FIRST INDUSTRIAL REALTY TRUST INC
Form 10-K
March 02, 2009

Table of Contents

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, 2008

or

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)	*(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)

Depositary Shares Each Representing 1/10,000 of a Share of 7.25% Series J Cumulative Preferred Stock
Depositary 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 o Noþ

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 o No þ

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 þ No o

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. 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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant was approximately $1,178.2 million based on the closing price on the New York Stock Exchange for such stock on June 30, 2008.

At February 20, 2009, 44,572,578 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.

FIRST INDUSTRIAL REALTY TRUST, INC.

TABLE OF CONTENTS

		Page
	PART I.	
Item 1.	Business	4
Item 1A.	Risk Factors	8
Item 1B.	Unresolved SEC Comments	15
Item 2.	Properties	15
Item 3.	Legal Proceedings	21
Item 4.	Submission of Matters to a Vote of Security Holders	21
	PART II.	
Item 5.	Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	22
Item 6.	Selected Financial Data	25
Item 7.	Management s Discussion and Analysis of Financial Condition and Results of Operations	26
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	44
Item 8.	Financial Statements and Supplementary Data	44
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	44
Item 9A.	Controls and Procedures	44
Item 9B.	Other Information	45
	PART III.	
Item 10.	Directors, Executive Officers and Corporate Governance	45
Item 11.	Executive Compensation	45
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	45
Item 13.	Certain Relationships and Related Transactions and Director Independence	45
Item 14.	Principal Accountant Fees and Services	45
	PART IV.	
Item 15.	Exhibits and Financial Statement Schedules	45
Signatures		S-27

EX-10.33
EX-10.35
EX-21.1
EX-23
EX-31.1
EX-31.2
EX-32

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 or similar expressions. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on our operations and future prospects include, but are not limited to, changes in: international, national, regional and local economic conditions generally and the real estate market specifically, legislative/regulatory changes (including changes to laws governing the taxation of real estate investment trusts), availability of financing, interest rates, competition, supply and demand for industrial properties in our current and proposed market areas, potential environmental liabilities, slippage in development or lease-up schedules, tenant credit risks, higher-than-expected costs and changes in general accounting principles, policies and guidelines applicable to real estate investment trusts and risks related to doing business internationally (including foreign currency exchange risks). These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect our financial results, is included in Item 1A, Risk Factors and in our other filings with the Securities and Exchange Commission. Unless the context otherwise requires, the terms the Company, we, us, and our refer to First Industria 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, and our taxable REIT subsidiary, First Industrial Investment, Inc., as the TRS.

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) under Sections 856 through 860 of 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, 2008, our in-service portfolio consisted of 352 light industrial properties, 121 R&D/flex properties, 152 bulk warehouse properties, 84 regional warehouse properties and 19 manufacturing properties containing approximately 60.6 million square feet of gross leasable area (GLA) located in 28 states in the United States and one province in Canada. 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 90% leased).

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 88.5% and 87.1% ownership interest at December 31, 2008 and December 31, 2007, respectively, as well as, among others, the TRS, which is a taxable REIT subsidiary of which the Operating Partnership is the sole stockholder, all of whose operating data is consolidated with that of the Company as presented herein.

We also own minority 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. One of the Joint Ventures, the 2007 Europe Joint Venture, does not own any properties and is inactive.

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 20, 2009, we had 340 employees, approximately 34.4% fewer than at February 20, 2008.

We maintain a website at 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 Securities and Exchange Commission (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 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 4000
Chicago, IL 60606
Attn: Investor Relations

Business Objectives and Growth Plans

Our fundamental business objective is to maximize the total return to our stockholders through increases in per share distributions and increases in the value of our properties and operations. Our long-term 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; (iv) renovating existing properties; and (v) increasing ancillary revenues from non-real estate sources.

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.

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.

Financing Strategy. To finance acquisitions and developments, as market conditions permit, we utilize a portion of net sales 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 20, 2009, we had approximately $6.2 million available for additional borrowings under our Unsecured Line of Credit.

Liquidity Strategy. We plan to enhance our liquidity through a combination of capital retention, mortgage financing and asset sales.

Retained Capital We plan to retain capital by adjusting our dividend policy to distribute the minimum amount required to maintain our REIT status. We will not pay a dividend in April 2009 and may not pay common dividends in future quarters in 2009 depending on our taxable income. If

we are required to pay common stock dividends in 2009, we may elect to satisfy this obligation by distributing a combination of cash and common shares.

Mortgage Financing In June 2009, we have $125.0 million of unsecured debt maturing, and in July 2009 we have approximately $5.0 million of secured mortgage debt maturing. We are in active discussions with various lenders regarding the origination of mortgage financing. The total loan proceeds are expected to be sufficient to meet these maturities. If we fail to timely retire our maturing debt, we will be in default under our Unsecured Line of Credit and our senior debt securities.

Asset Sales We are in various stages of discussions with third parties for the sale of properties in the three months ended March 31, 2009, and plan to continue to market other properties for sale throughout 2009. If we are unable to sell properties on an advantageous basis, this may impair our liquidity and our ability to meet our financial covenants.

Recent Developments

During 2008, we acquired or placed in-service developments totaling 33 industrial properties and acquired several parcels of land for a total investment of approximately $441.8 million. We also sold 114 industrial properties and several parcels of land for a gross sales price of approximately $583.2 million. At December 31, 2008, we owned 728 in-service industrial properties containing approximately 60.6 million square feet of GLA.

During 2008, we repurchased and retired $36.6 million of our senior unsecured notes for a gain on early debt retirement of approximately $2.7 million.

On or after March 31, 2009, our Series F Preferred Stock is subject to a coupon rate reset. The coupon rate resets every quarter beginning March 31, 2009 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. 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 $3.1 million in mark to market loss which is included in Mark to Market Loss on Settlement of Interest Rate Protection Agreements in earnings for the year ended December 31, 2008.

During the three months ended December 31, 2008, the Compensation Committee of the Board of Directors approved a plan to reduce organizational and overhead costs. As a result of the plan we recorded as restructuring costs a pre-tax charge of $27.3 million to provide for 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) associated with implementing the restructuring plan for the year ended December 31, 2008.

Future Property Acquisitions, Developments and Property Sales

We and our Joint Ventures have acquisition and development programs through which we are engaged in identifying, negotiating and consummating portfolio and individual industrial property acquisitions and developments. As a result, we and our Joint Ventures, other than our 2007 Europe Joint Venture, are currently engaged in negotiations relating to the possible acquisition and development of certain industrial properties.

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, 2008, the national occupancy rate for industrial properties in the United States has ranged from 88.3%*to 90.7%*, with an occupancy rate of 88.7%* at December 31, 2008.

* Source: Torto Wheaton Research

Table of Contents

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:

Recent 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 recently 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 5.25% Notes in the aggregate amount of $125.0 million due on June 15, 2009. This source of refinancing may not be available if capital markets 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 investments. 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 recent capital and credit market price volatility will likely 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.

These factors may be amplified in light of the current economic crisis. 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

Table of Contents

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, 2008, leases with respect to approximately 11.8 million, 9.7 million and 8.4 million square feet of GLA, representing 21%, 17% and 15% of GLA, expire in 2009, 2010 and 2011, 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 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.

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, organic growth and future acquisitions, 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.

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.

If the Operating Partnership decides to obtain additional debt financing in the future, it may do so through mortgages on any of its properties. 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. As of December 31, 2008, none of our existing indebtedness was cross-collateralized.

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:

$50.0 million aggregate principal amount of 7.750% Notes due 2032 (the 2032 Notes)

$200.0 million aggregate principal amount of 7.600% Notes due 2028 (the 2028 Notes)

Approximately $15.0 million aggregate principal amount of 7.150% Notes due 2027 (the 2027 Notes)

Approximately $118.5 million aggregate principal amount of 5.950% Notes due 2017 (the 2017 II Notes)

$100.0 million aggregate principal amount of 7.500% Notes due 2017 (the 2017 Notes)

$195.0 million aggregate principal amount of 5.750% Notes due 2016 (the 2016 Notes)

$125.0 million aggregate principal amount of 6.420% Notes due 2014 (the 2014 Notes)

$200.0 million aggregate principal amount of 6.875% Notes due 2012 (the 2012 Notes)

$200.0 million aggregate principal amount of 4.625% Notes due 2011 (the 2011 Exchangeable Notes)

$200.0 million aggregate principal amount of 7.375% Notes due 2011 (the 2011 Notes)

$125.0 million aggregate principal amount of 5.250% Notes due 2009 (the 2009 Notes)

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. Under the Unsecured Line of Credit, we have the right, subject to certain conditions, to increase the aggregate commitment by up to $200.0 million. The portion available in multiple currencies is $161.0 million. As of December 31, 2008, $443.3 million was outstanding under the Unsecured Line of Credit at a weighted average interest rate of 1.98%.

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 2009 Notes, 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 or the Unsecured Line of Credit. Some of our existing debt obligations, other than those

discussed above, 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, 2008, our ratio of debt to our total market capitalization was 75.6%. 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, 2008, our Unsecured Line of Credit had an outstanding balance of $443.3 million at a weighted average interest rate of 1.98%. Our Unsecured Line of Credit bears interest at the prime rate or at the LIBOR plus 0.75%, at our election. Based on an outstanding balance on our Unsecured Line of Credit as of December 31, 2008, a 10% increase in interest rates would increase interest expense by $0.8 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.

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.

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.

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

As of December 31, 2008, seven of our Joint Ventures owned approximately 22.8 million square feet of properties. As of December 31, 2008, our investment in Joint Ventures was $16.3 million in the aggregate, and for the year ended December 31, 2008, our equity in loss of Joint Ventures was $33.2 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.

Table of Contents

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.

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.

Acquired properties may be located in new markets, where we may face risks associated with investing in an unfamiliar market.

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.

Potential fluctuations in exchange rates between the U.S. dollar and the currencies of the other countries in which we invest may adversely affect our results of operations and financial position.

Owning, operating and developing industrial property outside of the United States exposes the Company 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 are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. A significant depreciation in the value of the currency of one or more countries where we have a significant investment may materially affect our results of operations.

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

None.

Item 2. ***Properties***

General

At December 31, 2008, we owned 728 in-service industrial properties containing an aggregate of approximately 60.6 million square feet of GLA in 28 states and one province in Canada, with a diverse base of more than 1,900 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 for 2008, calculated at December 31, 2008, was $4.54. 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, 2008 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.

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.

Each of the properties is wholly owned by us or our consolidated subsidiaries. The following tables summarize certain information as of December 31, 2008, with respect to our in-service properties.

Property Summary

	Light Industrial		R&D/Flex		Bulk Warehouse		Regional Warehouse		Manufacturing	
tropolitan Area	GLA	Number of Properties	GLA	Number of Properties	GLA	Number of Properties	GLA	Number of Properties	GLA	Num o Prope
anta, GA(a)	666,544	11	206,826	5	2,422,142	10	306,207	4	847,950	
timore, MD	857,286	14	169,660	5	383,135	3			171,000	
tral PA(b)	870,025	8			1,572,000	4	117,599	3		
cago, IL	912,677	14	174,841	3	2,453,625	13	172,851	4	421,000	
cinnati, OH	654,389	8			1,103,830	4	130,870	2		
veland, OH	64,000	1			608,740	4				
umbus, OH(c)	217,612	2			2,733,541	8	98,800	1		
las, TX	2,221,217	41	454,963	18	2,035,363	17	677,433	10	128,478	
ver, CO	1,170,042	20	1,016,054	23	400,498	3	343,516	5	126,384	
roit, MI	2,360,135	85	452,376	15	630,780	6	710,308	17	116,250	
uston, TX	289,407	6	111,111	5	2,041,527	12	355,793	5		
ianapolis, IN ,f,g)	837,500	17	38,200	3	3,170,869	12	222,710	5	71,600	
nd Empire, CA					595,940	2				
Angeles, CA	490,525	11	184,064	2	586,499	4	199,555	3		
mi, FL							228,726	5		
waukee, WI	238,567	5	93,705	2	1,338,129	6	129,557	2		
neapolis/St. l, MN (h,i)	1,281,625	14	172,862	2	1,830,291	9	323,805	4	355,056	
New Jersey	709,556	12	289,967	6	329,593	2				
hville, TN	205,205	3			1,015,773	5			109,058	
ladelphia, PA	188,177	6	36,802	2	799,287	3	71,912	2	178,000	
enix, AZ(j)	38,560	1			328,526	2	436,615	6		
New Jersey(k)	680,480	6			281,100	2	79,329	1		
Lake City, UT	706,201	35	146,937	6	279,179	1				
Diego, CA	196,025	7					69,985	2		
ttle, WA (l,m)					100,611	1	139,435	2		
Louis, MO(n)	660,239	9			1,468,095	5				
npa, FL(o)	234,679	7	531,357	24	209,500	1				
onto, ON	57,540	1			897,954	3				
er(p)	696,547	8			1,951,456	10	88,000	1		
al	17,504,760	352	4,079,725	121	31,567,983	152	4,903,006	84	2,524,776	

(a) One property collateralizes a $2.5 million mortgage loan which matures on May 1, 2016.

(b) One property collateralizes a $14.1 million mortgage loan which matures on December 1, 2010.

(c) One property collateralizes a $4.8 million mortgage loan which matures on December 1, 2019.

(d) Twelve properties collateralize a $0.5 million mortgage loan which matures on September 1, 2009.

(e) One property collateralizes a $1.2 million mortgage loan which matures on January 1, 2013.

(f) One property collateralizes a $2.3 million mortgage loan which matures on January 1, 2012.

(g) One property collateralizes a $1.5 million mortgage loan which matures on June 1, 2014.

(h) One property collateralizes a $4.9 million mortgage loan which matures on December 1, 2019.

(i) One property collateralizes a $1.7 million mortgage loan which matures on September 30, 2024.

(j) One property collateralizes a $4.3 million mortgage loan which matures on June 1, 2018.

(k) One property collateralizes a $6.0 million mortgage loan which matures on March 1, 2011.

(l) One property collateralizes a $2.4 million mortgage loan which matures on July 1, 2018.

(m) One property collateralizes a $1.0 million mortgage loan which matures on July 1, 2018.

(n) One property collateralizes a $13.5 million mortgage loan and an $11.5 million mortgage loan which both mature on January 1, 2014.

(o) Six properties collateralize a $5.2 million mortgage loan which matures on July 1, 2009.

(p) 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.

In-Service Property Summary Totals

	Totals			
Metropolitan Area	**GLA**	**Number of Properties**	**Average Occupancy at 12/31/08**	**GLA as a % of Total Portfolio**
Atlanta, GA	4,449,669	34	92%	7.3%
Baltimore, MD	1,581,081	23	97%	2.6%
Central PA	2,559,624	15	99%	4.2%
Chicago, IL	4,134,994	36	89%	6.8%
Cincinnati, OH	1,889,089	14	93%	3.1%
Cleveland, OH	672,740	5	95%	1.1%
Columbus, OH	3,049,953	11	83%	5.0%
Dallas, TX	5,517,454	87	91%	9.1%
Denver, CO	3,056,494	52	92%	5.0%
Detroit, MI	4,269,849	124	92%	7.0%
Houston, TX	2,797,838	28	99%	4.6%
Indianapolis, IN	4,340,879	39	95%	7.2%
Inland Empire, CA	595,940	2	0%	1.0%
Los Angeles, CA	1,460,643	20	98%	2.4%
Miami, FL	228,726	5	67%	0.4%
Milwaukee, WI	1,799,958	15	95%	3.0%
Minneapolis/St. Paul, MN	3,963,639	33	92%	6.5%
N. New Jersey	1,329,116	20	94%	2.2%
Nashville, TN	1,330,036	9	97%	2.2%
Philadelphia, PA	1,274,178	15	100%	2.1%
Phoenix, AZ	803,701	9	65%	1.3%
S. New Jersey	1,040,909	9	83%	1.7%
Salt Lake City, UT	1,132,317	42	90%	1.9%

San Diego, CA	266,010	9	97%	0.4%
Seattle, WA	240,046	3	100%	0.4%
St. Louis, MO	2,128,334	14	97%	3.5%
Tampa, FL	975,536	32	79%	1.6%
Toronto, ON	955,494	4	100%	1.6%
Other(a)	2,736,003	19	98%	4.5%
Total or Average	60,580,250	728	92%	100.0%

(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.

Property Acquisition Activity

During 2008, we acquired 26 industrial properties totaling approximately 3.1 million square feet of GLA at a total purchase price of approximately $213.0 million, or approximately $68.71 per square foot. We also purchased several land parcels for an aggregate purchase price of approximately $126.7 million. The 26 industrial properties acquired have the following characteristics:

Metropolitan Area	Number of Properties	GLA	Property Type	Average Occupancy at 12/31/2008
Atlanta, GA	1	80,000	Regional Warehouse	58%
Chicago, IL	3	339,615	Bulk/Regional Warehouse	100%
Cleveland, OH	1	257,000	Bulk Warehouse	28%
Dallas, TX	1	220,542	Bulk Warehouse	100%
Inland Empire, CA	2	271,895	Lt. Ind./Bulk Warehouse	19%
Los Angeles, CA	5	320,942	R&D/Flex/Lt. Ind./Regional Warehouse	78%
Minneapolis, MN	1	165,360	Bulk Warehouse	100%
Philadelphia, PA	2	258,422	Manufacturing/Bulk Warehouse	100%
Phoenix, AZ	5	616,077	Bulk/Regional Warehouse	43%
Seattle, WA	3	240,046	Bulk/Regional Warehouse	100%
St. Louis, MO	1	22,411	Light Industrial	100%
Other(a)	1	332,465	Bulk Warehouse	100%
Total	26	3,124,775		

(a) Property is located in Greenville, KY.

Property Development Activity

During 2008, we placed in-service seven developments totaling approximately 2.2 million square feet of GLA at a total cost of approximately $102.1 million, or approximately $46.41 per square foot. The developments placed in-service have the following characteristics:

Metropolitan Area	GLA	Property Type	Average Occupancy at 12/31/08
Miami, FL(a)	24,506	Light Industrial	N/A

Milwaukee, WI	600,000	Bulk Warehouse	100%
Nashville, TN(a)	294,000	Bulk Warehouse	N/A
Nashville, TN(a)	50,000	Light Industrial	N/A
Nashville, TN	145,450	Bulk Warehouse	100%
Philadelphia, PA	675,000	Bulk Warehouse	100%
St. Louis, MO	400,828	Bulk Warehouse	100%
Total	2,189,784		

(a) Property was sold in 2008.

At December 31, 2008, we had 13 development projects not placed in service, totaling an estimated 4.1 million square feet and with an estimated completion cost of approximately $224.2 million. There can be no assurance that we will place these projects in service in 2009 or that the actual completion cost will not exceed the estimated completion cost stated above.

Property Sales

During 2008, we sold 114 industrial properties totaling approximately 9.1 million square feet of GLA and several land parcels. Total gross sales proceeds approximated $583.2 million. The 114 industrial properties sold have the following characteristics:

Metropolitan Area	Number of Properties	GLA	Property Type
Atlanta, GA	2	117,706	Lt. Ind./Regional Warehouse
Baltimore, MD	2	132,228	Light Industrial
Chicago, IL	6	466,230	Lt. Ind./Bulk Warehouse
Cincinnati, OH	3	421,300	Bulk Warehouse
Dallas, TX	9	353,312	Lt. Ind./Bulk Warehouse
Denver, CO	9	1,256,313	Lt. Ind./Bulk/Regional Warehouse
Houston, TX	6	363,662	Lt. Ind./R&D/Flex/Bulk Warehouse
Indianapolis, IN	2	249,353	Lt. Ind./Bulk Warehouse
Los Angeles, CA	2	93,743	Lt. Ind./Regional Warehouse
Milwaukee, WI	2	125,000	Lt. Ind./Bulk Warehouse
Minneapolis/St. Paul, MN	13	1,316,653	Manufacturing/Lt. Ind./R&D/Flex/Bulk/Regional Warehouse
N. New Jersey	11	743,762	Lt. Ind./R&D/Flex/Bulk/Regional Whse
Nashville, TN	1	50,000	Light Industrial
Philadelphia, PA	18	963,995	Lt. Ind./R&D/Flex/Bulk/Regional Whse
Phoenix, AZ	1	22,978	Light Industrial
S. New Jersey	16	737,802	Manufacturing/Lt. Ind./Regional Warehouse
Salt Lake City, UT	3	369,446	Bulk Warehouse
St. Louis, MO	3	371,087	Bulk/Regional Warehouse
Tampa, FL	1	18,445	R&D/Flex
Other(a)	4	964,100	Manufacturing/Bulk Warehouse
Total	114	9,137,115	

(a) Properties are located in Kansas City, MO, Corinth, MS, Johnson County, KS and Portland, OR.

Property Acquisitions, Developments and Sales Subsequent to Year End

From January 1, 2009 to February 20, 2009, we acquired one land parcel for a total estimated investment of approximately $0.2 million. There were no industrial properties sold during this period.

20

Tenant and Lease Information

We have a diverse base of more than 1,900 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, 2008, approximately 92% 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 2.5% of the total GLA of our in-service properties as of December 31, 2008.

The following table shows scheduled lease expirations for all leases for our in-service properties as of December 31, 2008.

Year of Expiration(1)	Number of Leases Expiring	GLA Expiring(2)	Percentage of GLA Expiring(2)	Annual Base Rent Under Expiring Leases	Percentage of Total Annual Base Rent Expiring
			(In thousands)		
2009	541	11,842,662	21%	51,265	20%
2010	465	9,712,050	17%	46,905	19%
2011	357	8,442,120	15%	41,750	17%
2012	226	6,605,935	12%	30,363	12%
2013	183	5,498,683	10%	27,719	11%
2014	64	2,730,863	5%	11,643	5%
2015	42	2,308,631	4%	8,465	3%
2016	25	1,918,892	4%	7,685	3%
2017	9	709,861	1%	3,600	1%
2018	22	1,094,783	2%	4,620	2%
Thereafter	27	4,711,591	9%	18,464	7%
Total	1,961	55,576,071	100%	$ 252,479	100%

(1) Lease expirations as of December 31, 2008 assume tenants do not exercise existing renewal, termination or purchase options.

(2) Does not include existing vacancies of 5,004,179 aggregate square feet.

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. *Submission of Matters to a Vote of Security Holders*

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 .

Quarter Ended	High	Low	Distribution Declared
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
December 31, 2007	$ 42.71	$ 34.60	$ 0.7200
September 30, 2007	$ 41.28	$ 37.63	$ 0.7100
June 30, 2007	$ 45.77	$ 38.76	$ 0.7100
March 31, 2007	$ 49.51	$ 44.44	$ 0.7100

We had 696 common stockholders of record registered with our transfer agent as of February 20, 2009.

We have estimated that, for federal income tax purposes, approximately 4.68% of the total $104.2 million (which excludes $2.7 million of distributions on unvested restricted stock which is treated as compensation expense for tax purposes) in common stock distributions declared in 2008 were classified as ordinary dividend income to our shareholders, 6.91% qualified as 15 percent rate qualified dividend income and 88.41% qualified as capital gain income.

Additionally, for tax purposes, an estimated 4.68% of our 2008 preferred stock dividends were ordinary income, 6.91% qualified as 15 percent rate qualified dividend income and 88.41% qualifying 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 common and preferred distributions made with respect to 2008. For 2009, we intend to meet our minimum distribution requirements.

During 2008, 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.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Further Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders			1,179,500
Equity Compensation Plans Not Approved by Security Holders(1)	278,601	$ 31.92	133,329
Total	278,601	$ 31.92	1,312,829

(1) See Notes 4 and 15 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 period from December 31, 2003 to December 31, 2008 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, 2003 was $33.75 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*

	12/03	12/04	12/05	12/06	12/07	12/08
FIRST INDUSTRIAL REALTY TRUST, INC.	$ 100.00	$ 129.50	$ 131.38	$ 170.90	$ 135.48	$ 32.92
S&P 500	100.00	110.88	116.33	134.70	142.10	89.53
NAREIT Index	100.00	131.58	147.58	199.32	168.05	89.91

* 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, 2008, 2007, 2006, 2005 and 2004 include the results of operations of the Company as derived from our audited financial statements, adjusted for discontinued operations. 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, 2008, 2007, 2006, 2005 and 2004 include the balances of the Company as derived from our audited financial statements.

	Year Ended 12/31/08	Year Ended 12/31/07	Year Ended 12/31/06	Year Ended 12/31/05	Year Ended 12/31/04
	(In thousands, except per share and property data)				
Statement of Operations Data:					
Total Revenues	$ 526,294	$ 380,262	$ 300,183	$ 241,573	$ 192,742
Interest Income	3,690	1,926	1,614	1,486	3,632
Mark-to-Market (Loss) Gain on Settlement of Interest Rate Protection Agreements	(3,073)		(3,112)	811	1,583
Property Expenses	(124,963)	(110,438)	(97,989)	(78,377)	(64,443)
General and Administrative Expense	(84,627)	(92,101)	(77,497)	(55,812)	(39,569)
Restructuring Costs	(27,349)				
Interest Expense	(111,559)	(119,314)	(121,141)	(108,339)	(98,636)
Amortization of Deferred Financing Costs	(2,879)	(3,210)	(2,666)	(2,125)	(1,931)
Depreciation and Other Amortization	(161,027)	(137,429)	(115,009)	(80,580)	(58,052)
Construction Expenses	(139,539)	(34,553)	(10,263)	(15,574)	
Gain (Loss) from Early Retirement from Debt	2,749	(393)		82	(515)
Equity in (Loss) Income of Joint Ventures	(33,178)	30,045	30,673	3,699	37,301
Income Tax Benefit	12,259	10,653	9,935	14,343	8,195
Minority Interest Allocable to Continuing Operations	20,048	12,392	13,919	11,719	5,774
Loss from Continuing Operations	(123,154)	(62,160)	(71,353)	(67,094)	(13,919)
Income from Discontinued Operations (Including Gain on Sale of Real Estate of $172,167, $244,962, $213,442, $132,139 and $88,245 for the Years Ended December 31, 2008, 2007, 2006, 2005, and 2004, respectively)	183,561	280,422	258,072	182,791	144,206

Provision for Income Taxes Allocable to Discontinued Operations (Including $3,732, $36,032, $47,511, $20,529 and $8,659 allocable to Gain on Sale of Real Estate for the Years ended December 31, 2008, 2007, 2006, 2005, and 2004, respectively)		(4,188)		(38,126)		(51,155)		(23,904)		(11,275)
Minority Interest Allocable to Discontinued Operations		(22,242)		(30,626)		(26,920)		(20,910)		(18,238)
Gain on Sale of Real Estate		12,008		9,425		6,071		29,550		16,755
Provision for Income Taxes Allocable to Gain on Sale of Real Estate		(3,782)		(3,082)		(2,119)		(10,871)		(5,359)
Minority Interest Allocable to Gain on Sale of Real Estate		(1,020)		(802)		(514)		(2,458)		(1,564)
Net Income		41,183		155,051		112,082		87,104		110,606
Preferred Dividends		(19,428)		(21,320)		(21,424)		(10,688)		(14,488)
Redemption of Preferred Stock				(2,017)		(672)				(7,959)
Net Income Available to Common Stockholders	$	21,755	$	131,714	$	89,986	$	76,416	$	88,159
Basic and Diluted Earnings Per Weighted Average Common Share Outstanding:										
Loss from Continuing Operations Available to Common Stockholders	$	(3.13)	$	(1.81)	$	(2.05)	$	(1.45)	$	(0.65)
Net Income Available to Common Stockholders	$	0.50	$	2.99	$	2.04	$	1.80	$	2.17
Distributions Per Share	$	2.410	$	2.850	$	2.810	$	2.785	$	2.750
Basic and Diluted Weighted Average Number of Common Shares Outstanding		43,193		44,086		44,012		42,431		40,557
Net Income	$	41,183	$	155,051	$	112,082	$	87,104	$	110,606
Other Comprehensive (Loss) Income:										
Reclassification of Settlement of Interest Rate Protection Agreements to Net Income								(159)		
Mark-to-Market of Interest Rate Protection Agreements, Net of Tax		(8,676)		3,819		(2,800)		(1,414)		106
Amortization of Interest Rate Protection Agreements		(792)		(916)		(912)		(1,085)		(512)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements		831								
Settlement of Interest Rate Protection Agreements				(4,261)		(1,729)				6,816

Foreign Currency Translation Adjustment, Net of Tax		(2,792)		2,134						
Other Comprehensive Loss (Income) Allocable to Minority Interest		1,391		(142)		698		837		
Other Comprehensive Income	$	31,145	$	155,685	$	107,339	$	85,283	$	117,016

Table of Contents

	Year Ended 12/31/08	Year Ended 12/31/07	Year Ended 12/31/06	Year Ended 12/31/05	Year Ended 12/31/04
		(In thousands, except per share and property data)			
Balance Sheet Data (End of Period):					
Real Estate, Before Accumulated Depreciation	$ 3,385,597	$ 3,326,268	$ 3,219,728	$ 3,260,761	$ 2,856,474
Real Estate, After Accumulated Depreciation	2,862,489	2,816,287	2,754,310	2,850,195	2,478,091
Real Estate Held for Sale, Net	21,117	37,875	115,961	16,840	52,790
Total Assets	3,223,876	3,258,033	3,224,399	3,226,243	2,721,890
Mortgage Loans Payable, Net, Unsecured Lines of Credit and Senior Unsecured Debt, Net	2,036,978	1,946,670	1,834,658	1,813,702	1,574,929
Total Liabilities	2,237,128	2,183,755	2,048,873	2,020,361	1,719,463
Stockholders Equity	864,200	923,919	1,022,979	1,043,562	845,494
Other Data:					
Cash Flow From Operating Activities	$ 71,185	$ 92,989	$ 59,551	$ 49,350	$ 77,657
Cash Flow From Investing Activities	6,274	126,909	129,147	(371,654)	9,992
Cash Flow From Financing Activities	(79,754)	(230,276)	(180,800)	325,617	(83,546)
Total In-Service Properties	728	804	858	884	827
Total In-Service GLA, in Square Feet	60,580,250	64,028,533	68,610,505	70,193,161	61,670,735
In-Service Occupancy Percentage	92%	95%	94%	92%	90%

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 or similar expressions. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on the operations and

future prospects of the Company on a consolidated basis include, but are not limited to, changes in: international, national, regional and local economic conditions generally and the real estate market specifically, legislative/regulatory changes (including changes to laws governing the taxation of real estate investment trusts), availability of financing, interest rate, competition, supply and demand for industrial properties in our current and proposed market areas, potential environmental liabilities, slippage in development or lease-up schedules, tenant credit risks, higher-than-expected costs and changes in general accounting principles, policies and guidelines applicable to real estate investment trusts and risks related to doing business internationally (including foreign currency exchange risks). These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect our financial results, is included in Item 1A. Risk Factors, and in our other filings with the Securities and Exchange Commission (the SEC).

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, as well as, among others, our taxable REIT subsidiary, First Industrial Investment, Inc. (the TRS), of which the Operating Partnership is the sole stockholder, all of whose operating data is consolidated with that of the Company as presented herein.

We also own minority 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. One of the Joint Ventures, the 2007 Europe Joint Venture, does not own any properties and is inactive.

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, redeployment of internal capital 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 distributions. 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 growth would be limited. 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, continually seeks to acquire existing industrial properties on favorable terms, and, when conditions permit, also seeks 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 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 Company itself and through our various Joint Ventures is continually engaged in, and our income growth is dependent in part on, systematically redeploying capital from properties and other assets with lower yield potential

into properties and other assets with higher yield potential. As part of that process,

we and our Joint Ventures sell, on an ongoing basis, select properties or land. The gain/loss on, and fees from, the sale of such properties are included in our income and are a significant source of funds, in addition to revenues generated from rental income and tenant recoveries, for our distributions. Also, a significant portion of our proceeds from such sales is 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 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 continued deterioration 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, debt service coverage and fixed charge coverage ratios, as well as limitations on our ability to incur 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 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, 2008, and we anticipate that we will be able to operate in compliance with our financial covenants in 2009. However, our ability to meet our financial covenants may be reduced if 2009 economic and credit market conditions limit our property sales and reduce

our net operating income below our projections. We expect to refinance indebtedness maturing in 2009 and to comply with our financial covenants in 2009 and beyond. We plan to enhance our liquidity through a combination of capital retention, mortgage financing and asset sales.

Retained Capital We plan to retain capital by adjusting our dividend policy to distribute the minimum amount required to maintain our REIT status. We will not pay a dividend in April 2009 and may not pay common dividends in future quarters in 2009 depending on our taxable income. If we are required to pay common stock dividends in 2009, we may elect to satisfy this obligation by distributing a combination of cash and common shares.

Mortgage Financing In June 2009, we have $125.0 million of unsecured debt maturing, and in July 2009 we have $5.0 million of secured mortgage debt maturing. We are in active discussions with various lenders regarding the origination of mortgage financing. The total loan proceeds are expected to be sufficient to meet these maturities. No assurances can be made that new secured financing will be obtained. If we fail to timely retire our maturing debt, we will be in default under our Unsecured Line of Credit and our senior unsecured debt securities.

Asset Sales We are in various stages of discussions with third parties for the sale of properties during the three months ended March 31, 2009, and plan to continue to market other properties for sale throughout 2009. If we are unable to sell properties on an advantageous basis, this may impair our liquidity and our ability to meet our financial covenants.

In addition, we may from time to time repurchase or redeem our outstanding securities. Any repurchases or redemptions would depend upon prevailing market conditions, our liquidity requirements, contractual restrictions and other factors we consider important. Future repurchases or redemptions may materially impact our liquidity, future tax liability and results of operations.

Although we believe we will be successful in meeting our liquidity needs through a combination of capital retention, mortgage financing and asset sales, if we were to be unsuccessful in executing one or more of the strategies outlined above, we would be materially adversely effected.

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 Financial Accounting Standards Board s (the FASB) Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment or Disposal of Long Lived Assets* (SFAS 144) 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 SFAS 144 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 calculation

of the fair value involves subjective assumptions such as estimated occupancy, rental rates, ultimate residual value and the discount rate used to present value the cash flows.

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 SFAS Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, EITF 96-16, *Investor s Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights* and Statement of Position 78-9, *Accounting for Investments in Real Estate Ventures*. Based on the guidance set forth in these pronouncements, we do not consolidate any of our 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 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 in accordance with APB Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock* (APB 18). 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. In accordance with SFAS No. 141, *Business Combinations* , 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 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, 2008 to Year Ended December 31, 2007

Our net income available to common stockholders was $21.8 million and $131.7 million for the years ended December 31, 2008 and 2007, respectively. Basic and diluted net income available to common stockholders were $0.50 per share for the year ended December 31, 2008 and $2.99 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 year 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. 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 TRS acting as general contractor or development manager to construct industrial properties, including industrial properties for the 2005 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, 2008 and December 31, 2007, the occupancy rates of our same store properties were 91.1% and 91.7%, respectively.

	2008	2007	$ Change	% Change
		($ in 000 s)		
REVENUES				
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	(28,993)	(98,634)	69,641	(70.6)%
Subtotal Revenues	$ 378,995	$ 344,634	$ 34,361	10.0%
Construction Revenues	147,299	35,628	111,671	313.4%
Total Revenues	$ 526,294	$ 380,262	$ 146,032	38.4%

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 approximately $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.

	2008	2007	$ Change	% Change
		($ in 000 s)		
PROPERTY AND CONSTRUCTION EXPENSES				
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	(10,654)	(33,071)	22,417	(67.8)%

Property Expenses	$ 124,963	$ 110,438	$ 14,525	13.2%
Construction Expenses	139,539	34,553	104,986	303.8%
Total Property and Construction Expenses	$ 264,502	$ 144,991	$ 119,511	82.4%

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 $7.5 million, or 8.1%, 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. We anticipate a reduction of general and administrative expense in 2009 as a result of the employee terminations and office closings.

	2008	2007	$ Change	% Change
		($ in 000 s)		
DEPRECIATION AND OTHER AMORTIZATION				
Same Store Properties	$ 111,671	$ 117,781	$ (6,110)	(5.2)%
Acquired Properties	39,839	14,095	25,744	182.6%
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	(6,945)	(30,103)	23,158	(76.9)%
Total Depreciation and Other Amortization	$ 161,027	$ 137,429	$ 23,598	17.2%

Depreciation and other amortization for same store properties decreased $6.1 million primarily due to accelerated depreciation and amortization taken during the twelve months 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 6.5%, primarily due to a decrease in the weighted average interest rate for the year ended December 31, 2008 (5.86%), as compared to the year ended December 31, 2007 (6.45%), partially offset by an increase in the weighted average debt balance outstanding for the year ended

December 31, 2008 ($2,037.4 million), as compared to the year ended December 31, 2007 ($1,981.4 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 10.3%, 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 twelve months ended December 31, 2007.

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 $3.1 million in mark to market loss which is included in mark to market loss on settlement of interest rate protection agreements in earnings for the twelve months 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 $25.3 million, $10.1 million, $3.2 million and $1.2 million we recorded to the 2005 Development/Repositioning Joint Venture, 2006 Land/Development Joint Venture, the 2005 Core Joint Venture and the 2003 Net Lease Joint Venture, respectively, as a result of adverse conditions in the credit and real estate markets in accordance with APB 18 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 recorded in accordance with SFAS 144 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 the year ended December 31, 2008 is $39.1 million of impairment loss in Equity in Income of Joint Ventures recorded in accordance with APB 18 and SFAS 144. 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 year ended December 31, 2008 and December 31, 2007.

	2008	2007
	($ in 000	s)
Total Revenues	$ 28,993	$ 98,634
Property Expenses	(10,654)	(33,071)
Depreciation and Amortization	(6,945)	(30,103)
Gain on Sale of Real Estate	172,167	244,962
Provision for Income Taxes	(4,188)	(38,126)
Minority Interest	(22,242)	(30,626)

Income from Discontinued Operations	$ 157,131	$ 211,670

Income from discontinued operations, net of income taxes and minority interest, 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 and the results of operations of the six industrial properties identified as held for sale at December 31, 2008.

Table of Contents

Income from discontinued operations, net of income taxes and minority interest, 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 and the results of operations of the six industrial properties identified as held for sale at December 31, 2008.

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 established by SFAS 144 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 established by SFAS 144 for inclusion in discontinued operations.

Comparison of Year Ended December 31, 2007 to Year Ended December 31, 2006

Our net income available to common stockholders was $131.7 million and $90.0 million for the years ended December 31, 2007 and 2006, respectively. Basic and diluted net income available to common stockholders were $2.99 per share for the year ended December 31, 2007 and $2.04 per share for the year ended December 31, 2006.

The tables below summarize our revenues, property expenses and depreciation and other amortization by various categories for the year ended December 31, 2007 and December 31, 2006. Same store properties are properties owned prior to January 1, 2006 and held as an operating property through December 31, 2007 and developments and redevelopments that were placed in service prior to January 1, 2006 or were substantially completed for the 12 months prior to January 1, 2006. 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, 2005 and held as an operating property through December 31, 2007. Sold properties are properties that were sold subsequent to December 31, 2005. (Re)Developments and land are land parcels and developments and redevelopments that were not: a) substantially complete 12 months prior to January 1, 2006 or b) stabilized prior to January 1, 2006. 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 TRS acting as general contractor or development manager to construct industrial properties, including industrial properties for the 2005 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, 2007 and December 31, 2006, the occupancy rates of our same store properties were 94.1% and 92.3%, respectively.

	2007	2006	$ Change	% Change
		($ in 000 s)		
REVENUES				
Same Store Properties	$ 301,404	$ 289,761	$ 11,643	4.0%
Acquired Properties	55,724	16,844	38,880	230.8%
Sold Properties	41,037	80,409	(39,372)	(49.0)%
(Re)Developments and Land, Not Included Above	8,213	5,973	2,240	37.5%
Other	36,890	29,958	6,932	23.1%
	$ 443,268	$ 422,945	$ 20,323	4.8%
Discontinued Operations	(98,634)	(133,302)	34,668	(26.0)%
Subtotal Revenues	$ 344,634	$ 289,643	$ 54,991	19.0%
Construction Revenues	35,628	10,540	25,088	238.0%
Total Revenues	$ 380,262	$ 300,183	$ 80,079	26.7%

Revenues from same store properties increased by $11.6 million due primarily to an increase in same store property occupancy rates, an increase in same store rental rates and an increase in tenant recoveries. Revenues from acquired properties increased $38.9 million due to the 196 industrial properties acquired subsequent to December 31, 2005 totaling approximately 19.1 million square feet of GLA. Revenues from sold properties decreased $39.4 million due to the 289 industrial properties sold subsequent to December 31, 2005 totaling approximately 30.8 million square feet of GLA. Revenues from (re)developments and land increased $2.2 million due to an increase in occupancy. Other revenues increased by approximately $6.9 million due primarily to an increase in joint venture fees and fees earned related to us assigning our interest in certain purchase contracts to third parties for consideration. Construction revenues increased $25.1 million for the year ended December 31, 2007 due primarily to increased third party development activity and an increased number of construction projects for which the TRS acted as general contractor.

	2007	2006	$ Change	% Change
		($ in 000 s)		
PROPERTY AND CONSTRUCTION EXPENSES				
Same Store Properties	$ 96,368	$ 94,400	$ 1,968	2.1%
Acquired Properties	13,680	4,037	9,643	238.9%
Sold Properties	12,346	23,532	(11,186)	(47.5)%
(Re) Developments and Land, Not Included Above	4,512	3,979	533	13.4%
Other	16,603	15,427	1,176	7.6%
	$ 143,509	$ 141,375	$ 2,134	1.5%
Discontinued Operations	(33,071)	(43,386)	10,315	(23.8)%
Property Expenses	$ 110,438	$ 97,989	$ 12,449	12.7%

Construction Expenses	34,553	10,263	24,290	236.7%
Total Property and Construction Expenses	$ 144,991	$ 108,252	$ 36,739	33.9%

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 $2.0 million due primarily to an increase in real estate taxes due to a reassessment of values of certain properties of ours, as well as an increase in repairs and maintenance. Property expenses from acquired properties increased by $9.6 million due to properties acquired subsequent to December 31, 2005. Property expenses from sold properties decreased by $11.2 million due to properties sold subsequent to December 31, 2005. Property expenses from (re)developments and land increased $0.5 million due to an

Table of Contents

increase in occupancy. The $1.2 million increase in other expense is primarily attributable to increases in employee compensation. Construction expenses increased $24.3 million for the year ended December 31, 2007 due primarily to increased third party development activity and an increased number of construction projects for which the TRS acted as general contractor.

General and administrative expense increased by approximately $14.6 million, or 18.8%, due primarily to increases in employee compensation related to compensation for additional employees as well as an increase in incentive compensation.

	2007	2006	$ Change	% Change
		($ in 000 s)		
DEPRECIATION AND OTHER AMORTIZATION				
Same Store Properties	$ 109,896	$ 107,451	$ 2,445	2.3%
Acquired Properties	38,988	13,727	25,261	184.0%
Sold Properties	12,568	28,383	(15,815)	(55.7)%
(Re) Developments and Land, Not Included Above	4,243	8,821	(4,578)	(51.9)%
Corporate Furniture, Fixtures and Equipment	1,837	1,913	(76)	(4.0)%
	$ 167,532	$ 160,295	$ 7,237	4.5%
Discontinued Operations	(30,103)	(45,286)	15,183	(33.5)%
Total Depreciation and Other Amortization	$ 137,429	$ 115,009	$ 22,420	19.5%

Depreciation and other amortization for same store properties remained relatively unchanged. Depreciation and other amortization from acquired properties increased by $25.3 million due to properties acquired subsequent to December 31, 2005. Depreciation and other amortization from sold properties decreased by $15.8 million due to properties sold subsequent to December 31, 2005. Depreciation and other amortization for (re)developments and land decreased by $4.6 million due primarily to accelerated depreciation recognized for the year ended December 31, 2006 on one property in Columbus, OH which was razed during 2006.

Interest income increased $0.3 million due primarily to an increase in the average mortgage loans receivable outstanding during the year ended December 31, 2007, as compared to the year ended December 31, 2006, partially offset by a decrease in interest income earned on funds held with intermediaries in connection with completing property transactions in accordance with Section 1031 of the Code.

Interest expense decreased by approximately $1.8 million primarily due to a decrease in the weighted average interest rate for the year ended December 31, 2007 (6.45%), as compared to the year ended December 31, 2006 (6.72%) and due to an increase in capitalized interest for the year ended December 31, 2007 due to an increase in development activities, partially offset by an increase in the weighted average debt balance outstanding for the year ended December 31, 2007 ($1,981.4 million), as compared to the year ended December 31, 2006 ($1,878.5 million).

Amortization of deferred financing costs increased by $0.5 million, or 20.4%, due primarily to financing fees incurred associated with the issuance of $200.0 million of senior unsecured debt in September 2006.

In October 2005, we entered into an interest rate protection agreement which hedged the change in value of a build to suit development project we were constructing. This interest rate protection agreement had a notional value of $50.0 million, was based on the three month LIBOR rate, had a strike rate of 4.8675%, had an effective date of December 30, 2005 and a termination date of December 30, 2010. Per SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* fair value and cash flow hedge accounting for hedges of non-financial assets and liabilities is limited to hedges of the risk of changes in the market price of the entire hedged item because changes in the price of an ingredient or component of a non-financial item generally do not have a predictable, separately measurable effect on the price of the item. Since the interest rate protection agreement is hedging a component of the change in value of the build to suit development, the interest rate protection agreement does not qualify for hedge accounting and the change in value of the interest

Table of Contents

rate protection agreement is recognized immediately in net income as opposed to other comprehensive income. On January 5, 2006, we settled the interest rate protection agreement for a payment of $0.2 million. Included in Mark-to-Market/Loss on Settlement of Interest Rate Protection Agreement for the year ended December 31, 2006 is the settlement and mark-to-market of the interest rate protection agreement.

In April 2006, we entered into interest rate protection agreements which we designated as cash flow hedges. Each of the interest rate protection agreements had a notional value of $74.8 million, were effective from May 10, 2007 through May 10, 2012, and fixed the LIBOR rate at 5.42%. In September 2006, the interest rate protection agreements failed to qualify for hedge accounting since the actual debt issuance date was not within the range of dates we disclosed in our hedge designation. We settled the interest rate protection agreements and paid the counterparties $2.9 million.

We recognized a $0.4 million loss from early retirement of debt for the year ended December 31, 2007. This includes $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 by $0.6 million primarily due to a decrease in our economic share of the gains and earn outs on property sales from the 2005 Development/Repositioning Joint Venture during the year ended December 31, 2007, partially offset by an increase in our economic share of the gains on property sales from the 2005 Core Joint Venture for the year ended December 31, 2007.

The year to date income tax provision (included in continuing operations, discontinued operations and gain of sale) decreased $12.8 million, in the aggregate, due primarily to a decrease in rental income and gain on sale of real estate and an increase in general and administrative expenses, partially offset by an increase in joint venture fees and management/leasing fees, and a decrease in interest expense within the TRS.

The following table summarizes certain information regarding the industrial properties included in our discontinued operations for the year ended December 31, 2007 and December 31, 2006.

	2007	2006
	($ in 000 s)	
Total Revenues	$ 98,634	$ 133,302
Property Expenses	(33,071)	(43,386)
Depreciation and Amortization	(30,103)	(45,286)
Gain on Sale of Real Estate	244,962	213,442
Provision for Income Taxes	(38,126)	(51,155)
Minority Interest	(30,626)	(26,920)
Income from Discontinued Operations	$ 211,670	$ 179,997

Income from discontinued operations, net of income taxes and minority interest, 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 and the results of operations of the six industrial properties identified as held for sale at December 31, 2008.

Income from discontinued operations, net of income taxes and minority interest, for the year ended December 31, 2006 reflects the results of operations and gain on sale of real estate relating to 125 industrial properties that were sold during the year ended December 31, 2006, the results of operations of 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 and the results of operations of the six industrial properties identified as held for sale at December 31, 2008.

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 established by SFAS 144 for inclusion in discontinued operations. The $6.1 million gain on sale of real estate for the year ended

December 31, 2006, resulted from the sale of several land parcels that do not meet the criteria established by SFAS 144 for inclusion in discontinued operations.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2008, our cash and restricted cash was approximately $3.2 and $0.1 million, respectively. Restricted cash is primarily comprised of cash held in escrow in connection with mortgage debt requirements.

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. Our 2009 Notes, in the aggregate principal amount of $125.0 million, are due on June 15, 2009. We expect to satisfy the payment obligations on the 2009 Notes through the origination of mortgage financing, although there can be no assurance that any such financing could be accomplished on reasonable terms or at all. With the exception of the 2009 Notes, 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 and preferred dividends and distributions required to maintain our REIT qualification under the Code. We anticipate that these needs will be met with cash flows provided by operating, financing and investing activities, including the disposition of select assets. In addition, we plan to retain capital by adjusting our dividend policy to distribute the minimum amount required to maintain our REIT status. We will not pay a dividend in April 2009 and may not pay common dividends in future quarters in 2009 depending on our taxable income. If we are required to pay common stock dividends in 2009, we may elect to satisfy this obligation by distributing a combination of cash and common shares.

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

We also may finance the development or acquisition of additional properties through borrowings under our Unsecured Line of Credit. At December 31, 2008, borrowings under our Unsecured Line of Credit bore interest at a weighted average interest rate of 1.98%. Our Unsecured Line of Credit bears interest at a floating rate of LIBOR plus 0.75% or the Prime Rate, at our election. As of February 20, 2009, we had approximately $6.2 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, 2008, and we anticipate that we will be able to operate in compliance with our financial covenants in 2009. 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 2009 economic and credit market conditions limit our property sales and reduce our net operating income below our projections. 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. Also, our borrowing rate on our Unsecured Line of Credit may increase in the event of a downgrade on our unsecured notes by the rating agencies.

We currently have credit ratings from Standard & Poor s, Moody s and Fitch Ratings of BBB-/Baa2/BBB-, respectively. Our goal is to maintain our existing credit ratings. 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, 2008

Net cash provided by operating activities of approximately $71.2 million for the year ended December 31, 2008 was comprised primarily of net income before minority interest of approximately $44.4 million, distributions from Joint Ventures of $1.5 million and non-cash adjustments of approximately $36.8 million, offset by the net change in operating assets and liabilities of approximately $11.5 million. The adjustments for the non-cash items of approximately $36.8 million are primarily comprised of depreciation and amortization of approximately $188.2 million, equity in income of Joint Ventures of approximately $33.2 million, mark to market loss related to the Series F Agreement of approximately $3.1 million, a book overdraft of approximately $3.1 million and the provision for bad debt of approximately $3.3 million, offset by the gain on sale of real estate of approximately $184.2 million, the effect of the straight-lining of rental income of approximately $7.2 million and gain on early retirement of debt of approximately $2.7 million.

Net cash provided by investing activities of approximately $6.3 million for the year ended December 31, 2008 was comprised primarily of the net proceeds from the sale of real estate, the repayment of notes receivable, distributions form our industrial real estate Joint Ventures and a decrease in restricted cash that is held by an intermediary for Section 1031 exchange purposes, offset by the acquisition of real estate, development of real estate, capital expenditures related to the expansion and improvement of existing real estate, contributions to, and investments in, our Joint Venture and funding of notes receivable.

During the year ended December 31, 2008, we acquired 26 industrial properties comprising approximately 3.1 million square feet of GLA and several land parcels. The purchase price of these acquisitions totaled approximately $339.7 million, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels. We also substantially completed the development of eight industrial properties comprising approximately 4.5 million square feet of GLA at a cost of approximately $92.1 million for the year ended December 31, 2008.

We invested approximately $17.3 million in, and received total distributions of approximately $22.5 million from, our Joint Ventures. As of December 31, 2008, our industrial real estate Joint Ventures owned 117 industrial properties comprising approximately 22.8 million square feet of GLA and several land parcels.

During the year ended December 31, 2008, we sold 114 industrial properties comprising approximately 9.1 million square feet of GLA and several land parcels. Net proceeds from the sales of the 114 industrial properties and several land parcels were approximately $502.9 million.

Net cash used in financing activities of approximately $79.8 million for the year ended December 31, 2008 was derived primarily of common and preferred stock dividends and unit distributions, repayments of senior unsecured debt, the repurchase of restricted stock from our employees to pay for withholding taxes on the vesting of restricted stock, repayments on mortgage loans payable, offering costs and debt issuance costs, partially offset by net proceeds from our Unsecured Line of Credit and proceeds from the issuance of common stock.

During the year ended December 31, 2008, we paid approximately $32.5 million to repurchase and retire approximately $36.6 million of our senior unsecured notes at a discount to carrying value. We recognized a gain on early retirement of debt of approximately $2.7 million due to the partial repurchase.

Table of Contents

Contractual Obligations and Commitments

The following table lists our contractual obligations and commitments as of December 31, 2008 (In thousands):

		Payments Due by Period			
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Operating and Ground Leases*	$ 48,107	$ 3,864	$ 6,464	$ 4,307	$ 33,472
Real Estate Development*	11,932	11,932			
Long-term Debt	2,047,463	133,297	423,472	650,582	840,112
Interest Expense on Long-Term Debt*	791,687	100,221	177,561	117,910	395,995
Deferred Acquisition Payment	2,948	2,948			
Total	$ 2,902,137	$ 252,262	$ 607,497	$ 772,799	$ 1,269,579

* Not on balance sheet.

Off-Balance Sheet Arrangements

Letters of credit are issued in most cases as pledges to governmental entities for development purposes. At December 31, 2008, we have $5.6 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 $1.0 million and $0.6 million in 2008 and 2007, respectively. We estimate 2009 costs of approximately $1.3 million. We estimate that the aggregate cost which needs to be expended in 2009 and beyond with regard to currently identified environmental issues will not exceed approximately $3.4 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 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 lessor 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, 2008 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, 2008, approximately $1,643.7 million (approximately 80.7% of total debt at December 31, 2008) 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 $393.3 million (approximately 19.3% of total debt at December 31, 2008) 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 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, 2008, 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 $0.8 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, 2008. One consequence of the recent turmoil in the capital and credit markets has been sudden and dramatic changes in LIBOR, which could result in a greater than 10% 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, 2008 by approximately $59.7 million to $1,049.4 million. A 10% decrease in interest rates would increase the fair value of the fixed rate debt at December 31, 2008 by approximately $66.4 million to $1,175.5 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, 2008, we had two outstanding interest rate protection agreements with an aggregate notional amount of $119.5 million which fixes the interest rate on forecasted offerings of debt, 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 forecasted reset rate of our Series F Preferred Stock. See Note 16 to the December 31, 2008 Consolidated Financial Statements.

Foreign Currency Exchange Rate Risk

Owning, operating and developing industrial property outside of the United States exposes the Company 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 are often linked to variability in real growth, inflation, interest rates, governmental actions and other factors. At December 31, 2008, we had one industrial property and two land parcels for which the U.S. dollar was not the functional currency. This property and land parcels are located in Ontario, Canada and use the Canadian dollar as their functional currency. Additionally, the 2007 Canada Joint Venture had two industrial properties and several land parcels for which the functional currency is the Canadian dollar.

Subsequent Events

On January 21, 2009, we paid a fourth quarter 2008 distribution of $0.25 per share, totaling approximately $12.6 million.

From January 1, 2009 to February 20, 2009, we awarded 8,612 shares of restricted common stock to certain Directors. These shares of restricted common stock had a fair value of approximately $0.1 million on

the date of grant. The restricted common stock and units vest over a period of five years. Compensation expense will be charged to earnings over the respective vesting period.

From January 1, 2009 to February 20, 2009, we acquired one land parcel for a total estimated investment of approximately $0.2 million. There were no industrial properties sold during this period.

On February 25, 2009, the Board of Directors approved additional modifications to the restructuring plan consisting of further organizational and overhead cost reductions. We anticipate our total pre-tax restructuring costs to range between $32.9 million and $33.5 million, including the $27.3 million that was recorded for the year ended December 31, 2008. The additional modifications primarily consist of employee severance and benefits, office closing costs and other related costs.

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, 2007 and 2006, this relative received approximately $0.1, $0.2 and $0.3 million, respectively, in brokerage commissions or other fees for transactions with the Company and the Joint Ventures.

Other

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 it s 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. SFAS 141R is effective for financial statements issued for fiscal years beginning after December 15, 2008. We do not anticipate the adoption of SFAS 141R will have a material impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements-and 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 interests of the noncontrolling owners. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. We do not anticipate the adoption of SFAS 160 will have a material impact on our consolidated financial statements.

Effective January 1, 2008, the Company adopted SFAS No. 157, *Fair Value Measurements* (SFAS 157) and SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159). Fair value is defined under SFAS 157 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 159 allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. The adoption of SFAS 159 had no impact on our consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position 157-2, which deferred the effective date of SFAS 157 for one-year for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value on a

nonrecurring basis. SFAS 157 is now effective for those assets and liabilities for years beginning after November 15, 2008.

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 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, with early application encouraged. We do not anticipate the adoption of SFAS 161 will have a material impact on the disclosures contained in our financial statements.

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.

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 its 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 13(a)-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 regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Table of Contents

Our management has assessed the effectiveness of our internal control over financial reporting as of December 31, 2008. 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, 2008, our internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2008 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 2008 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:*

Exhibits	Description
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)

Exhibits	Description
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	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)

Exhibits	Description
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 73/8% 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, 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)
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)

Exhibits	Description
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 Johannson 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)

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)

Exhibits	Description
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 Johannson 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)

Exhibits	Description
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
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
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)
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
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.

EXHIBIT INDEX

Exhibits	Description
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)

Exhibits	Description
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 73/8% 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, File No. 333-21873)

Exhibits	Description
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 Johannson 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)

Exhibits	Description
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 Johannson 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)

54

Exhibits	Description
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
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
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)
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
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

	Page
FINANCIAL STATEMENTS	
Report of Independent Registered Public Accounting Firm	57
Consolidated Balance Sheets of First Industrial Realty Trust, Inc. (the Company) as of December 31, 2008 and 2007	58
Consolidated Statements of Operations of the Company for the Years Ended December 31, 2008, 2007 and 2006	59
Consolidated Statements of Comprehensive Income of the Company for the Years Ended December 31, 2008, 2007 and 2006	60
Consolidated Statements of Changes in Stockholders Equity of the Company for the Years Ended December 31, 2008, 2007 and 2006	61
Consolidated Statements of Cash Flows of the Company for the Years Ended December 31, 2008, 2007 and 2006	62
Notes to the Consolidated Financial Statements	63
FINANCIAL STATEMENT SCHEDULE	
Schedule III: Real Estate and Accumulated Depreciation	S-1

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, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 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, 2008, 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.

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 2, 2009

57

Table of Contents

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS

	December 31, 2008	December 31, 2007
	(In thousands except share and per share data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	$ 776,991	$ 655,523
Buildings and Improvements	2,551,450	2,599,784
Construction in Progress	57,156	70,961
Less: Accumulated Depreciation	(523,108)	(509,981)
Net Investment in Real Estate	2,862,489	2,816,287
Real Estate Held for Sale, Net of Accumulated Depreciation and Amortization of $2,251 and $3,038 at December 31, 2008 and December 31, 2007, respectively	21,117	37,875
Cash and Cash Equivalents	3,182	5,757
Restricted Cash	109	24,903
Tenant Accounts Receivable, Net	10,414	9,665
Investments in Joint Ventures	16,299	57,543
Deferred Rent Receivable, Net	32,984	32,665
Deferred Financing Costs, Net	12,197	15,373
Deferred Leasing Intangibles, Net	90,342	87,019
Prepaid Expenses and Other Assets, Net	174,743	170,946
Total Assets	$ 3,223,876	$ 3,258,033
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Mortgage Loans Payable, Net	$ 77,396	$ 73,550
Senior Unsecured Debt, Net	1,516,298	1,550,991
Unsecured Line of Credit	443,284	322,129
Accounts Payable, Accrued Expenses and Other Liabilities	128,828	146,308
Deferred Leasing Intangibles, Net	30,754	22,041
Rents Received in Advance and Security Deposits	26,181	31,425
Leasing Intangibles Held for Sale, Net of Accumulated Amortization of $254 and $0 at December 31, 2008 and December 31, 2007, respectively	541	
Dividends Payable	13,846	37,311
Total Liabilities	2,237,128	2,183,755
Commitments and Contingencies		

Minority Interest	122,548	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 December 31, 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, 48,976,296 and 47,996,263 shares issued and 44,652,182 and 43,672,149 shares outstanding at December 31, 2008 and December 31, 2007, respectively)	490	480
Additional Paid-in-Capital	1,390,358	1,354,674
Distributions in Excess of Accumulated Earnings	(366,962)	(281,587)
Accumulated Other Comprehensive Loss	(19,668)	(9,630)
Treasury Shares at Cost (4,324,114 shares at December 31, 2008 and December 31, 2007)	(140,018)	(140,018)
Total Stockholders Equity	864,200	923,919
Total Liabilities and Stockholders Equity	$ 3,223,876	$ 3,258,033

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(In thousands except per share data)		
Revenues:			
Rental Income	$ 272,797	$ 241,942	$ 202,098
Tenant Recoveries and Other Income	106,198	102,692	87,545
Construction Revenues	147,299	35,628	10,540
Total Revenues	526,294	380,262	300,183
Expenses:			
Property Expenses	124,963	110,438	97,989
General and Administrative	84,627	92,101	77,497
Restructuring Costs	27,349		
Depreciation and Other Amortization	161,027	137,429	115,009
Construction Expenses	139,539	34,553	10,263
Total Expenses	537,505	374,521	300,758
Other Income (Expense):			
Interest Income	3,690	1,926	1,614
Interest Expense	(111,559)	(119,314)	(121,141)
Amortization of Deferred Financing Costs	(2,879)	(3,210)	(2,666)
Mark-to-Market Loss on Settlement of Interest Rate Protection Agreements	(3,073)		(3,112)
Gain (Loss) From Early Retirement of Debt	2,749	(393)	
Total Other Income (Expense)	(111,072)	(120,991)	(125,305)
Loss from Continuing Operations Before Equity in (Loss) Income of Joint Ventures, Income Tax Benefit and Loss Allocated To Minority Interest	(122,283)	(115,250)	(125,880)
Equity in (Loss) Income of Joint Ventures	(33,178)	30,045	30,673
Income Tax Benefit	12,259	10,653	9,935
Minority Interest Allocable to Continuing Operations	20,048	12,392	13,919
Loss from Continuing Operations	(123,154)	(62,160)	(71,353)
Income from Discontinued Operations (Including Gain on Sale of Real Estate of $172,167, $244,962, and $213,442 for the Years Ended December 31, 2008, 2007 and 2006, respectively)	183,561	280,422	258,072
Provision for Income Taxes Allocable to Discontinued Operations (including $3,732, $36,032, and $47,511 allocable to Gain on Sale	(4,188)	(38,126)	(51,155)

of Real Estate for the Years Ended December 31, 2008, 2007 and 2006, respectively)						
Minority Interest Allocable to Discontinued Operations		(22,242)		(30,626)		(26,920)
Income Before Gain on Sale of Real Estate		33,977		149,510		108,644
Gain on Sale of Real Estate		12,008		9,425		6,071
Provision for Income Taxes Allocable to Gain on Sale of Real Estate		(3,782)		(3,082)		(2,119)
Minority Interest Allocable to Gain on Sale of Real Estate		(1,020)		(802)		(514)
Net Income		41,183		155,051		112,082
Less: Preferred Dividends		(19,428)		(21,320)		(21,424)
Less: Redemption of Preferred Stock				(2,017)		(672)
Net Income Available to Common Stockholders	$	21,755	$	131,714	$	89,986
Basic and Diluted Earnings Per Share:						
Loss from Continuing Operations	$	(3.13)	$	(1.81)	$	(2.05)
Income from Discontinued Operations	$	3.64	$	4.80	$	4.09
Net Income Available to Common Stockholders	$	0.50	$	2.99	$	2.04
Weighted Average Shares Outstanding		43,193		44,086		44,012
Dividends/Distributions declared per Common Share Outstanding	$	2.41	$	2.85	$	2.81

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

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
		(Dollars in thousands)	
Net Income	$ 41,183	$ 155,051	$ 112,082
Settlement of Interest Rate Protection Agreements		(4,261)	(1,729)
Mark-to-Market of Interest Rate Protection Agreements, Net of Income Tax Benefit of $610, $254 and $0 for the years ended December 31, 2008, 2007 and 2006, respectively	(8,676)	3,819	(2,800)
Amortization of Interest Rate Protection Agreements	(792)	(916)	(912)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements	831		
Foreign Currency Translation Adjustment, Net of Tax Benefit (Provision) of $3,498, $(1,149) and $0 for the years ended December 31, 2008, 2007 and 2006, respectively	(2,792)	2,134	
Other Comprehensive Loss (Income) Allocable to Minority Interest	1,391	(142)	698
Other Comprehensive Income	$ 31,145	$ 155,685	$ 107,339

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
	(Dollars in thousands)		
Preferred Stock Beginning of Year	$	$	$
Issuance of Preferred Stock			
Redemption of Preferred Stock			
Preferred Stock End of Year	$	$	$
Common Stock Beginning of Year	$ 480	$ 475	$ 470
Net Proceeds from the Issuance of Common Stock			1
Issuance of Restricted Stock	6	5	3
Repurchase and Retirement of Common Stock	(2)		(1)
Conversion of Units to Common Stock	6		2
Common Stock End of Year	$ 490	$ 480	$ 475
Additional Paid-In-Capital Beginning of Year	$ 1,354,674	$ 1,388,311	$ 1,384,712
Offering Costs	(321)	(46)	
Proceeds from the Issuance of Common Stock			