in the future, which could materially and adversely affect our business, financial condition and results of operations.

### ***Earnings and cash dividends, asset value and market interest rates affect the price of the Company's common stock.***

As a REIT, the market value of our common stock, in general, is based primarily upon the market's perception of our growth potential and our current and potential future earnings and cash dividends. The market value of our common stock is based secondarily upon the market value of our underlying real estate assets. For this reason, shares of our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent that we retain operating cash flow for investment purposes, working capital reserves, or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Our failure to meet the market's expectations with regard to future earnings and cash dividends likely would adversely affect the market price of our common stock. Further, the distribution yield on the common stock (as a percentage of the price of the common stock) relative to market interest rates may also influence the price of our common stock. An increase in market interest rates might lead prospective purchasers of our common stock to expect a higher distribution yield, which would adversely affect the market price of our common stock.

### ***The Company may incur unanticipated costs and liabilities due to environmental problems.***

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate may be liable for the costs of clean-up of certain conditions relating to the presence of hazardous or toxic materials on, in or emanating from a property, and any related damages to natural resources. Environmental laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous or toxic materials. The presence of such materials, or the failure to address those conditions properly, may adversely affect the ability to rent or sell the property or to borrow using a property as collateral. Persons who dispose of or arrange for the disposal or treatment of hazardous or toxic materials may also be liable for the costs of clean-up of such materials, or for related natural resource damages, at or from an off-site disposal or treatment facility, whether or not the facility is owned or operated by those persons. No assurance can be given that existing environmental assessments with respect to any of our properties reveal all environmental liabilities, that any prior owner or operator of any of the properties did not create any material environmental condition not known to us or that a material environmental condition does not otherwise exist as to any of our Company's properties. In addition, changes to existing environmental regulation to address, to among other things, climate change, could increase the scope of our potential liabilities.

### ***The Company's insurance coverage does not include all potential losses.***

We currently carry comprehensive insurance coverage including property, boiler & machinery, liability, fire, flood, terrorism, earthquake, extended coverage and rental loss as appropriate for the markets where each of our properties and their business operations are located. The insurance coverage contains policy specifications and insured limits customarily carried for similar properties and business activities. We believe our properties are adequately insured. However, there are certain losses, including losses from earthquakes, hurricanes, floods, pollution, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of our properties, we could experience a significant loss of capital invested and potential revenues from these properties, and could potentially remain obligated under any recourse debt associated with the property.



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***The Company is subject to risks and liabilities in connection with its investments in properties through Joint Ventures.***

As of December 31, 2009, six of our Joint Ventures owned approximately 22.6 million square feet of properties. As of December 31, 2009, our net investment in Joint Ventures was \$5.8 million in the aggregate, and for the year ended December 31, 2009, our Equity in Net Loss of Joint Ventures was \$(6.5) million. Our organizational documents do not limit the amount of available funds that we may invest in Joint Ventures and we intend to continue to develop and acquire properties through Joint Ventures with other persons or entities when warranted by the circumstances. Joint venture investments, in general, involve certain risks, including:

co-members or joint venturers may share certain approval rights over major decisions;

co-members or joint venturers might fail to fund their share of any required capital commitments;

co-members or joint venturers might have economic or other business interests or goals that are inconsistent with our business interests or goals that would affect our ability to operate the property;

co-members or joint venturers may have the power to act contrary to our instructions, requests, policies or objectives, including our current policy with respect to maintaining our qualification as a real estate investment trust;

the joint venture agreements often restrict the transfer of a member's or joint venturer's interest or buy-sell or may otherwise restrict our ability to sell the interest when we desire or on advantageous terms;

disputes between us and our co-members or joint venturers may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business and subject the properties owned by the applicable joint venture to additional risk; and

we may in certain circumstances be liable for the actions of our co-members or joint venturers.

The occurrence of one or more of the events described above could adversely affect our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock.

In addition, joint venture investments in real estate involve all of the risks related to the ownership, acquisition, development, sale and financing of real estate discussed in the risk factors above. To the extent our investments in Joint Ventures are adversely affected by such risks our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock could be adversely affected.

***We are subject to risks associated with our international operations.***

Under our market strategy, we plan to acquire and develop properties in Canada. Our international operations will be subject to risks inherent in doing business abroad, including:

exposure to the economic fluctuations in the locations in which we invest;

difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;

revisions in tax treaties or other laws and regulations, including those governing the taxation of our international revenues;

obstacles to the repatriation of earnings and funds;

currency exchange rate fluctuations between the United States dollar and foreign currencies;

restrictions on the transfer of funds; and

national, regional and local political uncertainty.

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When we acquire properties located outside of the United States, we may face risks associated with a lack of market knowledge or understanding of the local economy, forging new business relationships in the area and unfamiliarity with local government and permitting procedures. We work to mitigate such risks through extensive diligence and research and associations with experienced partners; however, there can be no guarantee that all such risks will be eliminated.

We also have offices outside of the United States. Our ability to effectively establish, staff and manage these offices is subject to risks associated with employment practices, labor issues, and cultural factors that differ from those with which we are familiar. In addition, we may be subject to regulatory requirements and prohibitions that differ between jurisdictions. To the extent we expand our business globally, we may have difficulty anticipating and effectively managing these and other risks that our international operations may face, which may adversely affect our business outside the United States and our financial condition and results of operations.

**Item 1B. *Unresolved SEC Comments***

None.

**Item 2. *Properties***

**General**

At December 31, 2009, we owned 783 in-service industrial properties containing an aggregate of approximately 69.2 million square feet of GLA in 28 states and one province in Canada, with a diverse base of approximately 2,000 tenants engaged in a wide variety of businesses, including manufacturing, retail, wholesale trade, distribution and professional services. The average annual rental per square foot on a portfolio basis, calculated at December 31, 2009, was \$4.51. The properties are generally located in business parks that have convenient access to interstate highways and/or rail and air transportation. The weighted average age of the properties as of December 31, 2009 was approximately 20 years. We maintain insurance on our properties that we believe is adequate.

We classify our properties into five industrial categories: light industrial, R&D/flex, bulk warehouse, regional warehouse and manufacturing. While some properties may have characteristics which fall under more than one property type, we use what we believe is the most dominant characteristic to categorize the property.

The following describes, generally, the different industrial categories:

Light industrial properties are of less than 100,000 square feet, have a ceiling height of 16-21 feet, are comprised of 5%-50% of office space, contain less than 50% of manufacturing space and have a land use ratio of 4:1. The land use ratio is the ratio of the total property area to the area occupied by the building.

R&D/flex buildings are of less than 100,000 square feet, have a ceiling height of less than 16 feet, are comprised of 50% or more of office space, contain less than 25% of manufacturing space and have a land use ratio of 4:1.

Bulk warehouse buildings are of more than 100,000 square feet, have a ceiling height of at least 22 feet, are comprised of 5%-15% of office space, contain less than 25% of manufacturing space and have a land use ratio of 2:1.

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Regional warehouses are of less than 100,000 square feet, have a ceiling height of at least 22 feet, are comprised of 5%-15% of office space, contain less than 25% of manufacturing space and have a land use ratio of 2:1.

Manufacturing properties are a diverse category of buildings that have a ceiling height of 10-18 feet, are comprised of 5%-15% of office space, contain at least 50% of manufacturing space and have a land use ratio of 4:1.



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Each of the properties is wholly owned by us or our consolidated subsidiaries. The following tables summarize certain information as of December 31, 2009, with respect to our in-service properties.

**Property Summary**

Metropolitan Area	Light Industrial		R&D/Flex		Bulk Warehouse		Regional Warehouse		Manufacturing	
	GLA	Number of Properties	GLA	Number of Properties	GLA	Number of Properties	GLA	Number of Properties	GLA	Number of Properties
Atlanta, GA	666,544	11	206,826	5	3,742,667	14	386,207	5	847,950	
Baltimore, MD	848,536	14	198,230	6	683,135	4			171,000	
Central PA	1,134,145	9			3,151,350	6	117,599	3		
Chicago, IL	1,009,429	16	248,090	4	2,729,716	15	172,851	4	421,000	
Cincinnati, OH	893,839	10			1,103,830	4	130,870	2		
Cleveland, OH	64,000	1			1,317,799	7				
Columbus, OH	217,612	2			2,666,547	8	98,800	1		
Dallas, TX	2,301,003	41	511,075	19	2,470,542	18	677,433	10	128,478	
Denver, CO	1,276,308	23	1,053,097	24	400,498	3	343,516	5		
Detroit, MI	2,448,835	86	487,418	16	630,780	6	759,851	18	116,250	
Houston, TX	289,407	6	132,997	6	2,041,527	12	446,318	6		
Indianapolis, IN	860,781	17	38,200	3	2,590,469	10	222,710	5	71,600	
Mid Empire, CA	66,934	1			804,355	3				
Los Angeles, CA	544,033	13	184,064	2	749,008	5	281,921	4		
Miami, FL	88,820	1			142,804	1	281,626	6		
Madison, WI	431,508	9	93,705	2	1,726,929	7	90,089	1		
Minneapolis/St. Paul, MN	1,281,625	14	172,862	2	2,095,407	11	323,805	4	355,056	
New Jersey	659,849	11	289,967	6	329,593	2				
Memphis, TN	205,205	3			1,715,773	6			109,058	
Philadelphia, PA	166,082	5	36,802	2	799,287	3	71,912	2	178,000	
Phoenix, AZ	38,560	1			710,403	5	354,327	5		
New Jersey	627,680	5			281,100	2	158,867	2		
Provo, UT	706,201	35	146,937	6	279,179	1				
San Diego, CA	213,538	8					108,701	3		
Seattle, WA					100,611	1	139,435	2		
St. Louis, MO	823,655	11			1,728,295	7				
Tampa, FL	234,679	7	689,782	27	209,500	1				
Toronto, ON	57,540	1			559,773	2				
Waco, TX	696,547	8	40,000	1	1,951,456	10	88,000	1	425,017	
Total	18,852,895	369	4,530,052	131	37,712,333	174	5,254,838	89	2,823,409	

(a)

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Properties are located in Wichita, KS, Grand Rapids, MI, Des Moines, IA, Austin, TX, Orlando, FL, Horn Lake, MS, Shreveport, LA, Kansas City, MO, San Antonio, TX, Birmingham, AL, Omaha, NE, Jefferson County, KY, Greenville, KY, Sumner, IA, and Winchester, VA.

**Table of Contents****In-Service Property Summary Totals**

Metropolitan Area	GLA	Number of Properties	Totals		Encumbrances at 12/31/09 (\$ in 000s)(b)
			Average Occupancy at 12/31/09	GLA as a % of Total Portfolio	
Atlanta, GA	5,850,194	39	73%	8.5%	\$ 31,541
Baltimore, MD	1,900,901	25	81%	2.8%	7,950
Central PA	4,403,094	18	79%	6.4%	18,309
Chicago, IL	4,581,086	41	81%	6.6%	27,453
Cincinnati, OH	2,128,539	16	82%	3.1%	1,691
Cleveland, OH	1,381,799	8	95%	2.0%	
Columbus, OH	2,982,959	11	78%	4.3%	
Dallas, TX	6,088,531	89	77%	8.8%	29,982
Denver, CO	3,073,419	55	86%	4.4%	26,236
Detroit, MI	4,443,134	127	88%	6.4%	
Houston, TX	2,910,249	30	96%	4.2%	21,035
Indianapolis, IN	3,783,760	37	89%	5.5%	8,531
Inland Empire, CA	871,289	4	33%	1.3%	
Los Angeles, CA	1,759,026	24	89%	2.5%	32,540
Miami, FL	513,250	8	42%	0.7%	
Milwaukee, WI	2,342,231	19	90%	3.4%	35,142
Minneapolis/St. Paul, MN	4,228,755	35	80%	6.1%	49,158
N. New Jersey	1,279,409	19	90%	1.9%	16,188
Nashville, TN	2,030,036	10	87%	2.9%	8,558
Philadelphia, PA	1,252,083	14	95%	1.8%	5,242
Phoenix, AZ	1,103,290	11	69%	1.6%	4,199
S. New Jersey	1,067,647	9	73%	1.5%	8,667
Salt Lake City, UT	1,132,317	42	83%	1.6%	10,567
San Diego, CA	322,239	11	91%	0.5%	2,237
Seattle, WA	240,046	3	100%	0.4%	6,499
St. Louis, MO	2,551,950	18	87%	3.7%	29,393
Tampa, FL	1,133,961	35	75%	1.6%	9,859
Toronto, ON	617,313	3	77%	0.9%	
Other(a)	3,201,020	22	82%	4.6%	11,080
<b>Total or Average</b>	<b>69,173,527</b>	<b>783</b>	<b>82%</b>	<b>100.0%</b>	<b>\$ 402,057</b>

(a) Properties are located in Wichita, KS, Grand Rapids, MI, Des Moines, IA, Austin, TX, Orlando, FL, Horn Lake, MS, Shreveport, LA, Kansas City, MO, San Antonio, TX, Birmingham, AL, Omaha, NE, Jefferson County, KY, Greenville, KY, Sumner, IA, and Winchester, VA.

- (b) Certain properties are pledged as collateral under our secured financings at December 31, 2009 (see Note 6 to the Consolidated Financial Statements). For purposes of this table, the total principal balance of a secured financing that is collateralized by a pool of properties is allocated among the properties in the pool based on each property's investment balance. In addition to the amounts included in the table, we also have a \$0.9 million encumbrance which is secured by a letter of credit.

**Table of Contents****Property Acquisition & Development Activity**

During 2009, we acquired one land parcel for an aggregate purchase price of approximately \$0.2 million. During 2009, we placed in-service 14 developments totaling approximately 4.0 million square feet of GLA at a total cost of approximately \$217.9 million, or approximately \$54.48 per square foot. The developments placed in-service have the following characteristics:

<b>Metropolitan Area</b>	<b>GLA</b>	<b>Property Type</b>	<b>Occupancy at 12/31/09</b>
Baltimore, MD	300,000	Bulk Warehouse	21.0%
Central PA	300,000	Bulk Warehouse	0.0%
Central PA	1,279,530	Bulk Warehouse	63.4%
Dallas, TX	435,179	Bulk Warehouse	35.4%
Denver, CO	33,413	Light Industrial	66.7%
Denver, CO	39,434	Light Industrial	81.9%
Denver, CO	33,419	Light Industrial	77.9%
Denver, CO	37,043	R&D/Flex	100.0%
Indianapolis, IN	71,281	Light Industrial	50.0%
Los Angeles, CA	141,100	Bulk Warehouse	0.0%
Miami, FL	88,820	Light Industrial	18.9%
Milwaukee, WI	388,800	Bulk Warehouse	100.0%
Minneapolis/St. Paul, MN	133,166	Bulk Warehouse	78.2%
Nashville, TN	700,000	Bulk Warehouse	100%
Total	3,981,185		

**Property Sales**

During 2009, we sold 15 industrial properties totaling approximately 1.9 million square feet of GLA and several land parcels. Total gross sales proceeds approximated \$100.2 million. The 15 industrial properties sold have the following characteristics:

<b>Metropolitan Area</b>	<b>Number of Properties</b>	<b>GLA</b>	<b>Property Type</b>
Baltimore, MD	1	71,572	Light Industrial
Columbus, OH	1	307,200	Bulk Warehouse
Dallas, TX	1	20,045	Light Industrial
Denver, CO	1	126,384	Manufacturing
Indianapolis, IN	3	628,400	Light Industrial
Los Angeles, CA	1	100,000	Light Industrial
Milwaukee, WI	1	39,468	Regional Warehouse

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N. New Jersey	1	49,707	Light Industrial
Philadelphia, PA	1	22,095	Light Industrial
Phoenix, AZ	1	82,288	Regional Warehouse
Salt Lake City, UT	1	81,000	Light Industrial
S. New Jersey	1	52,800	Light Industrial
Toronto, ON	1	342,830	Bulk Warehouse
Total	15	1,923,789	

**Table of Contents****Property Acquisitions and Sales Subsequent to Year End**

From January 1, 2010 to February 26, 2010, we sold two industrial properties comprising approximately 0.2 million square feet of GLA and several land parcels. Gross proceeds from the sale of the two industrial properties and several land parcels were approximately \$27.4 million. There were no industrial properties acquired during this period.

**Tenant and Lease Information**

We have a diverse base of approximately 2,000 tenants engaged in a wide variety of businesses including manufacturing, retail, wholesale trade, distribution and professional services. Most leases have an initial term of between three and six years and provide for periodic rent increases that are either fixed or based on changes in the Consumer Price Index. Industrial tenants typically have net or semi-net leases and pay as additional rent their percentage of the property's operating costs, including the costs of common area maintenance, property taxes and insurance. As of December 31, 2009, approximately 82% of the GLA of our in-service properties was leased, and no single tenant or group of related tenants accounted for more than 2.6% of our rent revenues, nor did any single tenant or group of related tenants occupy more than 2.0% of the total GLA of our in-service properties as of December 31, 2009.

**Lease Expirations(1)**

The following table shows scheduled lease expirations for all leases for our in-service properties as of December 31, 2009.

<b>Year of Expiration</b>	<b>Number of Leases Expiring</b>	<b>GLA Expiring(2)</b>	<b>Percentage of GLA Expiring(2) (In thousands)</b>	<b>Annual Base Rent Under Expiring Leases(3)</b>	<b>Percentage of Total Annual Base Rent Expiring(3)</b>
2010	600	11,839,452	21%	\$ 53,217	21%
2011	422	9,526,823	17%	46,878	18%
2012	366	8,729,363	15%	40,881	16%
2013	237	6,122,501	11%	30,961	12%
2014	166	6,739,334	12%	26,949	11%
2015	99	3,420,540	6%	14,336	6%
2016	38	2,818,936	5%	10,827	4%
2017	20	1,009,228	2%	5,357	2%
2018	23	1,218,795	2%	5,721	2%
2019	17	1,026,464	2%	5,801	2%
Thereafter	22	4,132,774	7%	14,544	6%
<b>Total</b>	<b>2,010</b>	<b>56,584,210</b>	<b>100%</b>	<b>\$ 255,472</b>	<b>100%</b>

(1) Includes leases that expire on or after December 31, 2009 and assumes tenants do not exercise existing renewal, termination or purchase options.

- (2) Does not include existing vacancies of 12,589,317 aggregate square feet.
- (3) Annualized base rent is calculated as monthly base rent (cash basis) per the terms of the lease, as of December 31, 2009, multiplied by 12. If free rent is granted, then the first positive rent value is used. Leases denominated in foreign currencies are translated using the currency exchange rate at December 31, 2009.



**Table of Contents****Item 3. *Legal Proceedings***

We are involved in legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material impact on the results of operations, financial position or liquidity of the Company.

**Item 4. *Reserved***

None.

**PART II****Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*****Market Information**

The following table sets forth for the periods indicated the high and low closing prices per share and distributions declared per share for our common stock, which trades on the New York Stock Exchange under the trading symbol FR.

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>	<b>Distribution Declared</b>
December 31, 2009	\$ 5.95	\$ 4.06	\$ 0.0000
September 30, 2009	\$ 6.79	\$ 3.68	\$ 0.0000
June 30, 2009	\$ 6.30	\$ 2.40	\$ 0.0000
March 31, 2009	\$ 7.42	\$ 1.91	\$ 0.0000
December 31, 2008	\$ 28.39	\$ 5.10	\$ 0.2500
September 30, 2008	\$ 32.13	\$ 21.94	\$ 0.7200
June 30, 2008	\$ 32.68	\$ 27.47	\$ 0.7200
March 31, 2008	\$ 36.54	\$ 28.83	\$ 0.7200

We had 667 common stockholders of record registered with our transfer agent as of February 26, 2010.

For tax purposes, 100% of our 2009 preferred stock dividends qualified as capital gain income.

In order to comply with the REIT requirements of the Code, we are generally required to make common share distributions and preferred share dividends (other than capital gain distributions) to our shareholders in amounts that together at least equal i) the sum of a) 90% of our REIT taxable income computed without regard to the dividends paid deduction and net capital gains and b) 90% of net income (after tax), if any, from foreclosure property, minus ii) certain excess non-cash income. Under a recently issued revenue procedure, the IRS will allow us to treat a stock distribution to our shareholders in 2009, under a stock-or-cash election that meets specified conditions, including a minimum 10% cash distribution component, as a distribution qualifying for the dividends paid deduction.

Our common share distribution policy is determined by our board of directors and is dependent on multiple factors, including cash flow and capital expenditure requirements, as well as ensuring that we meet the minimum distribution requirements set forth in the Code. We met the minimum distribution requirements with the preferred distributions

made with respect to 2009. For 2010, we intend to meet our minimum distribution requirements. We plan to retain capital by distributing the minimum amount of dividends required to maintain our REIT status. We did not pay a common stock dividend in 2009 and may not pay dividends in 2010 depending on our taxable income. If, to maintain our REIT status, we are required to pay common stock dividends with respect to 2010, we may elect to do so by distributing a combination of cash and common shares. Also, if we are not required to pay preferred stock dividends to maintain our REIT status, we may elect to suspend some or all preferred stock dividends for one or more fiscal quarters, which would aid compliance with the fixed charge coverage covenant under our Unsecured Line of Credit.

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During 2009, the Operating Partnership did not issue any Units.

Subject to lock-up periods and certain adjustments, Units of the Operating Partnership are convertible into common stock of the Company on a one-for-one basis or cash at the option of the Company.

**Equity Compensation Plans**

The following table sets forth information regarding our equity compensation plans.

<b>Plan Category</b>	<b>Number of Securities to be Issued</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Further Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans Approved by Security Holders			1,221,475
Equity Compensation Plans Not Approved by Security Holders(1)	139,700	\$ 31.89	186,640
Total	139,700	\$ 31.89	1,408,115

(1) See Note 16 of the Notes to Consolidated Financial Statements contained herein for a description of the plan.

**Table of Contents****Performance Graph\***

The following graph provides a comparison of the cumulative total stockholder return among the Company, the NAREIT Equity REIT Total Return Index (the NAREIT Index) and the Standard & Poor's 500 Index (S&P 500). The comparison is for the periods from December 31, 2004 to December 31, 2009 and assumes the reinvestment of any dividends. The closing price for our Common Stock quoted on the NYSE at the close of business on December 31, 2004 was \$40.73 per share. The NAREIT Index includes REITs with 75% or more of their gross invested book value of assets invested directly or indirectly in the equity ownership of real estate. Upon written request, we will provide stockholders with a list of the REITs included in the NAREIT Index. The historical information set forth below is not necessarily indicative of future performance. The following graph was prepared at our request by Research Data Group, Inc., San Francisco, California.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN\***

Among First Industrial Realty Trust, Inc., The S&P 500 Index  
And The FTSE NAREIT Equity REITs Index

\*\$100 invested on 12/31/04 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

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	<b>12/04</b>	<b>12/05</b>	<b>12/06</b>	<b>12/07</b>	<b>12/08</b>	<b>12/09</b>
FIRST INDUSTRIAL REALTY TRUST, INC.	\$ 100.00	\$ 101.45	\$ 131.97	\$ 104.62	\$ 25.42	\$ 17.61
S&P 500	100.00	104.91	121.48	128.16	80.74	102.11
FTSE NAREIT Equity REITs	100.00	112.16	151.49	127.72	79.53	101.79

\* The information provided in this performance graph shall not be deemed to be soliciting material, to be filed or to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934 unless specifically treated as such.

**Table of Contents****Item 6. Selected Financial Data**

The following sets forth selected financial and operating data for the Company on a historical consolidated basis. The following data should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K. The historical statements of operations for the years ended December 31, 2009, 2008, 2007, 2006 and 2005 include the results of operations of the Company as derived from our audited financial statements, adjusted for discontinued operations and the implementation of new guidance relating to business combinations, convertible debt, noncontrolling interests and participating securities. The results of operations of properties sold are presented in discontinued operations if they met both of the following criteria: (a) the operations and cash flows of the property have been (or will be) eliminated from the ongoing operations of the Company as a result of the disposition and (b) we will not have any significant involvement in the operations of the property after the disposal transaction. The historical balance sheet data and other data as of December 31, 2009, 2008, 2007, 2006 and 2005 include the balances of the Company as derived from our audited financial statements.

	(As Adjusted)	(As Adjusted)	(As Adjusted)	(As Adjusted)
Year Ended 12/31/09	Year Ended 12/31/08	Year Ended 12/31/07	Year Ended 12/31/06	Year Ended 12/31/05
<b>(In thousands, except per share and property data)</b>				
<b>Statement of Operations Data:</b>				
Total Revenues	\$ 411,958	\$ 514,321	\$ 369,874	\$ 293,769
Interest Income	3,084	3,690	1,926	1,486
Mark-to-Market Gain (Loss) on Settlement of Interest Rate Protection Agreements	3,667	(3,073)		(3,112)
Property Expenses	(123,819)	(121,737)	(107,653)	(96,691)
General and Administrative Expense	(37,835)	(84,896)	(92,101)	(77,497)
Restructuring Costs	(7,806)	(27,349)		
Impairment of Real Estate	(6,934)			
Interest Expense	(115,421)	(113,139)	(120,894)	(121,536)
Amortization of Deferred Financing Costs	(3,030)	(2,840)	(3,171)	(2,656)
Depreciation and Other Amortization	(147,216)	(156,070)	(133,354)	(112,426)
Construction Expenses	(52,720)	(139,539)	(34,553)	(10,263)
Gain (Loss) from Early Retirement from Debt	34,562	2,749	(393)	82
Equity in (Loss) Income of Joint Ventures	(6,470)	(33,178)	30,045	30,673
Income Tax Benefit	25,155	12,958	11,200	10,092
Loss from Continuing Operations	(22,825)	(148,103)	(79,074)	(88,033)
Income from Discontinued Operations (Including Gain on Sale of Real Estate of \$24,206, \$172,167, \$244,962, \$213,442 and \$132,139 for	28,596	187,351	283,950	260,605

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the Years Ended December 31, 2009,  
2008, 2007, 2006 and 2005,  
respectively)

Provision for Income Taxes

Allocable to Discontinued Operations

(Including \$1,462, \$3,732, \$36,032,

\$47,511 and \$20,529 allocable to

Gain on Sale of Real Estate for the

Years Ended December 31, 2009,

2008, 2007, 2006 and 2005,

respectively)

Gain on Sale of Real Estate

Provision for Income Taxes

Allocable to Gain on Sale of Real

Estate

Net Income

Less: Net Loss (Income) Attributable

to the Noncontrolling Interest

Net Income Attributable to First

Industrial Realty Trust, Inc.

Preferred Dividends

Redemption of Preferred Stock

Net (Loss) Income Available to First

Industrial Realty Trust, Inc. s

Common Stockholders and

Participating Securities

Basic and Diluted Earnings Per

Weighted Average Common Share

Outstanding:

Loss from Continuing Operations

Available to First Industrial Realty

Trust, Inc. s Common Stockholders

Net (Loss) Income Available to First

Industrial Realty Trust, Inc. s

Common Stockholders

Distributions Per Share

Basic and Diluted Weighted Average

Number of Common

Shares Outstanding

	(1,816)	(4,887)	(38,673)	(51,312)	(23,895)
	374	12,008	9,425	6,071	29,550
	(143)	(3,782)	(3,082)	(2,119)	(10,871)
	4,186	42,587	172,546	125,212	98,753
	1,547	(2,990)	(18,841)	(13,465)	(11,649)
	5,733	39,597	153,705	111,747	87,104
	(19,516)	(19,428)	(21,320)	(21,424)	(10,688)
			(2,017)	(672)	
	\$ (13,783)	\$ 20,169	\$ 130,368	\$ 89,651	\$ 76,416
	\$ (0.78)	\$ (3.23)	\$ (1.90)	\$ (2.10)	\$ (1.48)
	\$ (0.28)	\$ 0.41	\$ 2.90	\$ 1.99	\$ 1.75
	\$ 0.00	\$ 2.410	\$ 2.850	\$ 2.810	\$ 2.785
	48,695	43,193	44,086	44,012	42,431

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	Year Ended 12/31/09	(As Adjusted) Year Ended 12/31/08	(As Adjusted) Year Ended 12/31/07	(As Adjusted) Year Ended 12/31/06	(As Adjusted) Year Ended 12/31/05
	(In thousands, except per share and property data)				
Net Income	\$ 4,186	\$ 42,587	\$ 172,546	\$ 125,212	\$ 98,753
Comprehensive Income:					
Reclassification of Settlement of Interest Rate Protection Agreements to Net Income					(159)
Mark-to-Market of Interest Rate Protection Agreements, Net of Tax Amortization of Interest Rate Protection Agreements	(383)	(8,676)	3,819	(2,800)	(1,414)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements	796	(792)	(916)	(912)	(1,085)
Settlement of Interest Rate Protection Agreements		831	(4,261)	(1,729)	
Foreign Currency Translation Adjustment, Net of Tax	1,503	(2,792)	2,134		
Comprehensive Income	6,625	31,158	173,322	119,771	96,095
Comprehensive Loss (Income) Attributable to Noncontrolling Interest	1,299	(1,599)	(18,983)	(12,767)	(10,812)
Comprehensive Income Attributable to First Industrial Realty Trust, Inc.	\$ 7,924	\$ 29,559	\$ 154,339	\$ 107,004	\$ 85,283
<b>Balance Sheet Data</b>					
<b>(End of Period):</b>					
Real Estate, Before Accumulated Depreciation	\$ 3,319,764	\$ 3,385,597	\$ 3,326,268	\$ 3,219,728	\$ 3,260,761
Real Estate, After Accumulated Depreciation	2,724,869	2,862,489	2,816,287	2,754,310	2,850,195

Real Estate Held for Sale, Net	37,305	21,117	37,875	115,961	16,840
Total Assets	3,204,586	3,223,501	3,257,888	3,224,215	3,226,243
Mortgage Loans Payable, Net, Unsecured Lines of Credit and Senior Unsecured Debt, Net	1,998,332	2,032,635	1,940,747	1,827,155	1,813,702
Total Liabilities	2,130,339	2,232,785	2,177,832	2,041,370	2,020,361
Total Equity	1,074,247	990,716	1,080,056	1,182,845	1,205,882
<b>Other Data:</b>					
Cash Flow From Operating Activities	\$ 142,179	\$ 71,185	\$ 92,989	\$ 59,551	\$ 49,350
Cash Flow From Investing Activities	4,777	6,274	126,909	129,147	(371,654)
Cash Flow From Financing Activities	32,724	(79,754)	(230,276)	(180,800)	325,617
Total In-Service Properties	783	728	804	858	884
Total In-Service GLA, in Square Feet	69,173,527	60,580,250	64,028,533	68,610,505	70,193,161
In-Service Occupancy Percentage	82%	92%*	95%*	94%*	92%*

\* Percentage is calculated under the in-service definition in place as of the respective year end.

### **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with Selected Financial Data and the Consolidated Financial Statements and Notes thereto appearing elsewhere in this Form 10-K.

In addition, the following discussion contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend such 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. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words believe, expect, intend, anticipate, estimate, project, seek, target, potential, focus, may, should or similar expressions. The actual results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a materially adverse effect on our operations and future prospects include, but are not limited to: changes in national, international, regional and local economic conditions generally and real estate markets specifically; changes in legislation/regulation (including changes to laws governing the taxation of REITs) and actions of regulatory authorities (including the IRS); our ability to qualify and maintain our status as a REIT; the availability and attractiveness of financing (including both public and private capital) to us and to our potential counterparties; the availability and attractiveness of terms of additional debt repurchases; interest rates; our credit agency ratings; our ability to comply with applicable financial covenants; competition; changes in supply and demand for industrial properties (including land, the supply and demand for which is inherently more volatile than other types of industrial property) in the Company's current and proposed market areas; difficulties in consummating acquisitions and dispositions; risks related to our investments in properties through joint ventures; environmental liabilities; slippages in development or lease-up schedules; tenant creditworthiness; higher-than-expected costs; changes in asset valuations



and related impairment charges; changes in general accounting principles,

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policies and guidelines applicable to REITs; international business risks and those additional factors described in Item 1A, Risk Factors and in our other filings with the Securities and Exchange Commission (the SEC). We caution you not to place undue reliance on forward looking statements, which reflect our outlook only and speak only as of the date of this report or the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements.

The Company was organized in the state of Maryland on August 10, 1993. We are a REIT, as defined in the Code. We began operations on July 1, 1994. Our interests in our properties and land parcels are held through partnerships, corporations, and limited liability companies controlled, directly or indirectly, by us, including First Industrial, L.P. (the Operating Partnership), of which we are the sole general partner, and through the old TRS prior to September 1, 2009, and FI LLC, the new TRS and FRIP subsequent to September 1, 2009. We also conduct operations through other partnerships, corporations, and limited liability companies, the operating data of which, together with that of the Operating Partnership, FI LLC, FRIP and the TRSs, are consolidated with that of the Company, as presented herein.

We also own noncontrolling equity interests in, and provide services to, seven joint ventures whose purpose is to invest in industrial properties (the 2003 Net Lease Joint Venture, the 2005 Development/Repositioning Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program, the 2006 Land/Development Joint Venture, the 2007 Canada Joint Venture, and the 2007 Europe Joint Venture; together the Joint Ventures). The Joint Ventures are accounted for under the equity method of accounting. The 2007 Europe Joint Venture does not own any properties.

The operating data of our Joint Ventures is not consolidated with that of the Company as presented herein.

We believe our financial condition and results of operations are, primarily, a function of our performance and our Joint Ventures performance in four key areas: leasing of industrial properties, acquisition and development of additional industrial properties, disposition of industrial properties, debt reduction and access to external capital.

We generate revenue primarily from rental income and tenant recoveries from long-term (generally three to six years) operating leases of our industrial properties and our Joint Ventures industrial properties. Such revenue is offset by certain property specific operating expenses, such as real estate taxes, repairs and maintenance, property management, utilities and insurance expenses, along with certain other costs and expenses, such as depreciation and amortization costs and general and administrative and interest expenses. Our revenue growth is dependent, in part, on our ability to (i) increase rental income, through increasing either or both occupancy rates and rental rates at our properties and our Joint Ventures properties, (ii) maximize tenant recoveries and (iii) minimize operating and certain other expenses. Revenues generated from rental income and tenant recoveries are a significant source of funds, in addition to income generated from gains/losses on the sale of our properties and our Joint Ventures properties (as discussed below), for our liquidity. The leasing of property, in general, and occupancy rates, rental rates, operating expenses and certain non-operating expenses, in particular, are impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond our control. The leasing of property also entails various risks, including the risk of tenant default. If we were unable to maintain or increase occupancy rates and rental rates at our properties and our Joint Ventures properties or to maintain tenant recoveries and operating and certain other expenses consistent with historical levels and proportions, our revenue would decline. Further, if a significant number of our tenants and our Joint Ventures tenants were unable to pay rent (including tenant recoveries) or if we or our Joint Ventures were unable to rent our properties on favorable terms, our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock would be adversely affected.

Our revenue growth is also dependent, in part, on our ability and our Joint Ventures ability to acquire existing, and acquire and develop new, additional industrial properties on favorable terms. The Company itself, and through our various Joint Ventures, seeks to identify opportunities to acquire existing industrial properties on favorable terms, and,

when conditions permit, also seeks to identify opportunities to acquire and develop new industrial properties on favorable terms. Existing properties, as they are acquired, and acquired and developed properties, as they are leased, generate revenue from rental income, tenant recoveries and fees, income from which, as discussed above, is a source of funds for our distributions. The acquisition and

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development of properties is impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond our control. The acquisition and development of properties also entails various risks, including the risk that our investments and our Joint Ventures' investments may not perform as expected. For example, acquired existing and acquired and developed new properties may not sustain and/or achieve anticipated occupancy and rental rate levels. With respect to acquired and developed new properties, we may not be able to complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties. Also, we, as well as our Joint Ventures, face significant competition for attractive acquisition and development opportunities from other well-capitalized real estate investors, including both publicly-traded REITs and private investors. Further, as discussed below, we and our Joint Ventures may not be able to finance the acquisition and development opportunities we identify. If we and our Joint Ventures were unable to acquire and develop sufficient additional properties on favorable terms, or if such investments did not perform as expected, our revenue growth would be limited and our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock would be adversely affected.

We also generate income from the sale of our properties and our Joint Ventures' properties (including existing buildings, buildings which we or our Joint Ventures have developed or re-developed on a merchant basis and land). The gain/loss on, and fees from, the sale of such properties are included in our income and can be a significant source of funds, in addition to revenues generated from rental income and tenant recoveries, for our operations. Currently, a significant portion of our proceeds from sales are being used to repay outstanding debt. Market conditions permitting, however, a significant portion of our proceeds from such sales may also be used to fund the acquisition of existing, and the acquisition and development of new, industrial properties. The sale of properties is impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond our control. The sale of properties also entails various risks, including competition from other sellers and the availability of attractive financing for potential buyers of our properties and our Joint Ventures' properties. Further, our ability to sell properties is limited by safe harbor rules applying to REITs under the Code which relate to the number of properties that may be disposed of in a year, their tax bases and the cost of improvements made to the properties, along with other tests which enable a REIT to avoid punitive taxation on the sale of assets. If we and our Joint Ventures were unable to sell properties on favorable terms, our income growth would be limited and our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock would be adversely affected.

We utilize a portion of the net sales proceeds from property sales, borrowings under our unsecured line of credit (the Unsecured Line of Credit ) and proceeds from the issuance when and as warranted, of additional debt and equity securities to finance future acquisitions and developments, refinance debt and to fund our equity commitments to our Joint Ventures. Access to external capital on favorable terms plays a key role in our financial condition and results of operations, as it impacts our cost of capital and our ability and cost to refinance existing indebtedness as it matures and to fund acquisitions, developments and contributions to our Joint Ventures or through the issuance, when and as warranted, of additional equity securities. Our ability to access external capital on favorable terms is dependent on various factors, including general market conditions, interest rates, credit ratings on our capital stock and debt, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of our capital stock. If we were unable to access external capital on favorable terms, our financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, our common stock would be adversely affected.

## **Current Business Risks and Uncertainties**

The real estate markets have been significantly impacted by the disruption of the global credit markets. The current recession has resulted in downward pressure on our net operating income and has impaired our ability to sell properties.

Our Unsecured Line of Credit and the indentures under which our senior unsecured indebtedness is, or may be, issued contain certain financial covenants, including, among other things, coverage ratios and limitations on our ability to incur total indebtedness and secured and unsecured indebtedness. Consistent with

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our prior practice, we will, in the future, continue to interpret and certify our performance under these covenants in a good faith manner that we deem reasonable and appropriate. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our lenders in a manner that could impose and cause us to incur material costs. Any violation of these covenants would subject us to higher finance costs and fees, or accelerated maturities. In addition, our credit facilities and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. Under the Unsecured Line of Credit, an event of default can also occur if the lenders, in their good faith judgment, determine that a material adverse change has occurred which could prevent timely repayment or materially impair our ability to perform our obligations under the loan agreement.

We believe that we were in compliance with our financial covenants as of December 31, 2009, and we anticipate that we will be able to operate in compliance with our financial covenants throughout 2010 based upon our earnings projections. Our belief that we will continue to meet our financial covenants through 2010 is based on internal projections of EBITDA, as defined in our Unsecured Line of Credit and our unsecured notes, which include a number of assumptions, including, among others, assumptions regarding occupancy rates, tenant retention and rental rates as well as internal projections of interest expense and preferred dividends. However, our ability to meet our financial covenants may be reduced if economic and credit market conditions limit our property sales and reduce our net operating income below our projections. We plan to enhance our liquidity, and reduce our indebtedness, through a combination of capital retention, mortgage and equity financings, asset sales and debt reduction.

*Capital Retention* We plan to retain capital by distributing the minimum amount of dividends required to maintain our REIT status. We did not pay a common stock dividend in 2009 and may not pay dividends in 2010 depending on our taxable income. If, to maintain our REIT status, we are required to pay common stock dividends with respect to 2010, we may elect to do so by distributing a combination of cash and common shares. Also, if we are not required to pay preferred stock dividends to maintain our REIT status, we may elect to suspend some or all preferred stock dividends for one or more fiscal quarters, which would aid compliance with the fixed charge coverage covenant under our Unsecured Line of Credit.

*Mortgage Financing* During the year ended December 31, 2009, we originated \$339.8 million in mortgage financings with maturities ranging from September 2012 to January 2020 and interest rates ranging from 6.42% to 7.87% (see Note 6 to the Consolidated Financial Statements). We believe these mortgage financings comply with all covenants contained in our Unsecured Line of Credit and our senior debt securities, including coverage ratios and total indebtedness, total unsecured indebtedness and total secured indebtedness limitations. We continue to engage various lenders regarding the origination of additional mortgage financings and the terms and conditions thereof. To the extent additional mortgage financing is originated, we expect the proceeds received will be used to pay down our other debt. No assurances can be made that additional mortgage financing will be obtained.

*Equity Financing* During the year ended December 31, 2009, we sold 3,034,120 shares of the Company's common stock, generating approximately \$15.9 million in net proceeds, under the direct stock purchase component of the DRIP. On October 5, 2009, we sold in an underwritten public offering 13,635,700 shares of the Company's common stock at a price to the public of \$5.25 per share. Total proceeds to us, net of underwriters' discount and total expenses, were \$67.8 million (see Note 7 to the Consolidated Financial Statements). We may opportunistically access the equity markets again, subject to contractual restrictions, and may continue to issue shares under the direct stock purchase component of the DRIP. To the extent additional equity offerings occur, we expect to use the proceeds received to reduce our indebtedness.

*Asset Sales* During the year ended December 31, 2009, we sold 15 industrial properties and several land parcels for gross proceeds of \$100.2 million (see Note 9 to the Consolidated Financial Statements). We are in

various stages of discussions with third parties for the sale of additional properties and plan to continue to selectively market other properties for sale throughout 2010. We expect to use sales

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proceeds to pay down additional debt. If we are unable to sell properties on an advantageous basis, this may impair our liquidity and our ability to meet our financial covenants.

*Debt Reduction* During the year ended December 31, 2009, we repurchased \$271.5 million of our senior unsecured notes (including \$19.3 million of our 2009 Notes prior to their repayment at maturity on June 15, 2009) (see Note 6 to the Consolidated Financial Statements). On February 8, 2010, we consummated a tender offer pursuant to which we purchased \$72.7 million of our 2011 Notes, \$66.2 million of our 2012 Notes and \$21.1 million of our 2014. In connection with the tender offer, we will recognize approximately \$0.4 million as gain on early retirement of debt. We may from time to time repay additional amounts of our outstanding debt. Any repayments would depend upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors we consider important. Future repayments may materially impact our liquidity, future tax liability and results of operations.

Although we believe we will be successful in meeting our liquidity needs and maintaining compliance with our debt covenants through a combination of capital retention, mortgage and equity financings, asset sales and debt repurchases, if we were to be unsuccessful in executing one or more of the strategies outlined above, our financial condition and operating results would be materially adversely affected.

## **CRITICAL ACCOUNTING POLICIES**

Our significant accounting policies are described in more detail in Note 4 to the consolidated financial statements. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

We maintain an allowance for doubtful accounts which is based on estimates of potential losses which could result from the inability of our tenants to satisfy outstanding billings with us. The allowance for doubtful accounts is an estimate based on our assessment of the creditworthiness of our tenants.

Properties are classified as held for sale when all criteria within the Financial Accounting Standards Board's (the FASB) guidance relating to the disposal of long lived assets are met for such properties. When properties are classified as held for sale, we cease depreciating the properties and estimate the values of such properties and measure them at the lower of depreciated cost or fair value, less costs to dispose. If circumstances arise that were previously considered unlikely, and, as a result, we decide not to sell a property previously classified as held for sale, we will reclassify such property as held and used. We estimate the value of such property and measure it at the lower of its carrying amount (adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used) or fair value at the date of the subsequent decision not to sell. Fair value is determined by deducting from the estimated sales price of the property the estimated costs to close the sale.

We review our properties on a periodic basis for possible impairment and provide a provision if impairments are determined. We utilize the guidelines established under the FASB's guidance for accounting for the impairment of long lived assets to determine if impairment conditions exist. We review the expected undiscounted cash flows of each property to determine if there are any indications of impairment. If the expected undiscounted cash flows of a particular property are less than the net book basis of the property, we will recognize an impairment charge equal to the amount of carrying value of the property that exceeds the fair value of the property. Fair value is determined by discounting the future expected cash flows of the property. The preparation of the undiscounted cash flows and the calculation of fair value involve subjective assumptions such as estimated occupancy, rental rates, ultimate residual value and hold period. The discount rate used to present value the cash flows for determining fair value is also subjective.



We analyze our investments in Joint Ventures to determine whether the joint venture should be accounted for under the equity method of accounting or consolidated into our financial statements based on standards set forth under the FASB's guidance relating to the consolidation of variable interest entities. Based on the guidance set forth in these pronouncements, we do not consolidate any of our

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joint venture investments because either the joint venture has been determined to be a variable interest entity but we are not the primary beneficiary or the joint venture has been determined not to be a variable interest entity and we lack control of the joint venture. Our assessment of whether we are the primary beneficiary of a variable interest entity involves the consideration of various factors including the form of our ownership interest, our representation on the entity's governing body, the size of our investment and future cash flows of the entity.

On a periodic basis, we assess whether there are any indicators that the value of our investments in Joint Ventures may be impaired. An investment is impaired only if our estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment. Our estimates of fair value for each investment are based on a number of subjective assumptions that are subject to economic and market uncertainties including, among others, demand for space, market rental rates and operating costs, the discount rate used to value the cash flows of the properties and the discount rate used to value the Joint Ventures' debt.

We capitalize (direct and certain indirect) costs incurred in developing, renovating, acquiring and rehabilitating real estate assets as part of the investment basis. Costs incurred in making certain other improvements are also capitalized. During the land development and construction periods, we capitalize interest costs, real estate taxes and certain general and administrative costs of the personnel performing development, renovations or rehabilitation up to the time the property is substantially complete. The determination and calculation of certain costs requires estimates by us. Amounts included in capitalized costs are included in the investment basis of real estate assets.

We are engaged in the acquisition of individual properties as well as multi-property portfolios. We are required to allocate purchase price between land, building, tenant improvements, leasing commissions, in-place leases, tenant relationship and above and below market leases. Above-market and below-market lease values for acquired properties are recorded based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to each in-place lease and (ii) our estimate of fair market lease rents for each corresponding in-place lease. Acquired above and below market leases are amortized over the remaining non-cancelable terms of the respective leases as an adjustment to rental income. In-place lease and tenant relationship values for acquired properties are recorded based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the respective tenant. The value allocated to in-place lease intangible assets is amortized to depreciation and amortization expense over the remaining lease term of the respective lease. The value allocated to tenant relationship is amortized to depreciation and amortization expense over the expected term of the relationship, which includes an estimate of the probability of lease renewal and its estimated term. We also must allocate purchase price on multi-property portfolios to individual properties. The allocation of purchase price is based on our assessment of various characteristics of the markets where the property is located and the expected cash flows of the property.

In the preparation of our consolidated financial statements, significant management judgment is required to estimate our current and deferred income tax liabilities, and our compliance with REIT qualification requirements. Our estimates are based on our interpretation of tax laws. These estimates may have an impact on the income tax expense recognized. Adjustments may be required by a change in assessment of our deferred income tax assets and liabilities, changes due to audit adjustments by federal and state tax authorities, our inability to qualify as a REIT, and changes in tax laws. Adjustments required in any given period are included within the income tax provision.

In assessing the need for a valuation allowance against our deferred tax assets, we estimate future taxable income, considering the feasibility of ongoing tax planning strategies and the realizability of tax loss carryforwards. In the event we were to determine that we would not be able to realize all or a portion of our deferred tax assets in the future, we would reduce such amounts through a charge to

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income in the period in which that determination is made. Conversely, if we were to determine that we would be able to realize our deferred tax assets in the future in excess of the net carrying amounts, we would decrease the recorded valuation allowance through an increase to income in the period in which that determination is made.

**RESULTS OF OPERATIONS**

**Comparison of Year Ended December 31, 2009 to Year Ended December 31, 2008**

Our net (loss) income available to First Industrial Realty Trust, Inc.'s common stockholders and participating securities was \$(13.8) million and \$20.2 million for the years ended December 31, 2009 and 2008, respectively. Basic and diluted net (loss) income available to First Industrial Realty Trust, Inc.'s common stockholders were \$(0.28) per share for the year ended December 31, 2009 and \$0.41 per share for the year ended December 31, 2008.

The tables below summarize our revenues, property and construction expenses and depreciation and other amortization by various categories for the years ended December 31, 2009 and December 31, 2008. Same store properties are properties owned prior to January 1, 2008 and held as an operating property through December 31, 2009 and developments and redevelopments that were placed in service prior to January 1, 2008 or were substantially completed for the 12 months prior to January 1, 2008. Properties which are at least 75% occupied at acquisition are placed in service. All other properties are placed in service as they reach the earlier of a) stabilized occupancy (generally defined as 90% occupied), or b) one year subsequent to acquisition or development completion. Acquired properties are properties that were acquired subsequent to December 31, 2007 and held as an operating property through December 31, 2009. Sold properties are properties that were sold subsequent to December 31, 2007. (Re)Developments and land are land parcels and developments and redevelopments that were not: a) substantially complete 12 months prior to January 1, 2008 or b) stabilized prior to January 1, 2008. Other revenues are derived from the operations of our maintenance company, fees earned from our Joint Ventures and other miscellaneous revenues. Construction revenues and expenses represent revenues earned and expenses incurred in connection with the old TRS acting as general contractor or development manager to construct industrial properties, including industrial properties for the 2006 Development/Repositioning Joint Venture, and also include revenues and expenses related to the development of properties for third parties. Other expenses are derived from the operations of our maintenance company and other miscellaneous regional expenses.

Our future financial condition and results of operations, including rental revenues, may be impacted by the future acquisition and sale of properties. Our future revenues and expenses may vary materially from historical rates.

For the years ended December 31, 2009 and December 31, 2008, the occupancy rates of our same store properties were 84.2% and 88.6%, respectively.

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	2009	2008	\$ Change	%
			(\$ in 000 s)	Change
<b>REVENUES</b>				
Same Store Properties	\$ 291,812	\$ 310,791	\$ (18,979)	(6.1)%
Acquired Properties	28,594	15,202	13,392	88.1%
Sold Properties	5,458	38,208	(32,750)	(85.7)%
(Re)Developments and Land, Not Included Above	23,043	14,894	8,149	54.7%
Other	17,558	28,893	(11,335)	(39.2)%
	\$ 366,465	\$ 407,988	\$ (41,523)	(10.2)%
Discontinued Operations	(9,464)	(40,966)	31,502	(76.9)%
Subtotal Revenues	\$ 357,001	\$ 367,022	\$ (10,021)	(2.7)%
Construction Revenues	54,957	147,299	(92,342)	(62.7)%
Total Revenues	\$ 411,958	\$ 514,321	\$ (102,363)	(19.9)%

Revenues from same store properties decreased \$19.0 million due primarily to a decrease in occupancy and a decrease in tenant recoveries due to a decrease in property expenses. Revenues from acquired properties increased \$13.4 million due to the 26 industrial properties acquired subsequent to December 31, 2007 totaling approximately 3.1 million square feet of GLA, as well as acquisitions of land parcels in September and October 2008 for which we receive ground rents. Revenues from sold properties decreased \$32.8 million due to the 129 industrial properties sold subsequent to December 31, 2007 totaling approximately 11.1 million square feet of GLA. Revenues from (re)developments and land increased \$8.1 million primarily due to an increase in occupancy. Other revenues decreased \$11.3 million due primarily to a decrease in development fees earned from our Joint Ventures and a decrease in fees earned related to us assigning our interest in certain purchase contracts to third parties for consideration. Construction revenues decreased \$92.3 million primarily due to the substantial completion of certain development projects for which we were acting in the capacity of development manager, offset by a development project that commenced in August 2008 for which we are acting in the capacity of development manager.

	2009	2008	\$ Change	%
			(\$ in 000 s)	Change
<b>PROPERTY AND CONSTRUCTION EXPENSES</b>				
Same Store Properties	\$ 95,140	\$ 101,999	\$ (6,859)	(6.7)%
Acquired Properties	6,852	3,324	3,528	106.1%
Sold Properties	1,437	12,428	(10,991)	(88.4)%
(Re) Developments and Land, Not Included Above	8,588	7,444	1,144	15.4%
Other	14,229	10,422	3,807	36.5%
	\$ 126,246	\$ 135,617	\$ (9,371)	(8.6)%
Discontinued Operations	(2,427)	(13,880)	11,453	(82.5)%

Property Expenses	\$ 123,819	\$ 121,737	\$ 2,082	1.7%
Construction Expenses	52,720	139,539	(86,819)	(62.2)%
Total Property and Construction Expenses	\$ 176,539	\$ 261,276	\$ (84,737)	(32.4)%

Property expenses include real estate taxes, repairs and maintenance, property management, utilities, insurance and other property related expenses. Property expenses from same store properties decreased \$6.9 million due primarily to a decrease in real estate tax expense and repairs and maintenance expense. Property expenses from acquired properties increased \$3.5 million due to properties acquired subsequent to December 31, 2007. Property expenses from sold properties decreased \$11.0 million due to properties sold

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subsequent to December 31, 2007. Property expenses from (re)developments and land increased \$1.1 million due to an increase in the substantial completion of developments. Expenses are no longer capitalized to the basis of a property once the development is substantially complete. The \$3.8 million increase in other expense is primarily attributable to an increase in incentive compensation. Construction expenses decreased \$86.8 million primarily due to the substantial completion of certain development projects for which we were acting in the capacity of development manager, offset by a development project that commenced in August 2008 for which we are acting in the capacity of development manager.

General and administrative expense decreased \$47.1 million, or 55.4%, due primarily to a decrease in compensation resulting from the reduction in employee headcount occurring in 2008 and during 2009 as well as a decrease in professional services, marketing, travel and entertainment expenses and costs associated with the pursuit of acquisitions of real estate that were abandoned.

We committed to a plan to reduce organizational and overhead costs in October 2008 and have subsequently modified that plan with the goal of further reducing these costs. On February 25 and September 25, 2009, we committed to additional modifications to the plan consisting of further organizational and overhead cost reductions. For the year ended December 31, 2009, we recorded as restructuring costs a pre-tax charge of \$7.8 million to provide for employee severance and benefits (\$5.2 million), costs associated with the termination of certain office leases (\$1.9 million) and other costs (\$0.7 million) associated with implementing the restructuring plan. Due to the nature of certain expenses, we expect to record a total of approximately \$0.7 million of additional restructuring charges in subsequent quarters. We also anticipate a continued reduction of general and administrative expense in 2010 compared to 2009 as a result of the employee terminations and office closings that have been a part of our restructuring plan in 2009.

For the year ended December 31, 2008, we incurred \$27.3 million in restructuring charges related to employee severance and benefits (\$24.8 million), costs associated with the termination of certain office leases (\$1.2 million) and contract cancellation and other costs (\$1.3 million) related to our restructuring plan to reduce overhead costs.

In connection with our periodic review of the carrying values of our properties and due to continuing softness of the economy in certain markets, we determined in the third quarter of 2009 that an impairment loss in the amount of \$6.9 million should be recorded on one property in the Inland Empire market. The non-cash impairment charge is based upon the difference between the fair value of the property and its carrying value. Additional impairments may be necessary in the future in the event that market conditions continue to deteriorate and impact the factors used to estimate fair value.

	2009	2008	\$ Change (\$ in 000 s)	% Change
<b>DEPRECIATION AND OTHER AMORTIZATION</b>				
Same Store Properties	\$ 120,865	\$ 135,553	\$ (14,688)	(10.8)%
Acquired Properties	13,657	11,038	2,619	23.7%
Sold Properties	2,000	11,173	(9,173)	(82.1)%
(Re) Developments and Land, Not Included Above	11,149	7,951	3,198	40.2%
Corporate Furniture, Fixtures and Equipment	2,192	2,257	(65)	(2.9)%
	\$ 149,863	\$ 167,972	\$ (18,109)	(10.8)%
Discontinued Operations	(2,647)	(11,902)	9,255	(77.8)%

Total Depreciation and Other Amortization	\$ 147,216	\$ 156,070	\$ (8,854)	(5.7)%
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Depreciation and other amortization for same store properties decreased \$14.7 million due primarily to accelerated depreciation and amortization taken during the year ended December 31, 2008 attributable to certain tenants who terminated their lease early. Depreciation and other amortization from acquired properties increased \$2.6 million due to properties acquired subsequent to December 31, 2007. Depreciation and other



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amortization from sold properties decreased \$9.2 million due to properties sold subsequent to December 31, 2007. Depreciation and other amortization for (re)developments and land and other increased \$3.2 million due primarily to an increase in the substantial completion of developments.

Interest income decreased \$0.6 million, or 16.4%, due primarily to a decrease in the weighted average interest rate earned on our cash accounts during the year ended December 31, 2009, as compared to the year ended December 31, 2008, partially offset by an increase in the weighted average mortgage loans receivable balance outstanding for the year ended December 31, 2009.

Interest expense increased \$2.3 million, or 2.0%, primarily due to an increase in the weighted average debt balance outstanding for the year ended December 31, 2009 (\$2,050.5 million), as compared to the year ended December 31, 2008 (\$2,026.5 million) and a decrease in capitalized interest for the year ended December 31, 2009 due to a decrease in development activities, partially offset by a decrease in the weighted average interest rate for the year ended December 31, 2009 (5.64%), as compared to the year ended December 31, 2008 (5.97%) .

Amortization of deferred financing costs increased \$0.2 million, or 6.7%, due primarily to loan fees related to \$339.8 million in mortgage loan payables we obtained during the year ended December 31, 2009, partially offset by the write-off of loan fees related to the repurchase and retirement of certain of our senior unsecured debt.

In October 2008, we entered into an interest rate swap agreement (the Series F Agreement ) to mitigate our exposure to floating interest rates related to the coupon reset of the Company's Series F Preferred Stock. The Series F Agreement has a notional value of \$50.0 million and is effective from April 1, 2009 through October 1, 2013. The Series F Agreement fixes the 30-year U.S. Treasury rate at 5.2175%. We recorded \$3.2 million in mark to market gain, offset by \$0.5 million payments, which is included in Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements for the year ended December 31, 2009. We recorded \$3.1 million in mark to market loss which is included in Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements for the year ended December 31, 2008.

In January 2008, we entered into two forward starting swaps each with a notional value of \$59.8 million, which fixed the interest rate on forecasted debt offerings. We designated both swaps as cash flow hedges. The rates on the forecasted debt issuances underlying the swaps locked on March 20, 2009 (the Forward Starting Agreement 1 ) and on April 6, 2009 (the Forward Starting Agreement 2 ), and as such, the swaps ceased to qualify for hedge accounting. The change in value of Forward Starting Agreement 1 and Forward Starting Agreement 2 from the respective day the interest rate on the underlying debt locked until settlement is \$1.0 million and is included in Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements for the year ended December 31, 2009.

For the years ended December 31, 2009 and 2008, we recognized a net gain from early retirement of debt of \$34.6 million and \$2.7 million, respectively, due to the partial repurchase of certain series of our senior unsecured debt.

Equity in loss of Joint Ventures decreased approximately \$26.7 million, or 80.5%, due primarily to a decrease in impairment loss during the year ended December 31, 2009 as compared to the twelve months ended December 31, 2008. During 2008, we recorded impairment losses of \$25.8 million, \$10.1 million, \$3.2 million, \$2.2 million and \$1.2 million related to the 2005 Development/Repositioning Joint Venture, 2006 Land/Development Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program and the 2003 Net Lease Joint Venture, respectively. During 2009, we recorded impairment losses of \$5.6 million and \$1.6 million related to the 2006 Net Lease Co-Investment Program and the 2003 Net Lease Joint Venture, respectively. The decrease in impairment loss recorded is offset by a decrease in our pro rata share of gain on sale of real estate and earn outs on property sales from the 2005 Core Joint Venture and from the 2005 Development/Repositioning Joint Venture during the year ended December 31, 2009 as compared to the year ended December 31, 2008.

The income tax benefit (included in continuing operations, discontinued operations and gain on sale) increased \$18.9 million, or 440.8%, due primarily to a loss carryback generated from the tax liquidation of the

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old TRS and a decrease in state income taxes due to the reversal of prior tax expense related to a favorable court decision on business loss carryforwards in the State of Michigan.

The following table summarizes certain information regarding the industrial properties included in our discontinued operations for the years ended December 31, 2009 and December 31, 2008.

	<b>2009</b>	<b>2008</b>
	(\$ in 000 s)	
Total Revenues	\$ 9,464	\$ 40,966
Property Expenses	(2,427)	(13,880)
Depreciation and Amortization	(2,647)	(11,902)
Gain on Sale of Real Estate	24,206	172,167
Provision for Income Taxes	(1,816)	(4,887)
 Income from Discontinued Operations	 \$ 26,780	 \$ 182,464

Income from discontinued operations for the year ended December 31, 2009 reflects the results of operations and gain on sale of real estate relating to 15 industrial properties that were sold during the year ended December 31, 2009 and the results of operations of the seven industrial properties identified as held for sale at December 31, 2009.

Income from discontinued operations for the year ended December 31, 2008 reflects the results of operations and gain on sale of real estate relating to 114 industrial properties that were sold during the year ended December 31, 2008, the results of operations of 15 industrial properties that were sold during the year ended December 31, 2009 and the results of operations of the seven industrial properties identified as held for sale at December 31, 2009.

The \$0.4 million gain on sale of real estate for the year ended December 31, 2009 resulted from the sale of several land parcels that do not meet the criteria established for inclusion in discontinued operations. The \$12.0 million gain on sale of real estate for the year ended December 31, 2008 resulted from the sale of one industrial property and several land parcels that do not meet the criteria for inclusion in discontinued operations.

**Comparison of Year Ended December 31, 2008 to Year Ended December 31, 2007**

Our net income available to First Industrial Realty Trust, Inc.'s common stockholders and participating securities was \$20.2 million and \$130.4 million for the years ended December 31, 2008 and 2007, respectively. Basic and diluted net income available to First Industrial Realty Trust, Inc.'s common stockholders were \$0.41 per share for the year ended December 31, 2008 and \$2.90 per share for the year ended December 31, 2007.

The tables below summarize our revenues, property expenses and depreciation and other amortization by various categories for the years ended December 31, 2008 and December 31, 2007. Same store properties are properties owned prior to January 1, 2007 and held as an operating property through December 31, 2008 and developments and redevelopments that were placed in service prior to January 1, 2007 or were substantially completed for the 12 months prior to January 1, 2007. Prior to January 1, 2009, properties are placed in service as they reach stabilized occupancy (generally defined as 90% occupied). Acquired properties are properties that were acquired subsequent to December 31, 2006 and held as an operating property through December 31, 2008. Sold properties are properties that were sold subsequent to December 31, 2006. (Re)Developments and land are land parcels and developments and redevelopments that were not: a) substantially complete 12 months prior to January 1, 2007 or b) stabilized prior to

January 1, 2007. Other revenues are derived from the operations of our maintenance company, fees earned from our Joint Ventures and other miscellaneous revenues. Construction revenues and expenses represent revenues earned and expenses incurred in connection with the old TRS acting as general contractor or development manager to construct industrial properties, including industrial properties for the 2005 Development/Repositioning Joint Venture, and also

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include revenues and expenses related to the development of properties for third parties. Other expenses are derived from the operations of our maintenance company and other miscellaneous regional expenses.

Our future financial condition and results of operations, including rental revenues, may be impacted by the future acquisition and sale of properties. Our future revenues and expenses may vary materially from historical rates.

For the years ended December 31, 2008 and December 31, 2007, the occupancy rates of our same store properties were 91.1% and 91.7%, respectively.

	2008	2007	\$ Change	%
			(\$ in 000 s)	Change
<b>REVENUES</b>				
Same Store Properties	\$ 288,329	\$ 281,350	\$ 6,979	2.5%
Acquired Properties	47,138	19,408	27,730	142.9%
Sold Properties	27,150	96,536	(69,386)	(71.9)%
(Re)Developments and Land, Not Included Above	16,475	9,086	7,389	81.3%
Other	28,896	36,888	(7,992)	(21.7)%
	\$ 407,988	\$ 443,268	\$ (35,280)	(8.0)%
Discontinued Operations	(40,966)	(109,022)	68,056	(62.4)%
Subtotal Revenues	\$ 367,022	\$ 334,246	\$ 32,776	9.8%
Construction Revenues	147,299	35,628	111,671	313.4%
Total Revenues	\$ 514,321	\$ 369,874	\$ 144,447	39.1%

Revenues from same store properties increased \$7.0 million due primarily to an increase in rental rates and an increase in tenant recoveries, partially offset by a decrease in occupancy. Revenues from acquired properties increased \$27.7 million due to the 131 industrial properties acquired subsequent to December 31, 2006 totaling approximately 11.7 million square feet of GLA, as well as an acquisition of land parcels in September and October 2008 for which we receive ground rents. Revenues from sold properties decreased \$69.4 million due to the 278 industrial properties sold subsequent to December 31, 2006 totaling approximately 22.8 million square feet of GLA. Revenues from (re)developments and land increased \$7.4 million due to an increase in occupancy. Other revenues decreased by \$8.0 million due primarily to a decrease in fees earned from our Joint Ventures and a decrease in fees earned related to us assigning our interest in certain purchase contracts to third parties for consideration. Construction revenues increased \$111.7 million for the year ended December 31, 2008 due primarily to three development projects that commenced in September 2007, April 2008 and August 2008 for which we are acting in the capacity of development manager.

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	2008	2007	\$ Change	%
	(\$ in 000 s)			Change
<b>PROPERTY AND CONSTRUCTION EXPENSES</b>				
Same Store Properties	\$ 92,937	\$ 87,065	\$ 5,872	6.7%
Acquired Properties	15,367	4,952	10,415	210.3%
Sold Properties	9,531	29,975	(20,444)	(68.2)%
(Re) Developments and Land, Not Included Above	7,360	4,914	2,446	49.8%
Other	10,422	16,603	(6,181)	(37.2)%
	\$ 135,617	\$ 143,509	\$ (7,892)	(5.5)%
Discontinued Operations	(13,880)	(35,856)	21,976	(61.3)%
Property Expenses	\$ 121,737	\$ 107,653	\$ 14,084	13.1%
Construction Expenses	139,539	34,553	104,986	303.8%
Total Property and Construction Expenses	\$ 261,276	\$ 142,206	\$ 119,070	83.7%

Property expenses include real estate taxes, repairs and maintenance, property management, utilities, insurance, other property related expenses and construction expenses. Property expenses from same store properties increased \$5.9 million due primarily to an increase in real estate tax expense, bad debt expense and repairs and maintenance expense. Property expenses from acquired properties increased by \$10.4 million due to properties acquired subsequent to December 31, 2006. Property expenses from sold properties decreased by \$20.4 million due to properties sold subsequent to December 31, 2006. Property expenses from (re)developments and land increased \$2.4 million due to an increase in the substantial completion of developments. Expenses are no longer capitalized to the basis of a property once the development is substantially complete. The \$6.2 million decrease in other expense is primarily attributable to a decrease in incentive compensation expense. Construction expenses increased \$105.0 million for the year ended December 31, 2008 due primarily to three development projects that commenced in September 2007, April 2008 and August 2008 for which we are acting in the capacity of development manager.

General and administrative expense decreased \$7.2 million, or 7.8%, due to a decrease in incentive compensation.

For the year ended December 31, 2008, we incurred \$27.3 million in restructuring charges related to employee severance and benefits (\$24.8 million), costs associated with the termination of certain office leases (\$1.2 million) and contract cancellation and other costs (\$1.3 million) related to our restructuring plan to reduce overhead costs.

	2008	2007	\$ Change	%
	(\$ in 000 s)			Change
<b>DEPRECIATION AND OTHER AMORTIZATION</b>				
Same Store Properties	\$ 111,671	\$ 117,781	\$ (6,110)	(5.2)%
Acquired Properties	39,839	14,095	25,744	182.6%

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Sold Properties	6,136	29,401	(23,265)	(79.1)%
(Re) Developments and Land, Not Included Above	8,069	4,418	3,651	82.6%
Corporate Furniture, Fixtures and Equipment	2,257	1,837	420	22.9%
	\$ 167,972	\$ 167,532	\$ 440	0.3%
Discontinued Operations	(11,902)	(34,178)	22,276	(65.2)%
Total Depreciation and Other Amortization	\$ 156,070	\$ 133,354	\$ 22,716	17.0%

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Depreciation and other amortization for same store properties decreased \$6.1 million primarily due to accelerated depreciation and amortization taken during the year ended December 31, 2007 attributable to certain tenants who terminated their lease early or did not renew their lease. Depreciation and other amortization from acquired properties increased by \$25.7 million due to properties acquired subsequent to December 31, 2006. Depreciation and other amortization from sold properties decreased by \$23.3 million due to properties sold subsequent to December 31, 2006. Depreciation and other amortization for (re)developments and land increased by \$3.7 million due primarily to an increase in the substantial completion of developments.

Interest income increased \$1.8 million, or 91.6%, due primarily to an increase in the average mortgage loans receivable outstanding during the year ended December 31, 2008, as compared to the year ended December 31, 2007.

Interest expense decreased by approximately \$7.8 million, or 6.4%, primarily due to a decrease in the weighted average interest rate for the year ended December 31, 2008 (5.97%), as compared to the year ended December 31, 2007 (6.55%), partially offset by an increase in the weighted average debt balance outstanding for the year ended December 31, 2008 (\$2,026.5 million), as compared to the year ended December 31, 2007 (\$1,974.7 million) and a decrease in capitalized interest for the year ended December 31, 2008 due to a decrease in development activities.

Amortization of deferred financing costs decreased by \$0.3 million, or 10.4%, due primarily to the amendment of our Unsecured Line of Credit in September 2007 which extended the maturity from September 2008 to September 2012. The net unamortized deferred financing fees related to the prior line of credit are amortized over the extended amortization period, except for \$0.1 million, which represents the write off of unamortized deferred financing costs associated with certain lenders who did not renew the line of credit and is included in loss from early retirement of debt for the year ended December 31, 2007.

In October 2008, we entered into the Series F Agreement to mitigate our exposure to floating interest rates related to the forecasted reset rate of the Company's Series F Preferred Stock. The Series F Agreement has a notional value of \$50.0 million and is effective from April 1, 2009 through October 1, 2013. The Series F Agreement fixes the 30-year U.S. Treasury rate at 5.2175%. We recorded \$3.1 million in mark to market loss which is included in Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements for the year ended December 31, 2008.

For the year ended December 31, 2008, we recognized a \$2.7 million gain from early retirement of debt due to the partial repurchases of our senior unsecured notes at a discount to carrying value. For the year ended December 31, 2007, we incurred a \$0.4 million loss from early retirement of debt. This includes a \$0.1 million write-off of financing fees associated with our previous line of credit agreement which was amended and restated on September 28, 2007. The loss from early retirement of debt also includes \$0.3 million due to early payoffs on mortgage loans.

Equity in income of Joint Ventures decreased \$63.2 million, or 210.4%, primarily due to impairment losses of \$25.8 million, \$10.1 million, \$3.2 million, \$2.2 million and \$1.2 million we recorded to the 2005 Development/Repositioning Joint Venture, the 2006 Land/Development Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program and the 2003 Net Lease Joint Venture, respectively, as a result of adverse conditions in the credit and real estate markets as well as a decrease in our pro rata share of gain on sale of real estate and earn outs on property sales from the 2005 Core Joint Venture and from the 2005 Development/Repositioning Joint Venture during the twelve months ended December 31, 2008 as compared to the twelve months ended December 31, 2007. Additionally, we recognized our pro rata share (\$2.7 million) of impairment losses for the 2006 Net Lease to Investment Program and the 2005 Development/Repositioning Joint Venture during the year ended December 31, 2008.

The year to date income tax provision (included in continuing operations, discontinued operations and gain on sale) decreased \$34.8 million in the aggregate, or 114.0%, due primarily to a decrease in gains on the sale of real estate



within the TRS, a decrease in equity in income of Joint Ventures and costs incurred related to the restructuring. Net income of the TRS decreased \$111.6 million, or 229.0%, for the year ended December 31, 2008 compared to the year ended December 31, 2007. Included in net income for the TRS for

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the year ended December 31, 2008 is \$39.1 million of impairment loss in Equity in Income of Joint Ventures. We recorded a valuation allowance to offset the deferred tax asset that was created by these impairments during the year ended December 31, 2008.

The following table summarizes certain information regarding the industrial properties included in our discontinued operations for the years ended December 31, 2008 and December 31, 2007.

	<b>2008</b>	<b>2007</b>
	(\$ in 000 s)	
Total Revenues	\$ 40,966	\$ 109,022
Property Expenses	(13,880)	(35,856)
Depreciation and Amortization	(11,902)	(34,178)
Gain on Sale of Real Estate	172,167	244,962
Provision for Income Taxes	(4,887)	(38,673)
Income from Discontinued Operations	\$ 182,464	\$ 245,277

Income from discontinued operations for the year ended December 31, 2008 reflects the results of operations and gain on sale of real estate relating to 113 industrial properties that were sold during the year ended December 31, 2008, the results of operations of 15 industrial properties that were sold during the year ended December 31, 2009 and the results of operations of the seven industrial properties identified as held for sale at December 31, 2009.

Income from discontinued operations for the year ended December 31, 2007 reflects the results of operations and gain on sale of real estate relating to 161 industrial properties that were sold during the year ended December 31, 2007, the results of operations of 113 industrial properties that were sold during the year ended December 31, 2008, the results of operations of 15 industrial properties that were sold during the year ended December 31, 2009 and the results of operations of the seven industrial properties identified as held for sale at December 31, 2009.

The \$12.0 million gain on sale of real estate for the year ended December 31, 2008 resulted from the sale of one industrial property and several land parcels that do not meet the criteria for inclusion in discontinued operations. The \$9.4 million gain on sale of real estate for the year ended December 31, 2007, resulted from the sale of three industrial properties and several land parcels that do not meet the criteria for inclusion in discontinued operations.

### **LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2009, our cash and cash equivalents was approximately \$182.9 million.

We have considered our short-term (one year or less) liquidity needs and the adequacy of our estimated cash flow from operations and other expected liquidity sources to meet these needs. We believe that our principal short-term liquidity needs are to fund normal recurring expenses, property acquisitions, developments, renovations, expansions and other nonrecurring capital improvements, debt service requirements, mortgage financing maturities and the minimum distributions required to maintain our REIT qualification under the Code. We anticipate that these needs will be met with cash flows provided by operating and investing activities, including the disposition of select assets. In addition, we plan to retain capital by distributing the minimum amount of dividends required to maintain our REIT status. We did not pay a common stock dividend in 2009 and may not pay common stock dividends in 2010 depending on our taxable income. If we are required to pay common stock dividends in 2010, we may elect to satisfy

this obligation by distributing a combination of cash and common shares. Also, if we are not required to pay preferred stock dividends to maintain our REIT qualification under the Code, we may elect to suspend some or all preferred stock dividends for one or more fiscal quarters.

We expect to meet long-term (greater than one year) liquidity requirements such as property acquisitions, developments, scheduled debt maturities, major renovations, expansions and other nonrecurring capital

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improvements through the disposition of select assets, long-term unsecured and secured indebtedness and the issuance of additional equity securities.

We also have financed the development or acquisition of additional properties through borrowings under our Unsecured Line of Credit and may finance the development or acquisition of additional properties through such borrowings, to the extent capacity is available, in the future. At December 31, 2009, borrowings under our Unsecured Line of Credit bore interest at a weighted average interest rate of 1.256%. Our Unsecured Line of Credit bears interest at a floating rate of LIBOR plus 1.0% or the prime rate plus 0.15%, at our election. As of February 26, 2010, we had approximately \$7.5 million available for additional borrowings under our Unsecured Line of Credit. Our Unsecured Line of Credit contains certain financial covenants including limitations on incurrence of debt and debt service coverage. Our access to borrowings may be limited if we fail to meet any of these covenants. We believe that we were in compliance with our financial covenants as of December 31, 2009, and we anticipate that we will be able to operate in compliance with our financial covenants in 2010. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our lenders in a manner that could impose and cause us to incur material costs. In addition, our ability to meet our financial covenants may be reduced if economic and credit market conditions limit our property sales and reduce our net operating income below our plan. Any violation of these covenants would subject us to higher finance costs and fees, or accelerated maturities. In addition, our credit facilities and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default.

We currently have credit ratings from Standard & Poor's, Moody's and Fitch Ratings of BB/Ba3/BB-, respectively. In the event of a downgrade, we believe we would continue to have access to sufficient capital; however, our cost of borrowing would increase and our ability to access certain financial markets may be limited.

**Year Ended December 31, 2009**

Net cash provided by operating activities of approximately \$142.2 million for the year ended December 31, 2009 was comprised primarily of net income before noncontrolling interest of approximately \$4.2 million, the non-cash adjustments of approximately \$113.4 million, net change in operating assets and liabilities of approximately \$24.9 million and distributions from Joint Ventures of \$2.3 million, partially offset by repayments of discount on senior unsecured debt of approximately \$2.6 million. The adjustments for the non-cash items of approximately \$113.4 million are primarily comprised of depreciation and amortization of approximately \$167.9 million, the provision for bad debt of approximately \$3.3 million, the impairment of real estate of \$6.9 million and equity in loss of Joint Ventures of approximately \$6.5 million, partially offset by the gain on sale of real estate of approximately \$24.6 million, the gain on the early retirement of debt of approximately \$34.6 million, mark to market gain related to the Series F Agreement and the Forward Starting Swap Agreement 1 and Forward Starting Agreement 2 of approximately \$3.7 million and the effect of the straight-lining of rental income of approximately \$8.3 million.

Net cash provided by investing activities of approximately \$4.8 million for the year ended December 31, 2009 was comprised primarily of net proceeds from the sale of real estate, distributions from our Joint Ventures and the repayments on our mortgage loan receivables, partially offset by the development and acquisition of real estate, capital expenditures related to the improvement of existing real estate and contributions to, and investments in, our Joint Ventures.

We invested approximately \$3.7 million in, and received total distributions of approximately \$8.7 million from, our Joint Ventures. As of December 31, 2009, our industrial real estate Joint Ventures owned 119 industrial properties comprising approximately 22.6 million square feet of GLA and several land parcels.

During the year ended December 31, 2009, we sold 15 industrial properties comprising approximately 1.9 million square feet of GLA and several land parcels. Proceeds from the sales of the 15 industrial properties and several land parcels, net of closing costs and seller financing provided to the buyers, were approximately \$75.0 million.

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Net cash provided by financing activities of approximately \$32.7 million for the year ended December 31, 2009 was comprised primarily of proceeds from the origination of mortgage loans payable, net proceeds from the issuance of common stock and net borrowings on our Unsecured Line of Credit, partially offset by repayments on our unsecured notes and mortgage loans payable, common and preferred stock dividends and unit distributions, debt issuance costs and costs incurred in connection with the early retirement of debt, settlement of interest rate protection agreements, offering costs, the repurchase of restricted stock from our employees to pay for withholding taxes on the vesting of restricted stock and the repurchase of the equity component of the exchangeable notes.

During the year ended December 31, 2009, we received proceeds from the origination of \$339.8 million in mortgage financing. During the year ended December 31, 2009, we paid off and retired the remaining \$105.7 million outstanding 2009 Notes at their maturity. During the year ended December 31, 2009, we repurchased and retired \$271.5 million of our Unsecured Notes at an aggregate purchase price of \$233.1 million, including the repurchase of \$19.3 million of our 2009 Notes prior to maturity.

During the year ended December 31, 2009, we issued 3,034,120 shares of the Company's common stock under the direct stock purchase component of the DRIP and 13,635,700 shares of the Company's common stock through a public offering resulting in proceeds of approximately \$84.5 million.

**Contractual Obligations and Commitments**

The following table lists our contractual obligations and commitments as of December 31, 2009 (in thousands):

	<b>Total</b>	<b>Less Than 1 Year</b>	<b>Payments Due by Period</b>		
			<b>1-3 Years</b>	<b>3-5 Years</b>	<b>Over 5 Years</b>
Operating and Ground Leases(1)	\$ 38,957	\$ 3,001	\$ 3,761	\$ 2,869	\$ 29,326
Long-term Debt	2,008,498	18,650	924,154	235,352	830,342
Interest Expense on Long-Term Debt(1)(2)	765,275	104,920	170,584	140,250	349,521
<b>Total</b>	<b>\$ 2,812,730</b>	<b>\$ 126,571</b>	<b>\$ 1,098,499</b>	<b>\$ 378,471</b>	<b>\$ 1,209,189</b>

(1) Not on balance sheet.

(2) Does not include interest expense on our Unsecured Line of Credit.

**Off-Balance Sheet Arrangements**

Letters of credit are issued in most cases as pledges to governmental entities for development purposes. At December 31, 2009, we have \$6.2 million in outstanding letters of credit, none of which are reflected as liabilities on our balance sheet. We have no other off-balance sheet arrangements other than those disclosed on the Contractual Obligations and Commitments table above.

**Environmental**

We incurred environmental costs of approximately \$0.3 million and \$1.0 million in 2009 and 2008, respectively. We estimate 2010 costs of approximately \$1.1 million. We estimate that the aggregate cost which needs to be expended in 2010 and beyond with regard to currently identified environmental issues will not exceed approximately \$3.3 million.

### **Inflation**

For the last several years, inflation has not had a significant impact on the Company because of the relatively low inflation rates in our markets of operation. Most of our leases require the tenants 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, many

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of the outstanding leases expire within six years which may enable us to replace existing leases with new leases at higher base rentals if rents of existing leases are below the then-existing market rate.

### **Market Risk**

The following discussion about our risk-management activities includes forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. Our business subjects us to market risk from interest rates, and to a much lesser extent, foreign currency fluctuations.

### **Interest Rate Risk**

This analysis presents the hypothetical gain or loss in earnings, cash flows or fair value of the financial instruments and derivative instruments which are held by us at December 31, 2009 that are sensitive to changes in the interest rates. While this analysis may have some use as a benchmark, it should not be viewed as a forecast.

In the normal course of business, we also face risks that are either non-financial or non-quantifiable. Such risks principally include credit risk and legal risk and are not represented in the following analysis.

At December 31, 2009, approximately \$1,593.1 million (approximately 79.7% of total debt at December 31, 2009) of our debt was fixed rate debt (including \$50.0 million of borrowings under the Unsecured Line of Credit in which the interest rate was fixed via an interest rate protection agreement) and approximately \$405.2 million (approximately 20.3% of total debt at December 31, 2009) was variable rate debt. Currently, we do not enter into financial instruments for trading or other speculative purposes.

For fixed rate debt, changes in interest rates generally affect the fair value of the debt, but not our earnings or cash flows. Conversely, for variable rate debt, changes in the base interest rate used to calculate the all-in interest rate generally do not impact the fair value of the debt, but would affect our future earnings and cash flows. The interest rate risk and changes in fair market value of fixed rate debt generally do not have a significant impact on us until we are required to refinance such debt. See Note 6 to the Consolidated Financial Statements for a discussion of the maturity dates of our various fixed rate debt.

Based upon the amount of variable rate debt outstanding at December 31, 2009, a 10% increase or decrease in the interest rate on our variable rate debt would decrease or increase, respectively, future net income and cash flows by approximately \$0.5 million per year. The foregoing calculation assumes an instantaneous increase or decrease in the rates applicable to the amount of borrowings outstanding under our Unsecured Line of Credit at December 31, 2009. One consequence of the disruption in the capital markets has been sudden and dramatic changes in LIBOR, which could result in an increase to such rates. In addition, the calculation does not account for our option to elect the lower of two different interest rates under our borrowings or other possible actions, such as prepayment, that we might take in response to any rate increase. A 10% increase in interest rates would decrease the fair value of the fixed rate debt at December 31, 2009 by approximately \$54.2 million to \$1,313.9 million. A 10% decrease in interest rates would increase the fair value of the fixed rate debt at December 31, 2009 by approximately \$59.3 million to \$1,427.4 million.

The use of derivative financial instruments allows us to manage risks of increases in interest rates with respect to the effect these fluctuations would have on our earnings and cash flows. As of December 31, 2009, we had one outstanding interest rate protection agreement with a notional amount of \$50.0 million which fixes the interest rate on borrowings on our Unsecured Line of Credit and one outstanding interest rate protection agreement with a notional amount of \$50.0 million which mitigates our exposure to floating interest rates related to the reset rate of our Series F Preferred Stock. See Note 17 to the Consolidated Financial Statements.



**Foreign Currency Exchange Rate Risk**

Owning, operating and developing industrial property outside of the United States exposes us to the possibility of volatile movements in foreign exchange rates. Changes in foreign currencies can affect the operating results of international operations reported in U.S. dollars and the value of the foreign assets reported in U.S. dollars. The economic impact of foreign exchange rate movements is complex because such changes

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are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. At December 31, 2009, we owned several land parcels for which the U.S. dollar was not the functional currency. These land parcels are located in Ontario, Canada and use the Canadian dollar as their functional currency. Additionally, the 2007 Canada Joint Venture owned three industrial properties and several land parcels for which the functional currency is the Canadian dollar.

## **Subsequent Events**

From January 1, 2010 to February 26, 2010, we sold two industrial properties comprising approximately 0.2 million square feet of GLA and several land parcels. Gross proceeds from the sale of the two industrial properties and several land parcels were approximately \$27.4 million. There were no industrial properties acquired during this period.

On February 8, 2010, we consummated a tender offer pursuant to which we purchased \$72.7 million of our 2011 Notes, \$66.2 million of our 2012 Notes and \$21.1 million of our 2014 Notes. In connection with the tender offer, we will recognize approximately \$0.4 million as gain on early retirement of debt.

Subsequent to January 1, 2010, we obtained four mortgage loans in the amounts of \$7.8 million, \$7.2 million, \$4.3 million and \$8.3 million. The mortgages are collateralized by four industrial properties totaling approximately 0.8 million square feet of GLA. The mortgages bear interest at a fixed rate of 7.40%. The mortgages mature between February, 2015 and March, 2015.

On February 26, 2010, the IRS notified us of its intent to examine the tax returns filed by the old TRS for the years ended December 31, 2008 and December 31, 2009.

## **Related Party Transactions**

We periodically engage in transactions for which CB Richard Ellis, Inc. acts as a broker. A relative of Michael W. Brennan, the former President and Chief Executive Officer and a former director of the Company, is an employee of CB Richard Ellis, Inc. For the years ended December 31, 2008 and 2007, this relative received approximately \$0.1 million and \$0.2 million, respectively, in brokerage commissions or other fees for transactions with the Company and the Joint Ventures.

## **Other**

In June 2009, the FASB issued new guidance which revises and updates previously issued guidance related to variable interest entities. This new guidance, which became effective January 1, 2010, revises the previous guidance by eliminating the exemption for qualifying special purpose entities, by establishing a new approach for determining who should consolidate a variable-interest entity and by changing when it is necessary to reassess who should consolidate a variable-interest entity. We are currently assessing the potential impact that the adoption of this guidance will have on our financial position and results of operations.

Effective January 1, 2009 we adopted newly issued guidance from the FASB relating to noncontrolling interests within consolidated financial statements. This guidance establishes requirements for ownership interests in subsidiaries held by parties other than the Company (formerly called minority interests) to be clearly identified, presented, and disclosed in the consolidated statement of financial position within equity, but separate from the parent's equity. Changes in a parent's ownership interest (and transactions with noncontrolling interest holders) while the parent retains its controlling financial interest in its subsidiary should be accounted for as equity transactions. The carrying amount of the noncontrolling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. As a result of transactions with noncontrolling interest

holders and changes in ownership percentages that occurred during the year ended December 31, 2009, we decreased noncontrolling interest and increased Additional Paid-in-Capital by \$49,126, which represents the cumulative impact of historical changes in the parent's ownership in the subsidiary. This guidance was effective, on a prospective basis, for fiscal years beginning after December 15, 2008, however, presentation and disclosure requirements need to be retrospectively applied to comparative financial statements. See Note 4 to the Consolidated Financial Statements for additional disclosures.

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Effective January 1, 2009 we adopted newly issued guidance from the Emerging Issues Task Force ( EITF ) regarding the determination of whether instruments granted in share-based payment transactions are participating securities. The guidance required retrospective application. Under this guidance, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in the computation of earnings per share ( EPS ) pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. Certain restricted stock awards granted to employees and directors are considered participating securities as they receive non-forfeitable dividend or dividend equivalents at the same rate as common stock. The impact of adopting this guidance decreased previously filed basic and diluted EPS by \$0.06, \$0.06, \$0.05 and \$0.05 for the years ended December 31, 2008, 2007, 2006 and 2005, respectively.

Effective January 1, 2009 we adopted newly issued guidance from the FASB regarding business combinations. This guidance states that direct costs of a business combination of an operating property, such as transaction fees, due diligence and consulting fees no longer qualify to be capitalized as part of the business combination. Instead, these direct costs need to be recognized as expense in the period in which they are incurred. Accordingly, we retroactively expensed these types of costs in 2008 related to future operating property acquisitions.

Effective January 1, 2009 we adopted newly issued guidance from the Accounting Principles Board ( APB ) regarding accounting for convertible debt instruments that may be settled for cash upon conversion. This guidance requires the liability and equity components of convertible debt instruments to be separately accounted for in a manner that reflects the issuer's nonconvertible debt borrowing rate. The guidance requires that the value assigned to the debt component be the estimated fair value of a similar bond without the conversion feature, which would result in the debt being recorded at a discount. The resulting debt discount is then amortized over the period during which the debt is expected to be outstanding (i.e., through the first optional redemption date) as additional non-cash interest expense. Retrospective application to all periods presented is required.

The equity component of the 2011 Exchangeable Notes was \$7.9 million and therefore we retroactively adjusted our Senior Unsecured Debt by this amount as of September 2006. This debt discount has been subsequently amortized and as of December 31, 2009 the principal amount of the 2011 Exchangeable Notes, its unamortized discount and the net carrying amount is \$146.9 million, \$2.0 million and \$144.9 million, respectively. In addition, we reclassified \$0.2 million of the original finance fees incurred in relation to the 2011 Exchangeable Notes to equity as of September 2006. For the year ended December 31, 2009, we recognized \$10.6 million of interest expense related to the 2011 Exchangeable Notes of which \$9.1 million relates to the coupon rate and \$1.5 million relates to the debt discount amortization. We anticipate amortizing the remaining debt discount into interest expense through maturity in September 2011. We recognized \$3.6 million and \$(0.1) million as an adjustment to total equity as of December 31, 2008 that represents amortization expense of the discount and the loan fees, respectively, which would have been recognized had the new guidance regarding accounting for convertible debt instruments been effective since the issuance date of our 2011 Exchangeable Notes.

The impact to net income and the loss from continuing operations, before noncontrolling interest, related to the adoption of the guidance regarding business combinations for the year ended December 31, 2008 was an increase to general and administrative expense of \$0.3 million. The impact to net income and the loss from continuing operations, before noncontrolling interest, related to the adoption of the guidance regarding convertible debt instruments for each of the years ended December 31, 2008 and 2007 was an increase to interest expense of \$1.6 million and a decrease to amortization of deferred financing fees of \$0.1 million.

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The impact to the balance sheet as of December 31, 2008 related to the adoption of the guidance regarding business combinations and convertible debt instruments is as follows:

	<b>Balance Sheet as Previously Filed - as of December 31, 2008</b>	<b>Adjustments Related to Adoption of Business Combination Guidance</b>	<b>Adjustments Related to Adoption of Convertible Debt Instrument Guidance</b>	<b>Balance Sheet as Adjusted - as of December 31, 2008</b>
Deferred Financing Costs, Net	\$ 12,197	\$	\$ (106)	\$ 12,091
Prepaid Expenses and Other Assets, Net	\$ 174,743	\$ (269)	\$	\$ 174,474
Senior Unsecured Debt, Net	\$ 1,516,298	\$	\$ (4,343)	\$ 1,511,955
Additional Paid-in-Capital	\$ 1,390,358	\$	\$ 7,666	\$ 1,398,024
Distributions in Excess of Accumulated Earnings	\$ (366,962)	\$ (255)	\$ (3,012)	\$ (370,229)
Total First Industrial Realty Trust, Inc.'s Stockholders' Equity	\$ 864,200	\$ (255)	\$ 4,654	\$ 868,599
Noncontrolling Interest	122,548	(14)	(417)	122,117
Total Equity	\$ 986,748	\$ (269)	\$ 4,237	\$ 990,716

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Response to this item is included in Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations above.

**Item 8. Financial Statements and Supplementary Data**

See Index to Financial Statements and Financial Statement Schedule included in Item 15.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures****Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our periodic reports pursuant to the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is

accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required financial disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based upon this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

### **Management's Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance

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regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making its assessment of internal control over financial reporting, management used the criteria described in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our management has concluded that, as of December 31, 2009, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein within Item 15. See Report of Independent Registered Public Accounting Firm.

## **Changes in Internal Control Over Financial Reporting**

There has been no change in our internal control over financial reporting that occurred during the fourth quarter of 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## **Item 9B. *Other Information***

None.

## **PART III**

### **Item 10, 11, 12, 13 and 14. *Directors, Executive Officers and Corporate Governance, Executive Compensation, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters, Certain Relationships and Related Transactions and Director Independence and Principal Accountant Fees and Services***

The information required by Item 10, Item 11, Item 12, Item 13 and Item 14 is hereby incorporated or furnished, solely to the extent required by such item, from the Company's definitive proxy statement, which is expected to be filed with the SEC no later than 120 days after the end of the Company's fiscal year. Information from the Company's definitive proxy statement shall not be deemed to be filed or soliciting material, or subject to liability for purposes of Section 18 of the Securities Exchange Act of 1934 to the maximum extent permitted under the Exchange Act.

## **PART IV**

### **Item 15. *Exhibits and Financial Statement Schedules***

(a) *Financial Statements, Financial Statement Schedule and Exhibits*

(1 & 2) See Index to Financial Statements and Financial Statement Schedule.

(3) *Exhibits:*

<b>Exhibits</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.2	Amended and Restated Bylaws of the Company, dated September 4, 1997 (incorporated by reference to Exhibit 1 of the Company's Form 8-K, dated September 4, 1997, as filed on September 29, 1997, File No. 1-13102)



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<b>Exhibits</b>	<b>Description</b>
3.3	Articles of Amendment to the Company's Articles of Incorporation, dated June 20, 1994 (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.4	Articles of Amendment to the Company's Articles of Incorporation, dated May 31, 1996 (incorporated by reference to Exhibit 3.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.5	Articles Supplementary relating to the Company's 6.236% Series F Flexible Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
3.6	Articles Supplementary relating to the Company's 7.236% Series G Flexible Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
3.7	Articles Supplementary relating to the Company's Junior Participating Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 4.10 of Form S-3 of the Company and First Industrial, L.P. dated September 24, 1997, Registration No. 333-29879)
3.8	Articles Supplementary relating to the Company's 7.25% Series J Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company filed January 17, 2006, File No. 1-13102)
3.9	Articles Supplementary relating to the Company's 7.25% Series K Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 1.6 of the Form 8-A of the Company, as filed on August 18, 2006, File No. 1-13102)
4.1	Deposit Agreement, dated May 27, 2004, by and among the Company, EquiServe Inc. and EquiServe Trust Company, N.A. and holders from time to time of Series F Depositary Receipts (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
4.2	Deposit Agreement, dated May 27, 2004, by and among the Company, EquiServe Inc. and EquiServe Trust Company, N.A. and holders from time to time of Series G Depositary Receipts (incorporated by reference to Exhibit 4.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
4.3	Remarketing Agreement, dated May 27, 2004, relating to 50,000 depositary shares, each representing 1/100 of a share of the Series F Flexible Cumulative Redeemable Preferred Stock, by and among Lehman Brothers Inc., the Company and First Industrial, L.P. (incorporated by reference to Exhibit 1.2 of the Form 8-K of the Company, dated May 27, 2004, File No. 1-13102)
4.4	Remarketing Agreement, dated May 27, 2004, relating to 25,000 depositary shares, each representing 1/100 of a share of the Series G Flexible Cumulative Redeemable Preferred Stock, by and among Lehman Brothers Inc., the Company and First Industrial, L.P. (incorporated by reference to Exhibit 1.3 of the Form 8-K of the Company, dated May 27, 2004, File No. 1-13102)
4.5	Deposit Agreement, dated January 13, 2006, by and among the Company, Computershare Shareholder Services, Inc. and Computershare Trust Company, N.A., as depositary, and holders from time to time of Series J Depositary Receipts (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company, filed January 17, 2006, File No. 1-13102)
4.6	Deposit Agreement, dated August 21, 2006, by and among the Company, Computershare Shareholder Services, Inc. and Computershare Trust Company, N.A., as depositary, and holders from time to time of Series K Depositary Receipts (incorporated by reference to Exhibit 1.7 of the Form 8-A of the Company, as filed on August 18, 2006, File No. 1-13102)
4.7	

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Indenture, dated as of May 13, 1997, between First Industrial, L.P. and First Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102)

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<b>Exhibits</b>	<b>Description</b>
4.8	Supplemental Indenture No. 1, dated as of May 13, 1997, between First Industrial, L.P. and First Trust National Association as Trustee relating to \$100 million of 7.15% Notes due 2027 (incorporated by reference to Exhibit 4.2 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102)
4.9	Supplemental Indenture No. 2, dated as of May 22, 1997, between First Industrial, L.P. and First Trust National Association as Trustee relating to \$100 million of 7 3/8% Notes due 2011 (incorporated by reference to Exhibit 4.4 of the Form 10-Q of First Industrial, L.P. for the fiscal quarter ended March 31, 1997, File No. 333-21873)
4.10	Supplemental Indenture No. 3 dated October 28, 1997 between First Industrial, L.P. and First Trust National Association providing for the issuance of Medium-Term Notes due Nine Months or more from Date of Issue (incorporated by reference to Exhibit 4.1 of Form 8-K of First Industrial, L.P., dated November 3, 1997, as filed November 3, 1997, File No. 333-21873)
4.11	7.50% Medium-Term Note due 2017 in principal amount of \$100 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-13102)
4.12	Trust Agreement, dated as of May 16, 1997, between First Industrial, L.P. and First Bank National Association, as Trustee (incorporated by reference to Exhibit 4.5 of the Form 10-Q of First Industrial, L.P. for the fiscal quarter ended March 31, 1997, File No. 333-21873)
4.13	7.60% Notes due 2028 in principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.2 of the Form 8-K of First Industrial, L.P. dated July 15, 1998, File No. 333-21873)
4.14	Supplemental Indenture No. 5, dated as of July 14, 1998, between First Industrial, L.P. and U.S. Bank Trust National Association, relating to First Industrial, L.P.'s 7.60% Notes due July 15, 2028 (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P. dated July 15, 1998, File No. 333-21873)
4.15	7.375% Note due 2011 in principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.15 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.16	Supplemental Indenture No. 6, dated as of March 19, 2001, between First Industrial, L.P. and U.S. Bank Trust National Association, relating to First Industrial, L.P.'s 7.375% Notes due March 15, 2011 (incorporated by reference to Exhibit 4.16 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.17	Registration Rights Agreement, dated as of March 19, 2001, among First Industrial, L.P. and Credit Suisse First Boston Corporation, Chase Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney, Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc. and UBS Warburg LLC (incorporated by reference to Exhibit 4.17 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.18	Supplemental Indenture No. 7 dated as of April 15, 2002, between First Industrial, L.P. and U.S. Bank National Association, relating to First Industrial, L.P.'s 6.875% Notes due 2012 and 7.75% Notes due 2032 (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P. dated April 4, 2002, File No. 333-21873)
4.19	Form of 6.875% Notes due in 2012 in the principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.2 of the Form 8-K of First Industrial, L.P., dated April 4, 2002, File No. 333-21873)
4.20	Form of 7.75% Notes due 2032 in the principal amount of \$50.0 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.3 of the Form 8-K of First Industrial, L.P., dated April 4, 2002,

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File No. 333-21873)

- 4.21 Supplemental Indenture No. 8, dated as of May 17, 2004, relating to 6.42% Senior Notes due June 1, 2014, by and between First Industrial, L.P. and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P., dated May 27, 2004, File No. 333-21873)

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<b>Exhibits</b>	<b>Description</b>
4.22	Supplemental Indenture No. 9, dated as of June 14, 2004, relating to 5.25% Senior Notes due 2009, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P., dated June 17, 2004, File No. 333-21873)
4.23	Supplemental Indenture No. 10, dated as of January 10, 2006, relating to 5.75% Senior Notes due 2016, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company, filed January 11, 2006, File No. 1-13102)
4.24	Indenture dated as of September 25, 2006 among First Industrial, L.P., as issuer, the Company, as guarantor, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.25	Form of 4.625% Exchangeable Senior Note due 2011 (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.26	Registration Rights Agreement dated September 25, 2006 among the Company, First Industrial, L.P. and the Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.27	Supplemental Indenture No. 11, dated as of May 7, 2007, relating to 5.95% Senior Notes due 2017, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company, filed May 5, 2007, File No. 1-13102)
10.1	Eleventh Amended and Restated Partnership Agreement of First Industrial, L.P. dated August 21, 2006 (the LP Agreement ) (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company, filed August 22, 2006, File No. 1-13102)
10.2	Sales Agreement by and among the Company, First Industrial, L.P. and Cantor Fitzgerald & Co. dated September 16, 2004 (incorporated by reference to Exhibit 1.1 of the Form 8-K of the Company, dated September 16, 2004, File No. 1-13102)
10.3	Registration Rights Agreement, dated April 29, 1998, relating to the Company's Common Stock, par value \$0.01 per share, between the Company, the Operating Partnership and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company dated May 1, 1998, File No. 1-13102)
10.4	Non-Competition Agreement between Jay H. Shidler and First Industrial Realty Trust, Inc. (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-13102)
10.5	Form of Non-Competition Agreement between each of Michael T. Tomasz, Paul T. Lambert, Michael J. Havala, Michael W. Brennan, Michael G. Damone, Duane H. Lund, and Johansson L. Yap and First Industrial Realty Trust, Inc. (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11, File No. 33-77804)
10.6	1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-13102)
10.7	First Industrial Realty Trust, Inc. Deferred Income Plan (incorporated by reference to Exhibit 10 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1996, File No. 1-13102)
10.8	Contribution Agreement, dated March 19, 1996, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company, dated April 3, 1996, File No. 1-13102)
10.9	Contribution Agreement, dated January 31, 1997, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.58 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102)
10.10	Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael W. Brennan dated November 26, 2008 (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company

filed November 28, 2008, File No. 1-13102)

10.11 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.62 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102)

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<b>Exhibits</b>	<b>Description</b>
10.12	2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-13102)
10.13	Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael J. Havala dated December 22, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed December 23, 2008, File No. 1-13102)
10.14	Employment Agreement, dated March 31, 2002, between First Industrial Realty Trust, Inc. and Johansson L. Yap (incorporated by reference to Exhibit 10.2 of the Form 10-Q of First Industrial Realty Trust, Inc. for the fiscal quarter ended March 31, 2002, File No. 1-13102)
10.15	Separation and Release Agreement between First Industrial Realty Trust, Inc. and David P. Draft dated November 25, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102)
10.16	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.17	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.18	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.5 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.19	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.6 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.20	Fifth Amended and Restated Unsecured Revolving Credit Agreement, dated as of September 28, 2007, among First Industrial, L.P., First Industrial Realty Trust, Inc., JP Morgan Chase Bank, NA and certain other banks (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed October 1, 2007, File No. 1-13102)
10.21	Form of Restricted Stock Agreement (Director's Annual Retainer) (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed May 19, 2006, File No. 1-13102)
10.22	Amendment No. 1 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2006, File No. 1-13102)
10.23	Amendment No. 2 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2007, File No. 1-13102)
10.24	Amendment No. 1 to the Company's 1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.25	Amendment No. 1 to the Company's 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.26	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.27	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.28	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.29	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.29 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.30	Amendment No. 3 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 2008, File No. 1-13102)





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<b>Exhibits</b>	<b>Description</b>
10.31	Form of Employee Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 2008, File No. 1-13102)
10.32	First Amendment, dated as of August 18, 2008, to the Fifth Amended and Restated Unsecured Revolving Credit Agreement dated as of September 28, 2007 among the Operating Partnership, the Company, JPMorgan Chase Bank, N.A. and the other lenders thereunder (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed August 20, 2008, File No. 1-13102)
10.33	First Amendment, dated as of December 29, 2008, to Employment Agreement, dated March 31, 2002, between First Industrial Realty Trust, Inc. and Johannson L. Yap (incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-13102)
10.34	Employment Agreement dated January 30, 2006 between First Industrial Development Services, Inc. and Gerald A. Pientka (incorporated by reference to Exhibit 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.35	First Amendment, dated as of December 29, 2008, to Employment Agreement, dated January 30, 2006, between First Industrial Realty Trust, Inc. and Gerald A. Pientka (incorporated by reference to Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-13102)
10.36	Employment Agreement dated as of January 9, 2009 among First Industrial Realty Trust, Inc., First Industrial L.P. and Bruce W. Duncan (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed January 12, 2009, File No. 1-13102)
10.37	Restricted Stock Unit Award Agreement dated as of January 9, 2009 between First Industrial Realty Trust, Inc. and Bruce W. Duncan (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed January 12, 2009, File No. 1-13102)
10.38	Letter agreement dated October 24, 2008 between the Compensation Committee and W. Ed Tyler (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed October 30, 2008, File No. 1-13102)
10.39	Severance Agreement and Release and Waiver of Claims between Jerry Pientka and First Industrial Investment, Inc. dated February 27, 2009 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed March 2, 2009, File No. 1-13102)
10.40	2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the period ended June 30, 2009, File No. 1-13102)
10.41	Form of Employee Service Based Bonus Agreement (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed July 15, 2009, File No. 1-13102)
10.42	Form of Employee Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed July 15, 2009, File No. 1-13102)
10.43	Amendment No. 1, dated as of February 5, 2009, to the Restricted Stock Unit Award Agreement, dated as of January 9, 2009, by and between First Industrial Realty Trust, Inc. and Bruce W. Duncan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the period ended March 31, 2009, File No. 1-13102)
21*	Subsidiaries of the Registrant
23*	Consent of PricewaterhouseCoopers LLP
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
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Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Filed herewith.

\*\* Furnished herewith.

Indicates a compensatory plan or arrangement contemplated by Item 15 a (3) of Form 10-K.

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<b>Exhibits</b>	<b>Description</b>
3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.2	Amended and Restated Bylaws of the Company, dated September 4, 1997 (incorporated by reference to Exhibit 1 of the Company's Form 8-K, dated September 4, 1997, as filed on September 29, 1997, File No. 1-13102)
3.3	Articles of Amendment to the Company's Articles of Incorporation, dated June 20, 1994 (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.4	Articles of Amendment to the Company's Articles of Incorporation, dated May 31, 1996 (incorporated by reference to Exhibit 3.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 1996, File No. 1-13102)
3.5	Articles Supplementary relating to the Company's 6.236% Series F Flexible Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 3.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
3.6	Articles Supplementary relating to the Company's 7.236% Series G Flexible Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 3.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
3.7	Articles Supplementary relating to the Company's Junior Participating Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 4.10 of Form S-3 of the Company and First Industrial, L.P. dated September 24, 1997, Registration No. 333-29879)
3.8	Articles Supplementary relating to the Company's 7.25% Series J Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company filed January 17, 2006, File No. 1-13102)
3.9	Articles Supplementary relating to the Company's 7.25% Series K Cumulative Redeemable Preferred Stock, \$0.01 par value (incorporated by reference to Exhibit 1.6 of the Form 8-A of the Company, as filed on August 18, 2006, File No. 1-13102)
4.1	Deposit Agreement, dated May 27, 2004, by and among the Company, EquiServe Inc. and EquiServe Trust Company, N.A. and holders from time to time of Series F Depositary Receipts (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
4.2	Deposit Agreement, dated May 27, 2004, by and among the Company, EquiServe Inc. and EquiServe Trust Company, N.A. and holders from time to time of Series G Depositary Receipts (incorporated by reference to Exhibit 4.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
4.3	Remarketing Agreement, dated May 27, 2004, relating to 50,000 depositary shares, each representing 1/100 of a share of the Series F Flexible Cumulative Redeemable Preferred Stock, by and among Lehman Brothers Inc., the Company and First Industrial, L.P. (incorporated by reference to Exhibit 1.2 of the Form 8-K of the Company, dated May 27, 2004, File No. 1-13102)
4.4	Remarketing Agreement, dated May 27, 2004, relating to 25,000 depositary shares, each representing 1/100 of a share of the Series G Flexible Cumulative Redeemable Preferred Stock, by and among Lehman Brothers Inc., the Company and First Industrial, L.P. (incorporated by reference to Exhibit 1.3 of the Form 8-K of the Company, dated May 27, 2004, File No. 1-13102)
4.5	

Deposit Agreement, dated January 13, 2006, by and among the Company, Computershare Shareholder Services, Inc. and Computershare Trust Company, N.A., as depositary, and holders from time to time of Series J Depositary Receipts (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company, filed January 17, 2006, File No. 1-13102)

- 4.6 Deposit Agreement, dated August 21, 2006, by and among the Company, Computershare Shareholder Services, Inc. and Computershare Trust Company, N.A., as depositary, and holders from time to time of Series K Depositary Receipts (incorporated by reference to Exhibit 1.7 of the Form 8-A of the Company, as filed on August 18, 2006, File No. 1-13102)

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<b>Exhibits</b>	<b>Description</b>
4.7	Indenture, dated as of May 13, 1997, between First Industrial, L.P. and First Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102)
4.8	Supplemental Indenture No. 1, dated as of May 13, 1997, between First Industrial, L.P. and First Trust National Association as Trustee relating to \$100 million of 7.15% Notes due 2027 (incorporated by reference to Exhibit 4.2 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1997, as amended by Form 10-Q/A No. 1 of the Company filed May 30, 1997, File No. 1-13102)
4.9	Supplemental Indenture No. 2, dated as of May 22, 1997, between First Industrial, L.P. and First Trust National Association as Trustee relating to \$100 million of 7 3/8% Notes due 2011 (incorporated by reference to Exhibit 4.4 of the Form 10-Q of First Industrial, L.P. for the fiscal quarter ended March 31, 1997, File No. 333-21873)
4.10	Supplemental Indenture No. 3 dated October 28, 1997 between First Industrial, L.P. and First Trust National Association providing for the issuance of Medium-Term Notes due Nine Months or more from Date of Issue (incorporated by reference to Exhibit 4.1 of Form 8-K of First Industrial, L.P., dated November 3, 1997, as filed November 3, 1997, File No. 333-21873)
4.11	7.50% Medium-Term Note due 2017 in principal amount of \$100 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 10-K for the year ended December 31, 1997, File No. 1-13102)
4.12	Trust Agreement, dated as of May 16, 1997, between First Industrial, L.P. and First Bank National Association, as Trustee (incorporated by reference to Exhibit 4.5 of the Form 10-Q of First Industrial, L.P. for the fiscal quarter ended March 31, 1997, File No. 333-21873)
4.13	7.60% Notes due 2028 in principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.2 of the Form 8-K of First Industrial, L.P. dated July 15, 1998, File No. 333-21873)
4.14	Supplemental Indenture No. 5, dated as of July 14, 1998, between First Industrial, L.P. and U.S. Bank Trust National Association, relating to First Industrial, L.P.'s 7.60% Notes due July 15, 2028 (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P. dated July 15, 1998, File No. 333-21873)
4.15	7.375% Note due 2011 in principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.15 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.16	Supplemental Indenture No. 6, dated as of March 19, 2001, between First Industrial, L.P. and U.S. Bank Trust National Association, relating to First Industrial, L.P.'s 7.375% Notes due March 15, 2011 (incorporated by reference to Exhibit 4.16 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.17	Registration Rights Agreement, dated as of March 19, 2001, among First Industrial, L.P. and Credit Suisse First Boston Corporation, Chase Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney, Inc., Banc of America Securities LLC, Banc One Capital Markets, Inc. and UBS Warburg LLC (incorporated by reference to Exhibit 4.17 of First Industrial, L.P.'s Annual Report on Form 10-K for the year ended December 31, 2000, File No. 333-21873)
4.18	Supplemental Indenture No. 7 dated as of April 15, 2002, between First Industrial, L.P. and U.S. Bank National Association, relating to First Industrial, L.P.'s 6.875% Notes due 2012 and 7.75% Notes due 2032 (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P. dated April 4, 2002, File No. 333-21873)
4.19	

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Form of 6.875% Notes due in 2012 in the principal amount of \$200 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.2 of the Form 8-K of First Industrial, L.P., dated April 4, 2002, File No. 333-21873)

- 4.20 Form of 7.75% Notes due 2032 in the principal amount of \$50.0 million issued by First Industrial, L.P. (incorporated by reference to Exhibit 4.3 of the Form 8-K of First Industrial, L.P., dated April 4, 2002, File No. 333-21873)

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<b>Exhibits</b>	<b>Description</b>
4.21	Supplemental Indenture No. 8, dated as of May 17, 2004, relating to 6.42% Senior Notes due June 1, 2014, by and between First Industrial, L.P. and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P., dated May 27, 2004, File No. 333-21873)
4.22	Supplemental Indenture No. 9, dated as of June 14, 2004, relating to 5.25% Senior Notes due 2009, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of First Industrial, L.P., dated June 17, 2004, File No. 333-21873)
4.23	Supplemental Indenture No. 10, dated as of January 10, 2006, relating to 5.75% Senior Notes due 2016, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company, filed January 11, 2006, File No. 1-13102)
4.24	Indenture dated as of September 25, 2006 among First Industrial, L.P., as issuer, the Company, as guarantor, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.25	Form of 4.625% Exchangeable Senior Note due 2011 (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.26	Registration Rights Agreement dated September 25, 2006 among the Company, First Industrial, L.P. and the Initial Purchasers named therein (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K of First Industrial, L.P. dated September 25, 2006, File No. 333-21873)
4.27	Supplemental Indenture No. 11, dated as of May 7, 2007, relating to 5.95% Senior Notes due 2017, by and between the Operating Partnership and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company, filed May 5, 2007, File No. 1-13102)
10.1	Eleventh Amended and Restated Partnership Agreement of First Industrial, L.P. dated August 21, 2006 (the LP Agreement ) (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company, filed August 22, 2006, File No. 1-13102)
10.2	Sales Agreement by and among the Company, First Industrial, L.P. and Cantor Fitzgerald & Co. dated September 16, 2004 (incorporated by reference to Exhibit 1.1 of the Form 8-K of the Company, dated September 16, 2004, File No. 1-13102)
10.3	Registration Rights Agreement, dated April 29, 1998, relating to the Company's Common Stock, par value \$0.01 per share, between the Company, the Operating Partnership and Merrill Lynch, Pierce, Fenner & Smith Incorporated (incorporated by reference to Exhibit 4.1 of the Form 8-K of the Company dated May 1, 1998, File No. 1-13102)
10.4	Non-Competition Agreement between Jay H. Shidler and First Industrial Realty Trust, Inc. (incorporated by reference to Exhibit 10.16 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-13102)
10.5	Form of Non-Competition Agreement between each of Michael T. Tomasz, Paul T. Lambert, Michael J. Havala, Michael W. Brennan, Michael G. Damone, Duane H. Lund, and Johansson L. Yap and First Industrial Realty Trust, Inc. (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11, File No. 33-77804)
10.6	1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-13102)
10.7	First Industrial Realty Trust, Inc. Deferred Income Plan (incorporated by reference to Exhibit 10 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1996, File No. 1-13102)
10.8	Contribution Agreement, dated March 19, 1996, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company, dated April 3, 1996, File No. 1-13102)
10.9	

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Contribution Agreement, dated January 31, 1997, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.58 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102)

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<b>Exhibits</b>	<b>Description</b>
10.10	Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael W. Brennan dated November 26, 2008 (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102)
10.11	1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.62 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102)
10.12	2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-13102)
10.13	Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael J. Havala dated December 22, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed December 23, 2008, File No. 1-13102)
10.14	Employment Agreement, dated March 31, 2002, between First Industrial Realty Trust, Inc. and Johansson L. Yap (incorporated by reference to Exhibit 10.2 of the Form 10-Q of First Industrial Realty Trust, Inc. for the fiscal quarter ended March 31, 2002, File No. 1-13102)
10.15	Separation and Release Agreement between First Industrial Realty Trust, Inc. and David P. Draft dated November 25, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102)
10.16	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.3 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.17	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.4 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.18	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.5 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.19	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.6 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2004, File No. 1-13102)
10.20	Fifth Amended and Restated Unsecured Revolving Credit Agreement, dated as of September 28, 2007, among First Industrial, L.P., First Industrial Realty Trust, Inc., JP Morgan Chase Bank, NA and certain other banks (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed October 1, 2007, File No. 1-13102)
10.21	Form of Restricted Stock Agreement (Director's Annual Retainer) (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed May 19, 2006, File No. 1-13102)
10.22	Amendment No. 1 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2006, File No. 1-13102)
10.23	Amendment No. 2 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 10-Q of the Company for the fiscal quarter ended June 30, 2007, File No. 1-13102)
10.24	Amendment No. 1 to the Company's 1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.25	Amendment No. 1 to the Company's 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.25 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.26	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.27	Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.28	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)



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<b>Exhibits</b>	<b>Description</b>
10.29	Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.29 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.30	Amendment No. 3 to the Company's 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 2008, File No. 1-13102)
10.31	Form of Employee Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 2008, File No. 1-13102)
10.32	First Amendment, dated as of August 18, 2008, to the Fifth Amended and Restated Unsecured Revolving Credit Agreement dated as of September 28, 2007 among the Operating Partnership, the Company, JPMorgan Chase Bank, N.A. and the other lenders thereunder (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed August 20, 2008, File No. 1-13102)
10.33	First Amendment, dated as of December 29, 2008, to Employment Agreement, dated March 31, 2002, between First Industrial Realty Trust, Inc. and Johannson L. Yap (incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-13102)
10.34	Employment Agreement dated January 30, 2006 between First Industrial Development Services, Inc. and Gerald A. Pientka (incorporated by reference to Exhibit 10.30 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102)
10.35	First Amendment, dated as of December 29, 2008, to Employment Agreement, dated January 30, 2006, between First Industrial Realty Trust, Inc. and Gerald A. Pientka (incorporated by reference to Exhibit 10.35 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, File No. 1-13102)
10.36	Employment Agreement dated as of January 9, 2009 among First Industrial Realty Trust, Inc., First Industrial L.P. and Bruce W. Duncan (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed January 12, 2009, File No. 1-13102)
10.37	Restricted Stock Unit Award Agreement dated as of January 9, 2009 between First Industrial Realty Trust, Inc. and Bruce W. Duncan (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed January 12, 2009, File No. 1-13102)
10.38	Letter agreement dated October 24, 2008 between the Compensation Committee and W. Ed Tyler (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed October 30, 2008, File No. 1-13102)
10.39	Severance Agreement and Release and Waiver of Claims between Jerry Pientka and First Industrial Investment, Inc. dated February 27, 2009 (incorporated by reference to Exhibit 10.1 of the Company's Form 8-K filed March 2, 2009, File No. 1-13102)
10.40	2009 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the period ended June 30, 2009, File No. 1-13102)
10.41	Form of Employee Service Based Bonus Agreement (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed July 15, 2009, File No. 1-13102)
10.42	Form of Employee Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed July 15, 2009, File No. 1-13102)
10.43	Amendment No. 1, dated as of February 5, 2009, to the Restricted Stock Unit Award Agreement, dated as of January 9, 2009, by and between First Industrial Realty Trust, Inc. and Bruce W. Duncan (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q for the period ended March 31, 2009, File No. 1-13102)
21*	Subsidiaries of the Registrant
23*	Consent of PricewaterhouseCoopers LLP



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<b>Exhibits</b>	<b>Description</b>
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended
32**	Certification of the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

\* Filed herewith.

\*\* Furnished herewith.

Indicates a compensatory plan or arrangement contemplated by Item 15 a (3) of Form 10-K.

**FIRST INDUSTRIAL REALTY TRUST, INC.**

**INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE**

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of  
First Industrial Realty Trust, Inc.:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a) (1) present fairly, in all material respects, the financial position of First Industrial Realty Trust, Inc. and its subsidiaries (the Company) at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 4 to the consolidated financial statements, on January 1, 2009, the Company changed the manner in which it accounts for noncontrolling interests, the manner in which it calculates earnings per share for participating securities under the two class method, the manner in which it accounts for debt instruments with conversion options, and the manner in which it accounts for business combinations.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Chicago, Illinois

March 1, 2010



**Table of Contents****FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED BALANCE SHEETS**

	(As Adjusted)	
	December 31, 2009	December 31, 2008
	(In thousands except share and per share data)	
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$ 751,479	\$ 776,991
Buildings and Improvements	2,543,573	2,551,450
Construction in Progress	24,712	57,156
Less: Accumulated Depreciation	(594,895)	(523,108)
Net Investment in Real Estate	2,724,869	2,862,489
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$3,341 and \$2,251 at December 31, 2009 and December 31, 2008, respectively	37,305	21,117
Cash and Cash Equivalents	182,943	3,182
Restricted Cash	102	109
Tenant Accounts Receivable, Net	2,243	10,414
Investments in Joint Ventures	8,788	16,299
Deferred Rent Receivable, Net	39,220	32,984
Deferred Financing Costs, Net	15,333	12,091
Deferred Leasing Intangibles, Net	60,160	90,342
Prepaid Expenses and Other Assets, Net	133,623	174,474
Total Assets	\$ 3,204,586	\$ 3,223,501
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Mortgage and Other Loans Payable, Net	\$ 402,974	\$ 77,396
Senior Unsecured Debt, Net	1,140,114	1,511,955
Unsecured Line of Credit	455,244	443,284
Accounts Payable, Accrued Expenses and Other Liabilities, Net	80,684	128,828
Deferred Leasing Intangibles, Net	24,754	30,754
Rents Received in Advance and Security Deposits	26,117	26,181
Leasing Intangibles Held for Sale, Net of Accumulated Amortization of \$0 and \$254 at December 31, 2009 and December 31, 2008, respectively		541
Dividends Payable	452	13,846
Total Liabilities	2,130,339	2,232,785

## Commitments and Contingencies

## Equity:

## First Industrial Realty Trust Inc. s Stockholders Equity:

Preferred Stock (\$0.01 par value, 10,000,000 shares authorized, 500, 250, 600, and 200 shares of Series F, G, J, and K Cumulative Preferred Stock, respectively, issued and outstanding at December 31, 2009 and December 31, 2008, having a liquidation preference of \$100,000 per share (\$50,000), \$100,000 per share (\$25,000), \$250,000 per share (\$150,000), and \$250,000 per share (\$50,000), respectively)		
Common Stock (\$0.01 par value, 100,000,000 shares authorized, 66,169,328 and 48,976,296 shares issued and 61,845,214 and 44,652,182 shares outstanding at December 31, 2009 and December 31, 2008, respectively)	662	490
Additional Paid-in-Capital	1,551,218	1,398,024
Distributions in Excess of Accumulated Earnings	(384,013)	(370,229)
Accumulated Other Comprehensive Loss	(18,408)	(19,668)
Treasury Shares at Cost (4,324,114 shares at December 31, 2009 and December 31, 2008)	(140,018)	(140,018)
Total First Industrial Realty Trust, Inc. s Stockholders Equity	1,009,441	868,599
Noncontrolling Interest	64,806	122,117
Total Equity	1,074,247	990,716
Total Liabilities and Equity	\$ 3,204,586	\$ 3,223,501

The accompanying notes are an integral part of the consolidated financial statements.

**Table of Contents****FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Year Ended December 31, 2009</b>	<b>(As Adjusted) Year Ended December 31, 2008</b>	<b>(As Adjusted) Year Ended December 31, 2007</b>
	<b>(In thousands except per share data)</b>		
Revenues:			
Rental Income	\$ 266,419	\$ 262,274	\$ 232,659
Tenant Recoveries and Other Income	90,582	104,748	101,587
Construction Revenues	54,957	147,299	35,628
<b>Total Revenues</b>	<b>411,958</b>	<b>514,321</b>	<b>369,874</b>
Expenses:			
Property Expenses	123,819	121,737	107,653
General and Administrative	37,835	84,896	92,101
Restructuring Costs	7,806	27,349	
Impairment of Real Estate	6,934		
Depreciation and Other Amortization	147,216	156,070	133,354
Construction Expenses	52,720	139,539	34,553
<b>Total Expenses</b>	<b>376,330</b>	<b>529,591</b>	<b>367,661</b>
Other Income (Expense):			
Interest Income	3,084	3,690	1,926
Interest Expense	(115,421)	(113,139)	(120,894)
Amortization of Deferred Financing Costs	(3,030)	(2,840)	(3,171)
Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements	3,667	(3,073)	
Gain (Loss) From Early Retirement of Debt	34,562	2,749	(393)
<b>Total Other Income (Expense)</b>	<b>(77,138)</b>	<b>(112,613)</b>	<b>(122,532)</b>
Loss from Continuing Operations Before Equity in (Loss)			
Income of Joint Ventures and Income Tax Benefit	(41,510)	(127,883)	(120,319)
Equity in (Loss) Income of Joint Ventures	(6,470)	(33,178)	30,045
Income Tax Benefit	25,155	12,958	11,200
<b>Loss from Continuing Operations</b>	<b>(22,825)</b>	<b>(148,103)</b>	<b>(79,074)</b>
Income from Discontinued Operations (Including Gain on Sale of Real Estate of \$24,206, \$172,167, and \$244,962 for the Years Ended December 31, 2009, 2008 and 2007, respectively)	28,596	187,351	283,950
Provision for Income Taxes Allocable to Discontinued Operations (including \$1,462, \$3,732, and \$36,032 allocable to	(1,816)	(4,887)	(38,673)

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Gain on Sale of Real Estate for the Years Ended December 31,  
2009, 2008 and 2007, respectively)

Income Before Gain on Sale of Real Estate	3,955	34,361	166,203
Gain on Sale of Real Estate	374	12,008	9,425
Provision for Income Taxes Allocable to Gain on Sale of Real Estate	(143)	(3,782)	(3,082)
Net Income	4,186	42,587	172,546
Less: Net Loss (Income) Attributable to the Noncontrolling Interest	1,547	(2,990)	(18,841)
Net Income Attributable to First Industrial Realty Trust, Inc.	5,733	39,597	153,705
Less: Preferred Dividends	(19,516)	(19,428)	(21,320)
Less: Redemption of Preferred Stock			(2,017)
Net (Loss) Income Available to First Industrial Realty Trust, Inc. s Common Stockholders and Participating Securities	\$ (13,783)	\$ 20,169	\$ 130,368
Basic and Diluted Earnings Per Share:			
Loss from Continuing Operations Available to First Industrial Realty Trust, Inc. s Common Stockholders	\$ (0.78)	\$ (3.23)	\$ (1.90)
Income from Discontinued Operations Attributable to First Industrial Realty Trust, Inc. s Common Stockholders	\$ 0.49	\$ 3.64	\$ 4.80
Net (Loss) Income Available to First Industrial Realty Trust, Inc. s Common Stockholders	\$ (0.28)	\$ 0.41	\$ 2.90
Weighted Average Shares Outstanding	48,695	43,193	44,086

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Year Ended December 31, 2009</b>	<b>(As Adjusted) Year Ended December 31, 2008</b>	<b>(As Adjusted) Year Ended December 31, 2007</b>
	<b>(Dollars in thousands)</b>		
<b>Net Income</b>	\$ 4,186	\$ 42,587	\$ 172,546
Settlement of Interest Rate Protection Agreements			(4,261)
Mark-to-Market on Interest Rate Protection Agreements, Net of Income Tax (Provision) Benefit of \$(450), \$610 and \$254 for the years ended December 31, 2009, 2008 and 2007, respectively	(383)	(8,676)	3,819
Amortization of Interest Rate Protection Agreements	796	(792)	(916)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements	523	831	
Foreign Currency Translation Adjustment, Net of Tax (Provision) Benefit of \$(2,817), \$3,498 and \$(1,149) for the years ended December 31, 2009, 2008 and 2007, respectively	1,503	(2,792)	2,134
<b>Comprehensive Income</b>	6,625	31,158	173,322
Comprehensive Loss (Income) Attributable to Noncontrolling Interest	1,299	(1,599)	(18,983)
Comprehensive Income Attributable to First Industrial Realty Trust, Inc.	\$ 7,924	\$ 29,559	\$ 154,339

The accompanying notes are an integral part of the consolidated financial statements.

**Table of Contents****FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**

	<b>Year Ended December 31, 2009</b>	<b>(As Adjusted) Year Ended December 31, 2008</b>	<b>(As Adjusted) Year Ended December 31, 2007</b>
	<b>(Dollars in thousands)</b>		
Preferred Stock Beginning of Year	\$	\$	\$
Issuance of Preferred Stock			
Redemption of Preferred Stock			
Preferred Stock End of Year	\$	\$	\$
Common Stock Beginning of Year	\$ 490	\$ 480	\$ 475
Net Proceeds from the Issuance of Common Stock	169		
Issuance of Restricted Stock		6	5
Repurchase and Retirement of Common Stock	(1)	(2)	
Conversion of Units to Common Stock	4	6	
Common Stock End of Year	\$ 662	\$ 490	\$ 480
Additional Paid-In-Capital Beginning of Year	\$ 1,398,024	\$ 1,362,375	\$ 1,396,015
Offering Costs	(909)	(321)	(46)
Issuance of Common Stock	84,535	174	613
Issuance of Restricted Stock		(6)	(5)
Repurchase and Retirement of Restricted Stock/Common Stock	(737)	(4,579)	(3,210)
Redemption of Preferred Stock			(47,997)
Conversion of Units to Common Stock	7,813	14,575	2,855
Amortization of Restricted Stock and Restricted Unit Awards	13,399	25,806	14,150
Repurchase of Equity Component of Exchangeable Notes	(33)		
Reallocation of Partnership Interest	49,126		
Additional Paid-In-Capital End of Year	\$ 1,551,218	\$ 1,398,024	\$ 1,362,375
Dist. In Excess of Accum. Earnings Beginning of Year	\$ (370,229)	\$ (283,268)	\$ (285,290)
Preferred Stock Dividends	(19,516)	(19,428)	(21,320)
Distributions \$2.41 and \$2.85 per Share/Unit at December 31, 2008 and 2007, respectively)		(121,882)	(146,126)
Redemption of Preferred Stock			(2,017)
Repurchase and Retirement of Restricted Stock/Common Stock	(1)	(266)	(728)
Net Income Before Noncontrolling Interest	4,186	42,587	172,546
Noncontrolling Interest:			
Allocation of Loss (Income)	1,547	(2,990)	(18,841)

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Distributions (\$2.41 and \$2.85 per Unit at December 31, 2008 and 2007, respectively)			15,018		18,508
Dist. In Excess of Accum. Earnings	End of Year	\$ (384,013)	\$ (370,229)	\$	(283,268)
Treasury Shares, at cost	Beginning of Year	\$ (140,018)	\$ (140,018)	\$	(70,588)
Purchase of Treasury Shares					(69,430)
Treasury Shares, at cost	End of Year	\$ (140,018)	\$ (140,018)	\$	(140,018)
Accum. Other Comprehensive Loss	Beginning of Year	\$ (19,668)	\$ (9,630)	\$	(10,264)
Settlement of Interest Rate Protection Agreements					(4,261)
Mark-to-Market of Interest Rate Protection Agreements, Net of Tax		(383)	(8,676)		3,819
Amortization of Interest Rate Protection Agreements		796	(792)		(916)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements		523	831		
Foreign Currency Translation Adjustment, Net of Tax		1,503	(2,792)		2,134
Other Comprehensive Loss (Income) Allocable to Noncontrolling Interest		(248)	1,391		(142)
Reallocation of Partnership Interest		(931)			
Accum. Other Comprehensive Loss	End of Year	\$ (18,408)	\$ (19,668)	\$	(9,630)
Total Stockholders	Equity at End of Year	\$ 1,009,441	\$ 868,599	\$	929,939

The accompanying notes are an integral part of the consolidated financial statements.

**Table of Contents****FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31, 2009</b>	<b>(As Adjusted) Year Ended December 31, 2008</b>	<b>(As Adjusted) Year Ended December 31, 2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income	\$ 4,186	\$ 42,587	\$ 172,546
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	112,241	114,925	121,584
Amortization of Deferred Financing Costs	3,030	2,840	3,171
Other Amortization	52,646	72,035	56,136
Impairment of Real Estate	6,934		
Provision for Bad Debt	3,259	3,346	2,212
Mark-to-Market (Gain) Loss on Interest Rate Protection Agreements	(3,667)	3,073	
(Gain) Loss on Early Retirement of Debt	(34,562)	(2,749)	393
Equity in Loss (Income) of Joint Ventures	6,470	33,178	(30,045)
Distributions from Joint Ventures	2,319	1,520	31,365
Decrease in Developments for Sale Costs	812	1,527	1,209
Gain on Sale of Real Estate	(24,580)	(184,175)	(254,387)
Decrease (Increase) in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	51,641	(12,665)	(20,140)
Increase in Deferred Rent Receivable	(8,350)	(7,189)	(9,710)
(Decrease) Increase in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(27,631)	(216)	18,408
Decrease (Increase) in Restricted Cash	7	90	(6)
Repayments of Discount on Senior Unsecured Debt	(2,576)		
Cash Book Overdraft.		3,058	253
Net Cash Provided by Operating Activities	142,179	71,185	92,989
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of and Additions to Investment in Real Estate and Lease Costs	(75,947)	(583,414)	(677,461)
Net Proceeds from Sales of Investments in Real Estate	74,982	502,929	800,147
Contributions to and Investments in Joint Ventures	(3,742)	(17,327)	(27,696)
Distributions from Joint Ventures	6,333	20,985	22,863
Funding of Notes Receivable		(10,325)	(8,385)
Repayment of Notes Receivable	3,151	68,722	26,350
Decrease (Increase) in Restricted Cash		24,704	(8,909)
Net Cash Provided by Investing Activities	4,777	6,274	126,909



## CASH FLOWS FROM FINANCING ACTIVITIES:

Offering Costs	(764)	(321)	(46)
Proceeds from the Issuance of Common Stock	84,465	174	613
Redemption of Preferred Stock			(50,014)
Repurchase and Retirement of Restricted Stock	(739)	(4,847)	(3,938)
Proceeds from Senior Unsecured Debt			149,595
Payments on Interest Rate Swap Agreement	(320)		
Settlement of Interest Rate Protection Agreements	(7,491)		(4,261)
Repayments on Senior Unsecured Debt	(336,196)	(32,525)	(150,000)
Dividends/Distributions	(12,614)	(145,347)	(146,660)
Preferred Stock Dividends	(20,296)	(19,428)	(26,023)
Purchase of Treasury Shares			(69,430)
Repayments on Mortgage Loans Payable	(13,513)	(3,271)	(41,475)
Proceeds from Origination of Mortgage Loans Payable	339,783		
Proceeds from Unsecured Line of Credit	180,000	550,920	879,129
Repayments on Unsecured Line of Credit	(172,000)	(425,030)	(764,000)
Debt Issuance Costs and Costs Incurred in Connection with the Early Retirement of Debt	(7,558)	(79)	(3,766)
Repurchase of Equity Component Exchangeable Notes	(33)		
Net Cash Provided by (Used in) Financing Activities	32,724	(79,754)	(230,276)
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	81	(280)	
Net Increase (Decrease) in Cash and Cash Equivalents	179,680	(2,295)	(10,378)
Cash and Cash Equivalents, Beginning of Year	3,182	5,757	16,135
Cash and Cash Equivalents, End of Year	\$ 182,943	\$ 3,182	\$ 5,757

The accompanying notes are an integral part of the consolidated financial statements.

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Dollars in thousands except share and per share data)**

**1. Organization and Formation of Company**

First Industrial Realty Trust, Inc. (the Company) was organized in the state of Maryland on August 10, 1993. The Company is a real estate investment trust (REIT) as defined in the Internal Revenue Code of 1986 (the Code). Unless the context otherwise requires, the terms Company, we, us, and our refer to First Industrial Realty Trust, Inc., First Industrial, L.P. and their other controlled subsidiaries. We refer to our operating partnership, First Industrial, L.P., as the Operating Partnership. Effective September 1, 2009, our taxable real estate investment trust subsidiary, First Industrial Investment, Inc. (the old TRS) merged into First Industrial Investment II, LLC (FI LLC), which is wholly owned by the Operating Partnership. Immediately thereafter, certain assets and liabilities of FI LLC were contributed to a new subsidiary, FR Investment Properties, LLC (FRIP). FRIP is 1% owned by FI LLC and 99% owned by a new taxable real estate investment trust subsidiary, First Industrial Investment Properties, Inc. (the new TRS, which, collectively with the old TRS and certain wholly owned taxable real estate investment trust subsidiaries of FI LLC, will be referred to as the TRSs), which is wholly owned by FI LLC (see Note 12).

We began operations on July 1, 1994. Our operations are conducted primarily through the Operating Partnership, of which we are the sole general partner, and through the old TRS prior to September 1, 2009, and through FI LLC, the new TRS and FRIP subsequent to September 1, 2009. We also conduct operations through other partnerships, corporations, and limited liability companies, the operating data of which, together with that of the Operating Partnership, FI LLC, FRIP and the TRSs, is consolidated with that of the Company as presented herein.

We also own noncontrolling equity interests in, and provide various services to, seven joint ventures whose purpose is to invest in industrial properties (the 2003 Net Lease Joint Venture, the 2005 Development/Repositioning Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program, the 2006 Land/Development Joint Venture, the 2007 Canada Joint Venture, and the 2007 Europe Joint Venture; together the Joint Ventures). The Joint Ventures are accounted for under the equity method of accounting. The 2007 Europe Joint Venture does not own any properties.

The operating data of our Joint Ventures is not consolidated with that of the Company as presented herein.

As of December 31, 2009, we owned 784 industrial properties (inclusive of developments in progress) located in 28 states in the United States and one province in Canada, containing an aggregate of approximately 69.2 million square feet of gross leasable area (GLA).

Any references to the number of buildings and square footage in the financial statement footnotes are unaudited.

**2. Current Business Risks and Uncertainties**

The real estate markets have been significantly impacted by disruption in the global capital markets. The current recession has resulted in downward pressure on our net operating income and has impaired our ability to sell properties.

Our unsecured revolving credit facility that has a borrowing capacity of \$500,000 (the Unsecured Line of Credit) and the indentures under which our senior unsecured indebtedness is, or may be, issued, contain certain financial

covenants, including, among other things, coverage ratios and limitations on our ability to incur total indebtedness and secured and unsecured indebtedness. Consistent with our prior practice, we will, in the future, continue to interpret and certify our performance under these covenants in a good faith manner that we deem reasonable and appropriate. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our lenders in a manner that could impose and cause us to incur material costs. Any violation of these covenants would subject us to higher finance costs and

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

fees, or accelerated maturities. In addition, our credit facilities and senior debt securities contain certain cross-default provisions, which are triggered in the event that our other material indebtedness is in default. Under the Unsecured Line of Credit, an event of default can also occur if the lenders, in their good faith judgment, determine that a material adverse change has occurred which could prevent timely repayment or materially impair our ability to perform our obligations under the loan agreement.

We believe that we were in compliance with our financial covenants as of December 31, 2009, and we anticipate that we will be able to operate in compliance with our financial covenants throughout 2010 based upon our earnings projections. Our belief that we will continue to meet our financial covenants through 2010 is based on internal projections of EBITDA, as defined in our Unsecured Line of Credit and our unsecured notes, which include a number of assumptions, including, among others, assumptions regarding occupancy rates, tenant retention and rental rates as well as internal projections of interest expense and preferred dividends. However, our ability to meet our financial covenants may be reduced if economic and credit market conditions limit our property sales and reduce our net operating income below our projections. We plan to enhance our liquidity, and reduce our indebtedness, through a combination of capital retention, mortgage and equity financings, asset sales and debt reduction.

*Capital Retention* We plan to retain capital by distributing the minimum amount of dividends required to maintain our REIT status. We did not pay a common stock dividend in 2009 and may not pay dividends in 2010 depending on our taxable income. If, to maintain our REIT status, we are required to pay common stock dividends with respect to 2010, we may elect to do so by distributing a combination of cash and common shares. Also, if we are not required to pay preferred stock dividends to maintain our REIT status, we may elect to suspend some or all preferred stock dividends for one or more fiscal quarters, which would aid compliance with the fixed charge coverage covenant under our Unsecured Line of Credit.

*Mortgage Financing* During the year ended December 31, 2009, we originated \$339,783 in mortgage financings with maturities ranging from September 2012 to January 2020 and interest rates ranging from 6.42% to 7.87% (see Note 6). We believe these mortgage financings comply with all covenants contained in our Unsecured Line of Credit and our senior debt securities, including coverage ratios and total indebtedness, total unsecured indebtedness and total secured indebtedness limitations. We continue to engage various lenders regarding the origination of additional mortgage financings and the terms and conditions thereof. To the extent additional mortgage financing is originated, we expect to use proceeds received to pay down our other debt. No assurances can be made that additional mortgage financing will be obtained.

*Equity Financing* During the year ended December 31, 2009, we sold 3,034,120 shares of the Company's common stock, generating \$15,920 in net proceeds, under the direct stock purchase component of the Company's Dividend Reinvestment and Direct Stock Purchase Plan ( "DRIP" ). On October 5, 2009, we sold in an underwritten public offering 13,635,700 shares of the Company's common stock at a price to the public of \$5.25 per share. Total proceeds to us, net of underwriter's discount and total expenses were \$67,780 (see Note 7). We may opportunistically access the equity markets again, subject to contractual restrictions, and may continue to issue shares under the direct stock purchase component of the DRIP. To the extent additional equity offerings occur, we expect to use the proceeds received to reduce our indebtedness.

*Asset Sales* During the year ended December 31, 2009 we sold 15 industrial properties and several land parcels for gross proceeds of \$100,194 (see Note 9). We are in various stages of discussions with third parties for the

sale of additional properties and plan to continue to selectively market other properties for sale throughout 2010. We expect to use sales proceeds to pay down additional debt. If we are unable to sell properties on an advantageous basis, this may impair our liquidity and our ability to meet our financial covenants.

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

*Debt Reduction* During the year ended December 31, 2009, we repurchased \$271,474 of our senior unsecured notes (including \$19,279 of our 2009 Notes prior to their repayment at maturity on June 15, 2009) (see Note 6). On February 8, 2010, we consummated a tender offer pursuant to which we purchased \$72,702 of our 2011 Notes, \$66,236 of our 2012 Notes and \$21,062 of our 2014 Notes. In connection with the tender offer, we will recognize approximately \$0.4 million as gain on early retirement of debt. We may from time to time repay additional amounts of our outstanding debt. Any repayments would depend upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors we consider important. Future repayments may materially impact our liquidity, future tax liability and results of operations.

Although we believe we will be successful in meeting our liquidity needs and maintaining compliance with other debt covenants through a combination of capital retention, mortgage and equity financings, asset sales and debt repurchases, if we were to be unsuccessful in executing one or more of the strategies outlined above, our financial condition and operating results could be materially adversely affected.

**3. Basis of Presentation**

First Industrial Realty Trust, Inc. is the sole general partner of the Operating Partnership, with an approximate 92.0% and 88.5% common ownership interest at December 31, 2009 and 2008, respectively. Noncontrolling interest at December 31, 2009 and 2008 represents the approximate 8.0% and 11.5%, respectively, aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

Our consolidated financial statements at December 31, 2009 and 2008 and for each of the years ended December 31, 2009, 2008 and 2007 include the accounts and operating results of the Company and our subsidiaries. Such financial statements present our noncontrolling equity interests in our Joint Ventures under the equity method of accounting. All intercompany transactions have been eliminated in consolidation.

**4. Summary of Significant Accounting Policies**

In order to conform with generally accepted accounting principles, we are required in preparation of our financial statements to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 2009 and 2008, and the reported amounts of revenues and expenses for each of the years ended December 31, 2009, 2008 and 2007. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short term maturity of these investments. At December 31, 2009, approximately \$1,000 is subject to a compensating balance arrangement. The related balance, however, is not subject to any withdrawal restrictions.

***Restricted Cash***

At December 31, 2009 and 2008, restricted cash includes cash held in escrow in connection with mortgage debt requirements. The carrying amount approximates fair value due to the short term maturity of these investments.

***Investment in Real Estate and Depreciation***

Investment in Real Estate is carried at cost. We review our properties on a periodic basis for impairment and provide a provision if impairments are found. To determine if an impairment may exist, we review our properties and identify those that have had either an event of change or event of circumstances warranting

**Table of Contents****FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

further assessment of recoverability (such as a decrease in occupancy). If further assessment of recoverability is needed, we estimate the future net cash flows expected to result from the use of the property and its eventual disposition, on an individual property basis. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of the property on an individual property basis, we will recognize an impairment loss based upon the estimated fair value of such property. For properties we consider held for sale, we cease depreciating the properties and value the properties at the lower of depreciated cost or fair value, less costs to dispose. If circumstances arise that were previously considered unlikely, and, as a result, we decide not to sell a property previously classified as held for sale, we will reclassify such property as held and used. Such property is measured at the lower of its carrying amount (adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used) or fair value at the date of the subsequent decision not to sell. To calculate the fair value of properties held for sale, we deduct from the estimated sales price of the property the estimated costs to close the sale. We classify properties as held for sale when all criteria within the Financial Accounting Standards Board's (the FASB) guidance on the impairment or disposal of long-lived assets are met.

Interest costs, real estate taxes, compensation costs of development personnel and other directly related costs incurred during construction periods are capitalized and depreciated commencing with the date the property is substantially completed. Upon substantial completion, we reclassify construction in progress to building, tenant improvements and leasing commissions. Such costs begin to be capitalized to the development projects from the point we are undergoing necessary activities to get the development ready for its intended use and ceases when the development projects are substantially completed and held available for occupancy. Depreciation expense is computed using the straight-line method based on the following useful lives:

	<b>Years</b>
Buildings and Improvements	8 to 50
Land Improvements	3 to 20
Furniture, Fixtures and Equipment	5 to 10

Construction expenditures for tenant improvements, leasehold improvements and leasing commissions (inclusive of compensation costs of personnel attributable to leasing) are capitalized and amortized over the terms of each specific lease. Capitalized compensation costs of personnel attributable to leasing relate to time directly attributable to originating leases with independent third parties that result directly from and are essential to originating those leases and would not have been incurred had these leasing transactions not occurred. Repairs and maintenance are charged to expense when incurred. Expenditures for improvements are capitalized.

We account for all acquisitions entered into subsequent to June 30, 2001 in accordance with the FASB's guidance on business combinations. Upon acquisition of a property, we allocate the purchase price of the property based upon the fair value of the assets acquired and liabilities assumed, which generally consists of land, buildings, tenant improvements, leasing commissions and intangible assets including in-place leases, above market and below market leases and tenant relationships. We allocate the purchase price to the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. Acquired above and below market leases are valued based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to



the remaining 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 that are considered bargain renewal options. The above market lease values are amortized as a reduction of rental revenue over the remaining term of the respective leases, and the below market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below market fixed rate renewal options that are considered bargain renewal options of the respective leases.

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The purchase price is further allocated to in-place lease values and tenant relationships based on our evaluation of the specific characteristics of each tenant's lease and our overall relationship with the respective tenant. The value of in-place lease intangibles and tenant relationships, which are included as components of Deferred Leasing Intangibles, Net (see below) are amortized over the remaining lease term (and expected renewal periods of the respective lease for tenant relationships) as adjustments to depreciation and other amortization expense. If a tenant terminates its lease early, the unamortized portion of the tenant improvements, leasing commissions, above and below market leases, the in-place lease value and tenant relationships is immediately written off.

Deferred Leasing Intangibles, exclusive of deferred leasing intangibles held for sale, included in our total assets consist of the following:

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
In-Place Leases	\$ 69,785	\$ 84,424
Less: Accumulated Amortization	(32,788)	(30,350)
	\$ 36,997	\$ 54,074
Above Market Leases	\$ 7,298	\$ 15,830
Less: Accumulated Amortization	(2,341)	(2,607)
	\$ 4,957	\$ 13,223
Tenant Relationships	\$ 26,278	\$ 28,717
Less: Accumulated Amortization	(8,072)	(5,672)
	\$ 18,206	\$ 23,045
Total Deferred Leasing Intangibles, Net	\$ 60,160	\$ 90,342

Deferred Leasing Intangibles, exclusive of deferred leasing intangibles held for sale, included in our total liabilities consist of the following:

	<b>December 31, 2009</b>	<b>December 31, 2008</b>
Below Market Leases	\$ 39,125	\$ 42,856
Less: Accumulated Amortization	(14,371)	(12,102)
Total Deferred Leasing Intangibles, Net	\$ 24,754	\$ 30,754

Amortization expense related to in-place leases and tenant relationships of deferred leasing intangibles was \$18,932, \$30,228, and \$23,913 for the years ended December 31, 2009, 2008, and 2007, respectively. Rental revenues increased by \$3,414, \$8,100 and \$4,265 related to net amortization of above/(below) market leases for the years ended December 31, 2009, 2008, and 2007, respectively. We will recognize net

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amortization expense related to deferred leasing intangibles over the next five years, for properties owned as of December 31, 2009, as follows:

	<b>Estimated Net Amortization of In-Place Leases and Tenant Relationships</b>	<b>Estimated Net Increase to Rental Revenues Related to Above and Below Market Leases</b>
2010	\$ 11,658	\$ 3,272
2011	8,960	1,787
2012	7,409	1,292
2013	6,284	994
2014	4,886	828

***Construction Revenues and Expenses***

Construction revenues and expenses represent revenues earned and expenses incurred in connection with the old TRS acting as general contractor or development manager to construct industrial properties, including industrial properties for the 2006 Development/Repositioning Joint Venture, and also include revenues and expenses related to the development of properties for third parties. We use the percentage-of-completion contract method to recognize revenue. Using this method, revenues are recorded based on estimates of the percentage of completion of individual contracts. 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 costs and income and are recognized in the period in which the revisions are determined.

***Foreign Currency Transactions and Translation***

At December 31, 2009, we owned several land parcels located in Toronto, Canada for which the functional currency was determined to be the Canadian dollar. Additionally, the 2007 Canada Joint Venture owns three industrial properties and several land parcels in Canada for which the functional currency is the Canadian dollar. The assets and liabilities of these industrial properties and land parcels are translated to U.S. dollars from the Canadian dollar based on the current exchange rate prevailing at each balance sheet date. The income statement accounts of the industrial properties and the land parcels are translated using the average exchange rate for the period. The resulting translation adjustments are included in Accumulated Other Comprehensive Income. For the years ended December 31, 2009 and 2008, we recorded \$4,320 and \$(6,290) in foreign currency translation gain (loss), respectively, offset by \$(2,817) and \$3,498 of income tax (provision) benefit, respectively.

***Deferred Financing Costs***

Deferred financing costs include fees and costs incurred to obtain long-term financing. These fees and costs are being amortized over the terms of the respective loans. Accumulated amortization of deferred financing costs was \$17,447 and \$17,918 at December 31, 2009 and 2008, respectively. Unamortized deferred financing costs are written-off when

debt is retired before the maturity date.

***Investments in Joint Ventures***

Investments in Joint Ventures represent our noncontrolling equity interests in our Joint Ventures. We account for our Investments in Joint Ventures under the equity method of accounting, as we do not have operational control or a majority voting interest. Under the equity method of accounting, our share of earnings or losses of our Joint Ventures is reflected in income as earned and contributions or distributions increase or decrease our Investments in Joint Ventures as paid or received, respectively. Differences between our carrying

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

value of our Investments in Joint Ventures and our underlying equity of such Joint Ventures are amortized over the respective lives of the underlying assets.

On a periodic basis, we assess whether there are any indicators that the value of our Investments in Joint Ventures may be impaired. An investment is impaired only if our estimate of the value of the investment is less than the carrying value of the investment, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment. Our estimates of fair value for each investment are based on a number of subjective assumptions that are subject to economic and market uncertainties including, among others, demand for space, market rental rates and operating costs, the discount rate used to value the cash flows of the properties and the discount rate used to value the Joint Ventures' debt. As these factors are difficult to predict and are subject to future events that may alter our assumptions, our fair values estimated in the impairment analyses may not be realized.

***Stock Based Compensation***

We account for stock based compensation using the modified prospective application method, which requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest.

***Revenue Recognition***

Rental income is recognized on a straight-line method under which contractual rent increases are recognized evenly over the lease term. Tenant recovery income includes payments from tenants for real estate taxes, insurance and other property operating expenses and is recognized as revenue in the same period the related expenses are incurred by us.

Revenue is recognized on payments received from tenants for early lease terminations after we determine that all the necessary criteria have been met in accordance with the FASB's guidance on accounting for leases.

Interest income on mortgage loans receivable is recognized based on the accrual method unless a significant uncertainty of collection exists. If a significant uncertainty exists, interest income is recognized as collected.

We provide an allowance for doubtful accounts against the portion of tenant accounts receivable which is estimated to be uncollectible. Accounts receivable in the consolidated balance sheets are shown net of an allowance for doubtful accounts of \$3,235 and \$2,918 as of December 31, 2009 and 2008, respectively. For accounts receivable we deem uncollectible, we use the direct write-off method.

***Gain on Sale of Real Estate***

Gain on sale of real estate is recognized using the full accrual method, when appropriate. Gains relating to transactions which do not meet the full accrual method of accounting are deferred and recognized when the full accrual method of accounting criteria are met or by using the installment or deposit methods of profit recognition, as appropriate in the circumstances. As the assets are sold, their costs and related accumulated depreciation are written off with resulting gains or losses reflected in net income or loss. Estimated future costs to be incurred by us after completion of each sale are included in the determination of the gain on sales.

***Income Taxes***

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code. As a result, we generally are not subject to federal income taxation to the extent of the income which we distribute if we satisfy the requirements set forth in Section 856 of the Code (pertaining to its organization and types of

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

income and assets) necessary to maintain our status as a REIT. We are required to distribute annually at least 90% of our REIT taxable income, as defined in the Code, to our stockholders and we satisfy certain other requirements.

A benefit/provision has been made for federal income taxes in the accompanying consolidated financial statements for activities conducted in the TRSs, which has been accounted for under the FASB's guidance on accounting for income taxes. In accordance with the guidance, the total benefit/provision has been separately allocated to income from continuing operations, income from discontinued operations and gain on sale of real estate.

We and certain of our subsidiaries are subject to certain state and local income, excise and franchise taxes. The provision for excise and franchise taxes has been reflected in general and administrative expense in the consolidated statements of operations and has not been separately stated due to its insignificance. State and local income taxes are included in the benefit/provision for income taxes which is allocated to income from continuing operations, income from discontinued operations and gain on sale of real estate.

We file income tax returns in the U.S., and various states and foreign jurisdictions. In general, the statutes of limitations for income tax returns remain open for the years 2006 through 2009.

***Participating Securities***

Net income net of preferred dividends is allocated to common stockholders and participating securities based upon their proportionate share of weighted average shares plus weighted average participating securities. Participating securities are unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents. Certain restricted stock awards and restricted unit awards granted to employees and directors are considered participating securities as they receive non-forfeitable dividend or dividend equivalents at the same rate as common stock. See Note 11 for further disclosure about participating securities.

***Earnings Per Share ( EPS )***

Basic net income (loss) per common share is computed by dividing net (loss) income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted net (loss) income per common share is computed by dividing net (loss) income available to common shareholders by the sum of the weighted average number of common shares outstanding and any dilutive non-participating securities for the period. See Note 11 for further disclosure about EPS.

***Derivative Financial Instruments***

Historically, we have used interest rate protection agreements ( Agreements ) to fix the interest rate on anticipated offerings of senior unsecured debt or convert floating rate debt to fixed rate debt. Receipts or payments that result from the settlement of Agreements used to fix the interest rate on anticipated offerings of senior unsecured debt are amortized over the life of the derivative or the life of the debt and included in interest expense. Receipts or payments resulting from Agreements used to convert floating rate debt to fixed rate debt are recognized as a component of interest expense. Agreements which qualify for hedge accounting are marked-to-market and any gain or loss that is effective is recognized in other comprehensive income (shareholders' equity). Agreements which do not qualify for hedge accounting are marked-to-market and any gain or loss is recognized in net (loss) income immediately. Amounts



accumulated in other comprehensive income during the hedge period are reclassified to earnings in the same period during which the forecasted transaction or hedged item affects net income (loss). The credit risks associated with Agreements are controlled through the evaluation and monitoring of the creditworthiness of the counterparty. In the event that the counterparty fails to meet the terms of Agreements, our exposure is limited to the current value of the

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

interest rate differential, not the notional amount, and our carrying value of Agreements on the balance sheet. See Note 17 for more information on Agreements.

***Fair Value of Financial Instruments***

Financial instruments other than our derivatives (see preceding paragraph) include short-term investments, tenant accounts receivable, net, mortgage notes receivable, accounts payable, other accrued expenses, mortgage and other loans payable, unsecured line of credit and senior unsecured debt. The fair values of the short-term investments, tenant accounts receivable, net, accounts payable and other accrued expenses approximate their carrying or contract values. See Note 6 for the fair values of the mortgage and other loans payable, unsecured line of credit and senior unsecured debt and see Note 9 for the fair value of our mortgage notes receivable.

***Discontinued Operations***

The FASB's guidance on financial reporting for the disposal of long lived assets requires that the results of operations and gains or losses on the sale of property or property held for sale be presented in discontinued operations if both of the following criteria are met: (a) the operations and cash flows of the property have been (or will be) eliminated from the ongoing operations of the Company as a result of the disposal transaction and (b) we will not have any significant continuing involvement in the operations of the property after the disposal transaction. The guidance also requires prior period results of operations for these properties to be reclassified and presented in discontinued operations in prior consolidated statements of operations.

***Segment Reporting***

Management views the Company as a single segment based on its method of internal reporting.

***Recent Accounting Pronouncements***

In June 2009, the Financial Accounting Standards Board (the FASB) issued new guidance which revises and updates previously issued guidance related to variable interest entities. This new guidance, which became effective January 1, 2010, revises the previous guidance by eliminating the exemption for qualifying special purpose entities, by establishing a new approach for determining who should consolidate a variable-interest entity and by changing when it is necessary to reassess who should consolidate a variable-interest entity. We will adopt this new guidance January 1, 2010. We are currently assessing the potential impact that the adoption of this guidance will have on our financial position and results of operations.

Effective January 1, 2009 we adopted newly issued guidance from the FASB relating to noncontrolling interests within consolidated financial statements. This guidance establishes requirements for ownership interests in subsidiaries held by parties other than the Company (formerly called minority interests) to be clearly identified, presented, and disclosed in the consolidated statement of financial position within equity, but separate from the parent's equity. Changes in a parent's ownership interest (and transactions with noncontrolling interest holders) while the parent retains its controlling financial interest in its subsidiary should be accounted for as equity transactions. The carrying amount of the noncontrolling interest shall be adjusted to reflect the change in its ownership interest in the subsidiary, with the offset to equity attributable to the parent. As a result of transactions with noncontrolling interest

holders and changes in ownership percentages that occurred during the year ended December 31, 2009, we decreased noncontrolling interest and increased Additional Paid-in-Capital by \$49,126, which represents the cumulative impact of historical changes in the parent's ownership in the subsidiary. This guidance was effective, on a prospective basis, for fiscal years beginning after December 15, 2008, however, presentation and disclosure requirements need to be retrospectively applied to comparative financial statements. See Note 7 for additional disclosures.

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Effective January 1, 2009 we adopted newly issued guidance from the FASB relating to disclosures about derivatives and hedging activities. This guidance expands the current disclosure requirements and entities must now provide enhanced disclosures on an interim basis and annual basis regarding how and why the entity uses derivatives, how derivatives and related hedged items are accounted for and how derivatives and related hedged items affect the entity's financial position, financial results and cash flow. See Note 17 for the required disclosures. This guidance does not impact the consolidated financial results as it is disclosure-only in nature.

Effective January 1, 2009 we adopted newly issued guidance from the Emerging Issues Task Force ( EITF ) regarding the determination of whether instruments granted in share-based payment transactions are participating securities. The guidance required retrospective application. Under this guidance, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents are participating securities and, therefore, are included in the computation of EPS pursuant to the two-class method. The two-class method determines EPS for each class of common stock and participating securities according to dividends or dividend equivalents and their respective participation rights in undistributed earnings. Certain restricted stock awards granted to employees and directors are considered participating securities as they receive non-forfeitable dividend or dividend equivalents at the same rate as common stock. The impact of adopting this guidance decreased previously filed basic and diluted EPS by \$0.06 and \$0.06 for the years ended December 31, 2008 and 2007, respectively.

Effective January 1, 2009 we adopted newly issued guidance from the FASB regarding business combinations. This guidance states that direct costs of a business combination of an operating property, such as transaction fees, due diligence and consulting fees no longer qualify to be capitalized as part of the business combination. Instead, these direct costs need to be recognized as expense in the period in which they are incurred. Accordingly, we retroactively expensed these types of costs in 2008 related to future operating property acquisitions.

Effective January 1, 2009 we adopted newly issued guidance from the Accounting Principles Board ( APB ) regarding accounting for convertible debt instruments that may be settled for cash upon conversion. This guidance requires the liability and equity components of convertible debt instruments to be separately accounted for in a manner that reflects the issuer's nonconvertible debt borrowing rate. The guidance requires that the value assigned to the debt component be the estimated fair value of a similar bond without the conversion feature, which would result in the debt being recorded at a discount. The resulting debt discount is then amortized over the period during which the debt is expected to be outstanding (i.e., through the first optional redemption date) as additional non-cash interest expense. Retrospective application to all periods presented is required.

The equity component of our convertible unsecured notes (the 2011 Exchangeable Notes ) was \$7,898 and therefore we retroactively adjusted our Senior Unsecured Debt by this amount as of September 2006. This debt discount has been subsequently amortized and as of December 31, 2009 the principal amount of the 2011 Exchangeable Notes, its unamortized discount and the net carrying amount after repurchases is \$146,900, \$2,030 and \$144,870, respectively. In addition, we reclassified \$194 of the original finance fees incurred in relation to the 2011 Exchangeable Notes to equity as of September 2006. For the year ended December 31, 2009, we recognized \$10,569 of interest expense related to the 2011 Exchangeable Notes of which \$9,039 relates to the coupon rate and \$1,530 relates to the debt discount amortization. We anticipate amortizing the remaining debt discount into interest expense through maturity in September 2011. We recognized \$3,555 and \$(88) as an adjustment to total equity as of December 31, 2008 that represents amortization expense of the discount and the loan fees, respectively, which would have been recognized had the new guidance regarding accounting for convertible debt instruments been effective since the issuance date of

our 2011 Exchangeable Notes.

The impact to net income and the loss from continuing operations, before noncontrolling interest, related to the adoption of the guidance regarding business combinations for the year ended December 31, 2008 was

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an increase to general and administrative expense of \$269. The impact to net income and the loss from continuing operations, before noncontrolling interest, related to the adoption of the guidance regarding convertible debt instruments for the years ended December 31, 2008 and 2007 was an increase to interest expense of \$1,580 and a decrease to amortization of deferred financing fees of \$39.

The impact to the balance sheet as of December 31, 2008 related to the adoption of the guidance regarding business combinations and convertible debt instruments is as follows:

	<b>Balance Sheet as Previously Filed - as of December 31, 2008</b>	<b>Adjustments Related to Adoption of Business Combination Guidance</b>	<b>Adjustments Related to Adoption of Convertible Debt Instrument Guidance</b>	<b>Balance Sheet as Adjusted - as of December 31, 2008</b>
Deferred Financing Costs, Net	\$ 12,197	\$	\$ (106)	\$ 12,091
Prepaid Expenses and Other Assets, Net	\$ 174,743	\$ (269)	\$	\$ 174,474
Senior Unsecured Debt, Net	\$ 1,516,298	\$	\$ (4,343)	\$ 1,511,955
Additional Paid-in-Capital	\$ 1,390,358	\$	\$ 7,666	\$ 1,398,024
Distributions in Excess of Accumulated Earnings	\$ (366,962)	\$ (255)	\$ (3,012)	\$ (370,229)
Total First Industrial Realty Trust, Inc. s Stockholders Equity	\$ 864,200	\$ (255)	\$ 4,654	\$ 868,599
Noncontrolling Interest	122,548	(14)	(417)	122,117
Total Equity	\$ 986,748	\$ (269)	\$ 4,237	\$ 990,716

**5. Investments in Joint Ventures and Property Management Services**

On September 28, 1998, we entered into the 1998 Core Joint Venture with an institutional investor to invest in industrial properties. At December 31, 2006, we owned a 10% equity interest in the 1998 Core Joint Venture and provided property and asset management services to the 1998 Core Joint Venture. On January 31, 2007, we purchased the remaining 90% equity interest from the institutional investor in the 1998 Core Joint Venture. We paid \$18,458 in cash and assumed \$30,340 in mortgage loans payable. As of December 31, 2007, we paid off and retired the mortgage loan payable. In connection with the early repayment of the mortgage loans payable, we incurred prepayment penalties and a write-off of unamortized deferred financing fees totaling \$265.

On May 16, 2003, we entered into the 2003 Net Lease Joint Venture with an institutional investor to invest in industrial properties. We own a 15% equity interest in and provide property management services to the 2003 Net

Lease Joint Venture. During the year ended December 31, 2009, we recorded an impairment loss of \$243 in equity in income of Joint Ventures which represents our proportionate share of the impairment loss related to one industrial property owned by the 2003 Net Lease Joint Venture. Additionally, for the year ended December 31, 2009, we recorded an impairment loss on our investment in the 2003 Net Lease Joint Venture of \$1,315 in equity in income. For the year ended December 31, 2008, we recorded an impairment loss on the investment in one industrial property owned by the 2003 Net Lease Joint Venture of \$1,249 in equity in income of Joint Ventures. As of December 31, 2009, the 2003 Net Lease Joint Venture owned 10 industrial properties comprising approximately 5.1 million square feet of GLA.

On March 18, 2005, we entered into the 2005 Development/Repositioning Joint Venture with an institutional investor to invest in, own, develop, redevelop and operate certain industrial properties. We own a 10% equity interest in and provide property management, asset management, development management, disposition, incentive and leasing management services to the 2005 Development/Repositioning Joint Venture. During the year ended December 31, 2008, we recorded an impairment loss of \$483 in equity in income of

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Joint Ventures which represents our proportionate share of impairment loss related to two industrial properties and one land parcel owned by the 2005 Development/Repositioning Joint Venture. Additionally, for the year ended December 31, 2008 we recorded an impairment loss on our investment in the 2005 Development/Repositioning Joint Venture of \$25,332 in equity in income of Joint Ventures. As of December 31, 2009, the 2005 Development/Repositioning Joint Venture owned 46 industrial properties comprising approximately 8.2 million square feet of GLA and several land parcels.

On September 7, 2005, we entered into the 2005 Core Joint Venture with an institutional investor to invest in, own and operate certain industrial properties. We own a 10% equity interest in and provide property management, asset management, development management, disposition, incentive and leasing management services to the 2005 Core Joint Venture. For the year ended December 31, 2008, we recorded an impairment loss on our investment in the 2005 Core Joint Venture of \$3,153 in equity in income of Joint Ventures. As of December 31, 2009, the 2005 Core Joint Venture owned 48 industrial properties comprising approximately 3.9 million square feet of GLA and several land parcels.

On March 21, 2006, we entered into the 2006 Net Lease Co-Investment Program with an institutional investor to invest in industrial properties. We own a 15% equity interest in and provide property management, asset management and leasing management services to the 2006 Net Lease Co-Investment Program. On September 18, 2009, we received a notice from the counterparty in the 2006 Net Lease Co-Investment Program that such counterparty is exercising the buy/sell provision in the program's governing agreement to either purchase our 15% interests in the real property assets currently owned by the program or sell to us its interests in some or all of such assets, along with an additional real property asset in another program which we manage but in which we have no ownership interest. We have accepted the investor's offered price. As a result, during the year ended December 31, 2009, we recorded an impairment loss of \$1,747 in equity in loss of Joint Ventures which represents our proportionate share of the impairment loss related to one industrial property owned by the 2006 Net Lease Co-Investment Program and an impairment loss on our investment in the 2006 Net Lease Co-Investment Program of \$3,879. During the year ended December 31, 2008, we recorded an impairment loss of \$2,216 in equity in income of Joint Ventures which represents our proportionate share of the impairment loss related to two industrial properties owned by the 2006 Net Lease Co-Investment Program. As of December 31, 2009, the 2006 Net Lease Co-Investment Program owned 11 industrial properties comprising approximately 4.4 million square feet of GLA.

On July 21, 2006, we entered into the 2006 Land/Development Joint Venture with an institutional investor to invest in land and vertical development. We own a 10% equity interest in and provide property management, asset management, development management and leasing management services to the 2006 Land/Development Joint Venture. For the year ended December 31, 2008 we recorded an impairment loss on our investment in the 2006 Land/Development Joint Venture of \$10,105 in equity in income of Joint Ventures. As of December 31, 2009, the 2006 Land/Development Joint Venture owned one industrial property comprising approximately 0.8 million square feet of GLA and several land parcels.

During July 2007, we entered into a management arrangement with an institutional investor to provide property management, leasing, acquisition, disposition and portfolio management services for industrial properties (the July 2007 Fund). We do not own an equity interest in the July 2007 Fund, however we are entitled to incentive payments if certain economic thresholds related to the industrial properties are achieved. Effective September 2, 2009, we are no longer providing management services for two of the assets in the July 2007 Fund. We received a one-time fee of



approximately \$866 in the third quarter of 2009 from the termination of the management agreement.

During December 2007, we entered into the 2007 Canada Joint Venture and the 2007 Europe Joint Venture with an institutional investor to invest in, own, develop, redevelop and operate industrial properties. We own a 10% equity interest in and will provide property management, asset management, development management and leasing management services to the 2007 Canada Joint Venture and the 2007 Europe Joint

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Venture. As of December 31, 2009, and the 2007 Canada Joint Venture owned three industrial properties comprising approximately 0.2 million square feet of GLA and several land parcels. As of December 31, 2009, the 2007 Europe Joint Venture did not own any properties.

The 2003 Net Lease Joint Venture, 2005 Development/Repositioning Joint Venture, 2006 Land/Development Joint Venture, July 2007 Fund and the 2007 Canada Joint Venture are considered variable interest entities in accordance with the FASB's guidance on the consolidation of variable interest entities. However, we are not considered the primary beneficiary for the ventures. As of December 31, 2009, our investments in the 2003 Net Lease Joint Venture, 2005 Development/Repositioning Joint Venture, 2006 Land/Development Joint Venture and the 2007 Canada Joint Venture are \$3,154, (\$2,785), \$133 and \$1,532, respectively. Our maximum exposure to loss is equal to our investment balance of each venture as of year end plus any future contributions we make to the ventures.

During the year ended December 31, 2008, we earned acquisition fees from the 2006 Land/Development Joint Venture. During the year ended December 31, 2007, we earned acquisition fees from the 2006 Land/Development Joint Venture and the July 2007 Fund. During the year ended December 31, 2006, we earned acquisition fees from the 2003 Net Lease Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program and the July 2007 Fund. We deferred 15% of the acquisition fees earned from the 2003 Net Lease Joint Venture and the 2006 Net Lease Co-Investment Program activity and 10% of the acquisition fees earned from the 2005 Core Joint Venture and the 2006 Land/Development Joint Venture activity. The deferrals reduced our investment in the Joint Ventures and are amortized into income over the life of the underlying properties, generally 25 to 40 years.

At December 31, 2009 and 2008, we have a receivable from the Joint Ventures and the July 2007 Fund of \$1,218 and \$3,939, respectively, which mainly relates to development, leasing, property management and asset management fees due to us from the Joint Ventures and the July 2007 Fund and reimbursement for development expenditures made by the TRSs who are acting in the capacity of the general contractor for development projects for the 2005 Development/Repositioning Joint Venture. These amounts are included in Prepaid Expenses and Other Assets, Net.

During the years ended December 31, 2009, 2008 and 2007, we invested the following amounts in, as well as received distributions from, our Joint Ventures and recognized fees from acquisition, disposition, leasing, development, incentive, property management and asset management services from our Joint Ventures and the July 2007 Fund in the following amounts:

	<b>Year Ended December 31, 2009</b>	<b>Year Ended December 31, 2008</b>	<b>Year Ended December 31, 2007</b>
Contributions	\$ 3,742	\$ 16,623	\$ 25,482
Distributions	\$ 8,652	\$ 22,505	\$ 54,228
Fees	\$ 11,174	\$ 19,757	\$ 25,116

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**FIRST INDUSTRIAL REALTY TRUST, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The combined summarized financial information of the investments in Joint Ventures is as follows: