FIRST INDUSTRIAL REALTY TRUST INC
Form 10-Q
August 11, 2008

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

Form 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2008

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	**36-3935116**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer) Identification No.*

311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606
(Address of Principal Executive Offices)

(312) 344-4300
(Registrant s Telephone Number, Including Area Code)

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

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

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

Number of shares of Common Stock, $.01 par value, outstanding as of July 25, 2008: 44,312,211.

FIRST INDUSTRIAL REALTY TRUST, INC.

Form 10-Q

For the Period Ended June 30, 2008

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS

	June 30, 2008	December 31, 2007
	(Unaudited) (Dollars in thousands except share data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	$ 672,443	$ 655,523
Buildings and Improvements	2,454,065	2,599,784
Construction in Progress	94,225	70,961
Less: Accumulated Depreciation	(493,708)	(509,981)
Net Investment in Real Estate	2,727,025	2,816,287
Real Estate Held for Sale, Net of Accumulated Depreciation and Amortization of $1,874 and $3,038 at June 30, 2008 and December 31, 2007, respectively	21,910	37,875
Cash and Cash Equivalents	14,413	5,757
Restricted Cash	103,028	24,903
Tenant Accounts Receivable, Net	10,530	9,665
Investments in Joint Ventures	63,376	57,543
Deferred Rent Receivable, Net	30,451	32,665
Deferred Financing Costs, Net	13,729	15,373
Deferred Leasing Intangibles, Net	81,723	87,019
Prepaid Expenses and Other Assets, Net	224,422	170,946
Total Assets	$ 3,290,607	$ 3,258,033
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Mortgage Loans Payable, Net	$ 76,017	$ 73,550
Senior Unsecured Debt, Net	1,530,355	1,550,991
Unsecured Line of Credit	355,800	322,129
Accounts Payable, Accrued Expenses and Other Liabilities, Net	130,343	146,308
Deferred Leasing Intangibles, Net	21,066	22,041
Rents Received in Advance and Security Deposits	26,784	31,425

Dividends Payable	37,652	37,311
Total Liabilities	2,178,017	2,183,755
Commitments and Contingencies		
Minority Interest	150,935	150,359
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 June 30, 2008 and December 31, 2007, 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, 48,622,614 and 47,996,263 shares issued and 44,298,500 and 43,672,149 shares outstanding at June 30, 2008 and December 31, 2007, respectively)	486	480
Additional Paid-in-Capital	1,363,388	1,354,674
Distributions in Excess of Accumulated Earnings	(255,383)	(281,587)
Accumulated Other Comprehensive Loss	(6,818)	(9,630)
Treasury Shares at Cost (4,324,114 shares at June 30, 2008 and December 31, 2007)	(140,018)	(140,018)
Total Stockholders Equity	961,655	923,919
Total Liabilities and Stockholders Equity	$ 3,290,607	$ 3,258,033

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
	(Unaudited) (Dollars in thousands except per share data)			
Revenues:				
Rental Income	$ 68,662	$ 61,836	$ 135,265	$ 121,675
Tenant Recoveries and Other Income	28,718	26,264	54,915	54,556
Contractor Revenues	33,444	7,601	56,398	15,848
Total Revenues	130,824	95,701	246,578	192,079
Expenses:				
Property Expenses	33,038	28,550	66,127	55,801
General and Administrative	22,836	22,380	46,125	45,171
Depreciation and Other Amortization	45,385	34,635	82,985	67,842
Contractor Expenses	32,432	7,053	54,733	15,090
Total Expenses	133,691	92,618	249,970	183,904
Other Income/Expense:				
Interest Income	1,118	225	1,762	485
Interest Expense	(27,616)	(29,667)	(56,472)	(59,568)
Amortization of Deferred Financing Costs	(722)	(824)	(1,445)	(1,644)
Gain (Loss) From Early Retirement of Debt	1,489	(108)	1,489	(254)
Total Other Income/Expense	(25,731)	(30,374)	(54,666)	(60,981)
Loss from Continuing Operations Before Equity in Income of Joint Ventures, Income Tax Benefit and Income Allocated to Minority Interest	(28,598)	(27,291)	(58,058)	(52,806)
Equity in Income of Joint Ventures	3,268	11,626	6,570	17,257
Income Tax Benefit	3,366	107	5,919	2,030
Minority Interest Allocable to Continuing Operations	3,374	2,915	6,995	5,965
Loss from Continuing Operations	(18,590)	(12,643)	(38,574)	(27,554)
Income from Discontinued Operations (Including Gain on Sale of Real Estate of $70,484 and $59,429 for the Three Months Ended June 30, 2008 and 2007,	74,518	68,532	153,244	134,320

respectively and $143,844 and $114,799 for the Six Months Ended June 30, 2008 and 2007, respectively)				
Provision for Income Taxes Allocable to Discontinued Operations (Including $3,362 and $11,070 for the Three Months Ended June 30, 2008 and 2007, respectively and $3,608 and $21,203 for the Six Months Ended June 30, 2008 and 2007, respectively allocable to Gain on Sale of Real Estate)	(3,783)	(11,802)	(4,234)	(23,036)
Minority Interest Allocable to Discontinued Operations	(8,792)	(7,114)	(18,775)	(14,022)
Income Before Gain on Sale of Real Estate	43,353	36,973	91,661	69,708
Gain on Sale of Real Estate	4,337	830	12,009	4,404
Provision for Income Taxes Allocable to Gain on Sale of Real Estate	(1,104)	(327)	(2,696)	(1,095)
Minority Interest Allocable to Gain on Sale of Sale Estate	(402)	(63)	(1,173)	(417)
Net Income	46,184	37,413	99,801	72,600
Less: Preferred Stock Dividends	(4,857)	(5,671)	(9,714)	(11,606)
Less: Redemption of Preferred Stock		(2,017)		(2,017)
Net Income Available to Common Stockholders	$ 41,327	$ 29,725	$ 90,087	$ 58,977
Basic and Diluted Earnings Per Share:				
Loss from Continuing Operations	$ (0.48)	$ (0.45)	$ (0.93)	$ (0.86)
Income From Discontinued Operations	$ 1.44	$ 1.12	$ 3.02	$ 2.19
Net Income Available to Common Stockholders	$ 0.96	$ 0.67	$ 2.09	$ 1.33
Weighted Average Shares Outstanding	43,128	44,471	43,056	44,441
Dividends/Distribution Declared per Common Share Outstanding	$ 0.72	$ 0.71	$ 1.44	$ 1.42

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
		(Unaudited) (Dollars in thousands)		
Net Income	$ 46,184	$ 37,413	$ 99,801	$ 72,600
Mark to Market of Interest Rate Protection Agreements, Net of Income Tax Provision	5,375	4,357	3,533	4,215
Amortization of Interest Rate Protection Agreements	(191)	(243)	(378)	(539)
Write-off of Unamortized Settlement of Interest Rate Protection Agreements	455		455	
Mark to Market of Mortgage Notes Receivable	(328)			
Settlement of Interest Rate Protection Agreements		(4,261)		(4,261)
Foreign Currency Translation Adjustment, Offset by Income Tax Benefit	273		(388)	
Other Comprehensive Income (Loss) Allocable to Minority Interest	(727)	11	(410)	25
Other Comprehensive Income	$ 51,041	$ 37,277	$ 102,613	$ 72,040

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
	(Unaudited) (Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 99,801	$ 72,600
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Allocation of Income to Minority Interest	12,953	8,474
Depreciation	58,410	60,882
Amortization of Deferred Financing Costs	1,445	1,644
Other Amortization	31,838	26,338
Provision for Bad Debt	1,660	32
Equity in Income of Joint Ventures	(6,570)	(17,257)
Distributions from Joint Ventures	8,182	17,327
Gain on Sale of Real Estate	(155,853)	(119,203)
(Gain) Loss on Early Retirement of Debt	(1,489)	254
Decrease in Developments for Sale Costs	1,860	7,528
(Increase) Decrease in Tenant Accounts Receivable and Prepaid Expenses and Other Assets, Net	(19,413)	5,952
Increase in Deferred Rent Receivable	(3,925)	(5,505)
Increase in Accounts Payable and Accrued Expenses and Rents Received in Advance and Security Deposits	4,699	2,905
Decrease (Increase) in Restricted Cash	89	(246)
Net Cash Provided by Operating Activities	33,687	61,725
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of and Additions to Investment in Real Estate	(300,729)	(385,791)
Net Proceeds from Sales of Investments in Real Estate	422,264	386,910
Contributions to and Investments in Joint Ventures	(10,916)	(15,767)
Distributions from Joint Ventures	3,050	7,436
Funding of Notes Receivable	(10,325)	(8,385)
Repayment of Mortgage Loans Receivable	21,151	8,385
Increase in Restricted Cash	(78,214)	(28,532)
Net Cash Provided by (Used in) Investing Activities	46,281	(35,744)
CASH FLOWS FROM FINANCING ACTIVITIES:		

Net Proceeds from the Issuance of Common Stock	161	393
Redemption of Preferred Stock		(50,014)
Repurchase of Restricted Stock	(3,508)	(3,707)
Dividends/Distributions	(72,502)	(73,483)
Preferred Stock Dividends	(9,714)	(12,684)
Repayments on Mortgage Loans Payable	(1,525)	(32,795)
Debt Issuance Costs	(15)	(2,190)
Net Proceeds from Senior Unsecured Debt		149,595
Repayments of Senior Unsecured Debt	(19,359)	(150,000)
Other Costs of Senior Unsecured Debt		(4,261)
Proceeds from Unsecured Line of Credit	356,000	570,000
Repayments on Unsecured Line of Credit	(322,000)	(430,000)
Cash Book Overdraft.	1,166	1,179
Net Cash Used in Financing Activities	(71,296)	(37,967)
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	(16)	
Net Increase (Decrease) in Cash and Cash Equivalents	8,672	(11,986)
Cash and Cash Equivalents, Beginning of Period	5,757	16,135
Cash and Cash Equivalents, End of Period	$ 14,413	$ 4,149

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

FIRST INDUSTRIAL REALTY TRUST, INC.

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

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 the Company, we, us, and our refer to First Industrial Realty Trust, Inc., F Industrial, L.P. and their other controlled subsidiaries. We refer to our operating partnership, First Industrial, L.P., as the Operating Partnership, and our taxable REIT subsidiary, First Industrial Investment, Inc., as the TRS.

We began operations on July 1, 1994. Our operations are conducted primarily through the Operating Partnership, of which we are the sole general partner with an approximate 87.6% and 87.5% ownership interest at June 30, 2008 and June 30, 2007, respectively, and through the TRS, of which the Operating Partnership is the sole stockholder. We also conduct operations through other partnerships, corporations, and limited liability companies, the operating data of which, together with that of the Operating Partnership and the TRS, is consolidated with that of the Company as presented herein. Minority interest at June 30, 2008 and June 30, 2007 of approximately 12.4% and 12.5%, respectively, represents the aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

We also own minority equity interests in, and provide various services to, seven joint ventures which 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 operating data of the Joint Ventures is not consolidated with that of the Company as presented herein.

As of June 30, 2008, we owned 813 industrial properties (inclusive of developments in process) located in 28 states in the United States and one province in Canada, containing an aggregate of approximately 71.4 million square feet of gross leaseable area (GLA).

2. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements have been prepared in accordance with the accounting policies described in the financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2007, as amended (2007 Form 10-K) and should be read in conjunction with such financial statements and related notes. The following notes to these interim financial statements highlight significant changes to the notes included in the December 31, 2007 audited financial statements included in our 2007 Form 10-K and present interim disclosures as required by the Securities and Exchange Commission.

In order to conform with generally accepted accounting principles, we, in preparation of our financial statements, are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of June 30, 2008 and December 31, 2007, and the reported amounts of revenues and expenses for each of the three and six months ended June 30, 2008 and June 30, 2007. Actual results could differ from those estimates.

In our opinion, the accompanying unaudited interim financial statements reflect all adjustments necessary for a fair statement of our financial position as of June 30, 2008 and December 31, 2007 and the results of our operations and comprehensive income for each of the three and six months ended June 30, 2008 and June 30, 2007, and our cash flows for each of the six months ended June 30, 2008 and June 30, 2007, and all adjustments are of a normal recurring nature.

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Construction Revenues and Expenses

Construction revenues and expenses include revenues and expenses associated with us acting in the capacity of general contractor and development manager for certain third party development projects. For such projects we recognize the gross costs and revenues on a percentage of completion basis. Additionally, for the six months ended June 30, 2008, construction revenues and expenses include amounts relating to the sale of industrial units that we developed to sell.

Deferred Leasing Intangibles

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

	June 30, 2008	December 31, 2007
In-Place Leases	$ 83,070	$ 86,398
Less: Accumulated Amortization	(27,754)	(24,860)
	$ 55,316	$ 61,538
Above Market Leases	$ 6,008	$ 6,440
Less: Accumulated Amortization	(2,583)	(2,519)
	$ 3,425	$ 3,921
Tenant Relationships	$ 27,425	$ 24,970
Less: Accumulated Amortization	(4,443)	(3,410)
	$ 22,982	$ 21,560
Total Deferred Leasing Intangibles, Net	$ 81,723	$ 87,019

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

	June 30, 2008	December 31, 2007
Below Market Leases	$ 32,771	$ 31,668
Less: Accumulated Amortization	(11,705)	(9,627)

	$ 21,066	$ 22,041

The fair value of in-place leases, above market leases, tenant relationships and below market leases recorded due to real estate properties acquired during the six months ended June 30, 2008 and June 30, 2007 is as follows:

	June 30, 2008	**June 30, 2007**
In-Place Leases	$ 8,906	$ 16,541
Above Market Leases	$ 61	$ 855
Tenant Relationships	$ 5,242	$ 8,473
Below Market Leases	$ (2,052)	$ (6,832)

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The weighted average life in months of in-place leases, above market leases, tenant relationships and below market leases recorded as a result of the real estate properties acquired for the six months ended June 30, 2008 and June 30, 2007 is as follows:

	June 30, 2008	**June 30, 2007**
In-Place Leases	41	79
Above Market Leases	43	107
Tenant Relationships	92	116
Below Market Leases	31	148

Amortization expense related to in-place leases and tenant relationships was $10,472 and $5,512 for the three months ended June 30, 2008 and June 30, 2007, respectively, and $16,888 and $11,268 for the six months ended June 30, 2008 and June 30, 2007, respectively. Rental revenues related to amortization of above/(below) market leases increased by $3,546 and $978 for the three months ended June 30, 2008 and June 30, 2007, respectively, and $4,823 and $2,033 for the six months ended June 30, 2008 and June 30, 2007, respectively.

Income Taxes

We file tax returns in the U.S. and various states and foreign jurisdictions. At December 31, 2007 the TRS was under examination by the Internal Revenue Service for tax years 2004 and 2005. During the three months ended June 30, 2008 we received notification from the Internal Revenue Service that they have completed their examinations of the TRS for the 2004 and 2005 tax years. There were no changes to taxable income of the TRS as a result of the examination.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157), which establishes a framework for reporting fair value and expands disclosures about fair value measurements. We adopted the required provisions of SFAS 157 that became effective in our first quarter of 2008 (See Note 11). In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, *Effective Date of FASB Statement No. 157* (FSP 157-2). FSP 157-2 delays the effective date of SFAS 157 for nonfinancial assets and nonfinancial liabilities, except for certain items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). We are currently evaluating the potential impact of SFAS 157 on our consolidated financial statements for items within the scope of FSP 157-2, which will become effective beginning with our first quarter of 2009.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. We are currently evaluating the potential impact of adoption of

SFAS 141R on our consolidated financial statements, which will become effective beginning with our first quarter 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards pertaining to ownership interests in subsidiaries held by parties other than the parent, the amount of net income attributable to the parent and to the noncontrolling interest, changes in a parent s ownership interest, and the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. This statement also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interests of the noncontrolling owners. We are currently evaluating the potential impact of adoption of SFAS 160 on our consolidated financial statements, which will become effective beginning with our first quarter 2009.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities an amendment of FASB Statement No. 133* (SFAS 161). SFAS 161 requires entities that utilize derivative instruments to provide qualitative disclosures about their objectives and strategies for using such instruments, as well as any details of credit-risk-related contingent features contained within derivatives. SFAS 161 also requires entities to disclose additional information about the amounts and location of derivatives located within the financial statements, how the provisions of SFAS 133 *Accounting for Derivative Instruments and Hedging Activities,* have been applied, and the impact that hedges have on an entity s financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. We will comply with the expanded disclosure requirements, as applicable.

In May 2008, the FASB issued Staff Position No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (FSP APB 14-1), that requires the liability and equity components of convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) to be separately accounted for in a manner that reflects the issuer s nonconvertible debt borrowing rate. FSP APB 14-1 dictates the debt component to be recorded be based upon the estimated fair value of a similar nonconvertible debt. The resulting debt discount would be 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. FSP APB 14-1 will become effective beginning in our first quarter of 2009 and is required to be applied retrospectively to all presented periods, as applicable. The adoption of FSP APB 14-1 is expected to result in us recognizing additional non-cash interest expense of approximately $1.5 million per annum.

3. Investments in Joint Ventures and Property Management Services

At June 30, 2008, the 2003 Net Lease Joint Venture owned 11 industrial properties comprising approximately 5.1 million square feet of GLA, the 2005 Development/Repositioning Joint Venture owned 29 industrial properties comprising approximately 5.2 million square feet of GLA and several land parcels, the 2005 Core Joint Venture owned 60 industrial properties comprising approximately 4.4 million square feet of GLA and several land parcels, the 2006 Net Lease Co-Investment Program owned 12 industrial properties comprising approximately 5.0 million square feet of GLA, the 2006 Land/Development Joint Venture owned several land parcels, 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 June 30, 2008, the 2007 Europe Joint Venture does not own any properties.

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 receive incentive payments if certain economic thresholds related to the industrial properties are achieved.

At June 30, 2008 and December 31, 2007, we have a receivable from the Joint Ventures and the July 2007 Fund of $5,627 and $6,068, respectively, which mainly relate 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 TRS, who is acting in the capacity of the general contractor for development projects for the

2005 Development/Repositioning Joint Venture. These receivable amounts are included in prepaid expenses and other assets, net.

During the six months ended June 30, 2008 and June 30, 2007, we invested the following amounts in, as well as received distributions from, our Joint Ventures and recognized fees from acquisition, disposition, leasing,

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

development, incentive, property management and asset management services from our Joint Ventures and the July 2007 Fund in the following amounts:

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Contributions	$ 5,332	$ 10,569	$ 10,414	$ 14,734
Distributions	$ 6,652	$ 13,757	$ 11,232	$ 24,763
Fees	$ 4,702	$ 7,549	$ 9,288	$ 13,251

4. Mortgage Loans Payable, Net, Senior Unsecured Debt, Net and Unsecured Line of Credit

The following table discloses certain information regarding our mortgage loans payable, senior unsecured debt and unsecured line of credit:

	Outstanding Balance at June 30, 2008	Outstanding Balance at December 31, 2007	Interest Rate at June 30, 2008	Effective Interest Rate at June 30, 2008	Maturity Date
Mortgage Loans Payable, Net	$ 76,017	$ 73,550	5.50% - 9.25%	4.58% - 9.25%	07/09- 09/24
Unamortized Premiums	(2,091)	(2,196)			
Mortgage Loans Payable, Gross	$ 73,926	$ 71,354			
Senior Unsecured Debt, Net					
2016 Notes	194,490	199,442	5.750%	5.91%	01/15/16
2017 Notes	99,910	99,905	7.500%	7.52%	12/01/17
2027 Notes	15,056	15,056	7.150%	7.11%	05/15/27
2028 Notes	199,842	199,838	7.600%	8.13%	07/15/28
2011 Notes	199,837	199,807	7.375%	7.39%	03/15/11
2012 Notes	199,477	199,408	6.875%	6.85%	04/15/12
2032 Notes	49,469	49,457	7.750%	7.87%	04/15/32
2009 Notes	124,958	124,937	5.250%	4.10%	06/15/09
2014 Notes	114,206	113,521	6.420%	6.54%	06/01/14
2011 Exchangeable Notes	200,000	200,000	4.625%	4.63%	09/15/11

2017 II Notes	133,110	149,620	5.950%	6.37%	05/15/17
Subtotal	$ 1,530,355	$ 1,550,991			
Unamortized Discounts	13,145	14,079			
Senior Unsecured Debt, Gross	$ 1,543,500	$ 1,565,070			
Unsecured Line of Credit	$ 355,800	$ 322,129	3.088%	3.088%	09/28/12

On June 6, 2008, we assumed a mortgage loan payable of $4,097 bearing interest at a rate of 6.83%. In conjunction with the assumption of the mortgage loan, we recorded a premium in the amount $256 which will be amortized as an adjustment to interest expense through maturity on June 1, 2018.

On January 10, 2006, we issued $200,000 of senior unsecured debt which matures on January 15, 2016 and bears interest at a rate of 5.75% (the 2016 Notes). The issue price of the 2016 Notes was 99.653%. In December 2005, we also entered into interest rate protection agreements which were used to fix the interest rate on the 2016

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Notes prior to issuance. We settled the interest rate protection agreements on January 9, 2006 for a payment of approximately $1,729, which is included in other comprehensive income. On June 6, 2008, we repurchased and retired $5,000 of the 2016 Notes at a redemption price of 89.75% of par. In connection with the partial retirement, we recognized $430 as gain on early retirement of debt, which is the difference between the repurchase amount of $4,488 and the principal amount retired of $5,000, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees and the unamortized settlement amount of the interest rate protection agreements related to the 2016 Notes of $13, $36, and $33, respectively.

On May 7, 2007, we issued $150,000 of senior unsecured debt which matures on May 15, 2017 and bears interest at a rate of 5.95% (the 2017 II Notes). The issue price of the 2017 II Notes was 99.730%. In April 2006, we also entered into interest rate protection agreements to fix the interest rate on the 2017 II Notes prior to issuance. We settled the effective portion of the interest rate protection agreements on May 1, 2007 for $4,261 which is included in other comprehensive income. On June 6, 2008, we repurchased and retired $16,570 of the 2017 II Notes at a redemption price of 89.75% of par. In connection with the partial retirement, we recognized $1,059 as gain on early retirement of debt, which is the difference between the repurchase amount of $14,872 and the principal amount retired of $16,570, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees and the unamortized settlement amount of the interest rate protection agreements related to the 2017 II Notes of $40, $177, and $422, respectively.

The following is a schedule of the stated maturities and scheduled principal payments of the mortgage loans, senior unsecured debt and unsecured line of credit, exclusive of premiums and discounts, for the next five years ending December 31, and thereafter:

	Amount
Remainder of 2008	$ 1,623
2009	133,038
2010	15,537
2011	407,359
2012	560,255
Thereafter	855,414
Total	$ 1,973,226

5. Stockholders Equity

Shares of Common Stock

During the six months ended June 30, 2008, 152,544 limited partnership interests in the Operating Partnership (Units) were converted into an equivalent number of shares of common stock, resulting in a reclassification of $3,733 of minority interest to equity.

Non-Qualified Employee Stock Options:

During the six months ended June 30, 2008, certain of our employees exercised 6,300 non-qualified employee stock options. Net proceeds to us were approximately $174.

Restricted Stock:

During the six months ended June 30, 2008, we awarded 588,628 of restricted common stock shares and restricted stock units to certain employees and 4,598 shares of restricted common stock to certain directors. These restricted common stock shares and restricted stock units had a fair value of approximately $19,003 on the dates of approval by the Compensation Committee of the Board of Directors. The restricted common stock and restricted

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

stock units awarded to employees generally vest over a three year period and the restricted common stock awarded to directors generally vest over a three to ten year period. Compensation expense will be charged to earnings over the respective vesting period for the shares/units expected to vest.

Dividend/Distributions:

The following table summarizes dividends/distributions accrued during the six months ended June 30, 2008.

	Six Months Ended June 30, 2008	
	Dividend/ Distribution per Share/Unit	Total Dividend/ Distribution
Common Stock/Operating Partnership Units	$ 1.44	$ 72,843
Series F Preferred Stock	$ 3,118.00	$ 1,559
Series G Preferred Stock	$ 3,618.00	$ 905
Series J Preferred Stock	$ 9,062.60	$ 5,438
Series K Preferred Stock	$ 9,062.60	$ 1,812

6. Acquisition of Real Estate

During the six months ended June 30, 2008, we acquired 18 industrial properties comprising approximately 2.2 million square feet of GLA and several land parcels. The purchase price of these acquisitions totaled approximately $179,597, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels.

7. Sale of Real Estate, Real Estate Held for Sale and Discontinued Operations

During the six months ended June 30, 2008, we sold 90 industrial properties comprising approximately 7.6 million square feet of GLA and several land parcels. Gross proceeds from the sales of the 90 industrial properties and several land parcels were approximately $494,993. The gain on s