FIRST INDUSTRIAL REALTY TRUST INC
Form 10-Q
May 02, 2011

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

Form 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2011

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 3900, Chicago, Illinois 60606
(Address of Principal Executive Offices)

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

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

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

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

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

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

Number of shares of Common Stock, $.01 par value, outstanding as of April 29, 2011: 77,994,437.

FIRST INDUSTRIAL REALTY TRUST, INC.

Form 10-Q

For the Period Ended March 31, 2011

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PART I: FINANCIAL INFORMATION

Item 1. ***Financial Statements***

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED BALANCE SHEETS

	March 31, 2011	December 31, 2010
	(Unaudited) (In thousands except share and per share data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	$ 573,670	$ 554,829
Buildings and Improvements	2,061,931	2,061,266
Construction in Progress	4,757	2,672
Less: Accumulated Depreciation	(526,159)	(509,634)
Net Investment in Real Estate	2,114,199	2,109,133
Real Estate Held for Sale, Net of Accumulated Depreciation and Amortization of $151,170 and $165,211 at March 31, 2011 and December 31, 2010, respectively	359,421	392,291
Cash and Cash Equivalents	13,513	25,963
Restricted Cash	12	117
Tenant Accounts Receivable, Net	4,070	3,064
Investments in Joint Ventures	2,494	2,451
Deferred Rent Receivable, Net	40,158	37,878
Deferred Financing Costs, Net	13,687	15,351
Deferred Leasing Intangibles, Net	37,060	39,718
Prepaid Expenses and Other Assets, Net	119,402	124,088
Total Assets	$ 2,704,016	$ 2,750,054
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage and Other Loans Payable, Net	$ 451,010	$ 486,055
Senior Unsecured Notes, Net	880,136	879,529
Unsecured Credit Facility	286,108	376,184
	944	1,014

Mortgage Loan Payable on Real Estate Held for Sale, Net, Inclusive of $0 and $6 of Accrued Interest at March 31, 2011 and December 31, 2010, respectively		
Accounts Payable, Accrued Expenses and Other Liabilities, Net	56,815	67,326
Deferred Leasing Intangibles, Net	17,898	18,519
Rents Received in Advance and Security Deposits	25,637	27,367
Leasing Intangibles Held for Sale, Net of Accumulated Amortization of $1,708 and $2,668 at March 31, 2011 and December 31, 2010, respectively	1,687	1,916
Total Liabilities	1,720,235	1,857,910
Commitments and Contingencies		
Equity:		
First Industrial Realty Trust, Inc. s Stockholders Equity:		
Preferred Stock ($0.01 par value, 10,000,000 shares authorized, 500, 250, 600, and 200 shares of Series F, G, J, and K Cumulative Preferred Stock, respectively, issued and outstanding at March 31, 2011 and December 31, 2010, 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, 82,289,276 and 73,165,410 shares issued and 77,965,162 and 68,841,296 shares outstanding at March 31, 2011 and December 31, 2010, respectively)	823	732
Additional Paid-in-Capital	1,706,881	1,608,014
Distributions in Excess of Accumulated Earnings	(615,284)	(606,511)
Accumulated Other Comprehensive Loss	(14,827)	(15,339)
Treasury Shares at Cost (4,324,114 shares at March 31, 2011 and December 31, 2010)	(140,018)	(140,018)
Total First Industrial Realty Trust, Inc. s Stockholders Equity	937,575	846,878
Noncontrolling Interest	46,206	45,266
Total Equity	983,781	892,144
Total Liabilities and Equity	$ 2,704,016	$ 2,750,054

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(Unaudited) (In thousands except per share data)	
Revenues:		
Rental Income	$ 54,276	$ 54,775
Tenant Recoveries and Other Income	17,621	19,296
Construction Revenues		270
Total Revenues	71,897	74,341
Expenses:		
Property Expenses	25,249	25,430
General and Administrative	5,269	8,917
Restructuring Costs	1,160	264
Impairment of Real Estate	(913)	
Depreciation and Other Amortization	27,379	27,421
Construction Expenses		209
Total Expenses	58,144	62,241
Other Income (Expense):		
Interest Income	980	1,075
Interest Expense	(26,789)	(27,677)
Amortization of Deferred Financing Costs	(1,085)	(821)
Mark-to-Market Gain (Loss) on Interest Rate Protection Agreements	44	(134)
(Loss) Gain from Early Retirement of Debt	(1,026)	355
Total Other Income (Expense)	(27,876)	(27,202)
Loss from Continuing Operations Before Equity in Income (Loss) of Joint Ventures and Income Tax Benefit (Provision)	(14,123)	(15,102)
Equity in Income (Loss) of Joint Ventures	36	(459)
Income Tax Benefit (Provision)	289	(111)
Loss from Continuing Operations	(13,798)	(15,672)
Income (Loss) from Discontinued Operations (Including Gain on Sale of Real Estate of $3,804 and $4,008 for the Three Months Ended March 31, 2011 and March 31, 2010, respectively)	10,135	(3,817)

Provision for Income Taxes Allocable to Discontinued Operations (Including $516 allocable to Gain on Sale of Real Estate for the Three Months Ended March 31, 2011)		(720)		
Loss Before Gain on Sale of Real Estate		(4,383)		(19,489)
Gain on Sale of Real Estate				1,073
Provision for Income Taxes Allocable to Gain on Sale of Real Estate				(394)
Net Loss		(4,383)		(18,810)
Less: Net Loss Attributable to the Noncontrolling Interest		653		1,896
Net Loss Attributable to First Industrial Realty Trust, Inc.		(3,730)		(16,914)
Less: Preferred Stock Dividends		(4,927)		(4,960)
Net Loss Available to First Industrial Realty Trust, Inc. s Common Stockholders and Participating Securities	$	(8,657)	$	(21,874)
Basic and Diluted Earnings Per Share:				
Loss from Continuing Operations Available to First Industrial Realty Trust, Inc. s Common Stockholders	$	(0.25)	$	(0.30)
Income (Loss) From Discontinued Operations Attributable to First Industrial Realty Trust, Inc. s Common Stockholders	$	0.12	$	(0.06)
Net Loss Available to First Industrial Realty Trust, Inc. s Common Stockholders	$	(0.12)	$	(0.35)
Weighted Average Shares Outstanding		70,639		61,797

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(Unaudited) (In thousands)	
Net Loss	$ (4,383)	$ (18,810)
Mark-to-Market on Interest Rate Protection Agreements, Net of Income Tax Provision of $414 for the Three Months Ended March 31, 2010		(567)
Amortization of Interest Rate Protection Agreements	556	505
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements		(145)
Foreign Currency Translation Adjustment, Net of Income Tax Benefit of $169 and $468 for the Three Months Ended March 31, 2011 and March 31, 2010, respectively	131	688
Comprehensive Loss	(3,696)	(18,329)
Comprehensive Loss Attributable to Noncontrolling Interest	605	1,858
Comprehensive Loss Attributable to First Industrial Realty Trust, Inc.	$ (3,091)	$ (16,471)

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

	Common Stock	Additional Paid-in Capital	Treasury Shares At Cost	Distributions in Excess of Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
				(Unaudited) (In thousands)			
Balance as of December 31, 2010	$ 732	$ 1,608,014	$ (140,018)	$ (606,511)	$ (15,339)	$ 45,266	$ 892,144
Issuance of Common Stock, Net of Issuance Costs	89	100,199					100,288
Stock Based Compensation Activity	2	86		(116)			(28)
Reallocation Additional Paid in Capital		(1,418)				1,418	
Preferred Dividends				(4,927)			(4,927)
Other Comprehensive Loss:							
Net Loss				(3,730)		(653)	(4,383)
Reallocation Other Comprehensive Loss					(127)	127	
Other Comprehensive Income					639	48	687
Total Other Comprehensive Loss							(3,696)
Balance as of March 31, 2011	$ 823	$ 1,706,881	$ (140,018)	$ (615,284)	$ (14,827)	$ 46,206	$ 983,781

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
	(Unaudited) (In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	$ (4,383)	$ (18,810)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:		
Depreciation	21,537	26,883
Amortization of Deferred Financing Costs	1,085	821
Other Amortization	8,558	9,628
Impairment of Real Estate, Net	(52)	9,155
Provision for Bad Debt	196	645
Mark-to-Market (Gain) Loss on Interest Rate Protection Agreements	(44)	134
Loss (Gain) on Early Retirement of Debt	1,026	(355)
Prepayment Premiums Associated with Early Retirement of Debt	(446)	
Equity in (Income) Loss of Joint Ventures	(36)	459
Distributions from Joint Ventures		500
Gain on Sale of Real Estate	(3,804)	(5,081)
Increase in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	(4,978)	(3,959)
Increase in Deferred Rent Receivable	(2,547)	(2,731)
Decrease in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(9,730)	(10,633)
Decrease in Restricted Cash	105	3
Repayments of Discount on Senior Unsecured Notes		(1,775)
Net Cash Provided by Operating Activities	6,487	4,884
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of and Additions to Investment in Real Estate and Lease Costs	(13,383)	(13,486)
Net Proceeds from Sales of Investments in Real Estate	17,153	43,515
Contributions to and Investments in Joint Ventures	(4)	(225)
Distributions from Joint Ventures		725
Repayments of Notes Receivable	8,739	228
Increase in Restricted Cash and Escrows	(13)	(22,732)
Net Cash Provided by Investing Activities	12,492	8,025
CASH FLOWS FROM FINANCING ACTIVITIES:		
Offering Costs	(108)	(4)
Proceeds from the Issuance of Common Stock	100,570	5,970

Repurchase and Retirement of Restricted Stock	(673)	(268)
Preferred Stock Dividends	(5,379)	(5,412)
Payments on Interest Rate Swap Agreement	(194)	(152)
Costs Associated with Early Retirement of Debt		(877)
Proceeds from Origination of Mortgage Loans Payable		27,530
Repayments on Mortgage Loans Payable	(35,084)	(1,273)
Debt Issuance Costs		(493)
Repayments on Senior Unsecured Notes		(155,124)
Proceeds from Unsecured Credit Facility	10,000	51,500
Repayments on Unsecured Credit Facility	(100,590)	(10,341)
Net Cash Used in Financing Activities	(31,458)	(88,944)
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	29	284
Net Decrease in Cash and Cash Equivalents	(12,479)	(76,035)
Cash and Cash Equivalents, Beginning of Period	25,963	182,943
Cash and Cash Equivalents, End of Period	$ 13,513	$ 107,192

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

FIRST INDUSTRIAL REALTY TRUST, INC.

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

1. Organization and Formation of Company

First Industrial Realty Trust, Inc. (the Company) was organized in the state of Maryland on August 10, 1993. The Company is a real estate investment trust (REIT) as defined in the Internal Revenue Code of 1986 (the Code). Unless the context otherwise requires, the terms Company, we, us, and our refer to First Industrial Realty Trust, Inc., First Industrial, L.P. and their other controlled subsidiaries. We refer to our operating partnership, First Industrial, L.P., as the Operating Partnership.

We began operations on July 1, 1994. Our operations are conducted primarily through the Operating Partnership, of which we are the sole general partner with an approximate 93.6% ownership interest at March 31, 2011 and through our taxable REIT subsidiaries. We also conduct operations through other partnerships and limited liability companies, the operating data of which, together with that of the Operating Partnership and the taxable REIT subsidiaries, is consolidated with that of the Company as presented herein. Noncontrolling interest at March 31, 2011 of approximately 6.4% represents the aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

We also own noncontrolling equity interests in, and provide various services to, two joint ventures (the 2003 Net Lease Joint Venture and the 2007 Europe Joint Venture). During 2010, we provided various services to, and ultimately disposed of our equity interests in, five joint ventures (the 2005 Development/Repositioning Joint Venture, the 2005 Core Joint Venture, the 2006 Net Lease Co-Investment Program, the 2006 Land/Development Joint Venture, and the 2007 Canada Joint Venture; together with the 2003 Net Lease Joint Venture and the 2007 Europe Joint Venture, the Joint Ventures). The Joint Ventures are accounted for under the equity method of accounting. Accordingly, the operating data of our Joint Ventures is not consolidated with that of the Company as presented herein. The 2007 Europe Joint Venture does not own any properties. See Note 4 for more information on the Joint Ventures.

As of March 31, 2011, we owned 762 industrial properties located in 27 states in the United States and one province in Canada, containing an aggregate of approximately 67.9 million square feet of gross leasable area (GLA).

2. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements have been prepared in accordance with the accounting policies described in the financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2010 (2010 Form 10-K) and should be read in conjunction with such financial statements and related notes. The 2010 year end consolidated balance sheet data included in this Form 10-Q filing was derived from the audited financial statements in our 2010 Form 10-K, but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). The following notes to these interim financial statements highlight significant changes to the notes included in the December 31, 2010 audited financial statements included in our 2010 Form 10-K and present interim disclosures as required by the Securities and Exchange Commission. In order to conform with GAAP, we, in preparation of our financial statements, are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of March 31, 2011 and December 31, 2010, and the reported amounts of revenues and expenses for the three months ended March 31, 2011 and March 31, 2010. Actual results could differ from those estimates. In our opinion, the accompanying unaudited interim financial statements reflect all adjustments necessary for a fair statement of our financial position as of March 31, 2011 and December 31, 2010, and the results of our operations and comprehensive income for each of the three months ended March 31, 2011 and March 31, 2010, and our cash flows for each of the three months ended March 31, 2011 and March 31, 2010, and all adjustments are of a normal recurring nature.

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Investment in Real Estate

Sales and Discontinued Operations

During the three months ended March 31, 2011, we sold 13 industrial properties comprising approximately 0.7 million square feet of GLA. Gross proceeds from the sales of the 13 industrial properties were approximately $18,617. The gain on sale of real estate was approximately $3,804, all of which is shown in discontinued operations. The 13 sold industrial properties meet the criteria to be included in discontinued operations. Therefore the results of operations and gain on sale of real estate for the 13 sold industrial properties are included in discontinued operations.

At March 31, 2011, we had 177 industrial properties comprising approximately 14.9 million square feet of GLA and several land parcels held for sale. The results of operations of the 177 industrial properties held for sale at March 31, 2011 are included in discontinued operations. There can be no assurance that such industrial properties or land parcels held for sale will be sold.

Income from discontinued operations, net of income taxes, for the three months ended March 31, 2010 reflects the results of operations of the 13 industrial properties that were sold during the three months ended March 31, 2011, the results of operations of 13 industrial properties and one land parcel that received ground rental revenues that were sold during the year ended December 31, 2010, the results of operations of the 177 industrial properties identified as held for sale at March 31, 2011 and the gain on sale of real estate relating to three industrial properties and one land parcel that received ground rental revenues that were sold during the three months ended March 31, 2010.

The following table discloses certain information regarding the industrial properties included in our discontinued operations for the three months ended March 31, 2011 and March 31, 2010:

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Total Revenues	$ 14,442	$ 15,790
Property Expenses	(6,196)	(7,367)
Impairment of Real Estate, Net	(861)	(9,155)
Depreciation and Amortization	(1,041)	(7,075)
Interest Expense	(13)	(18)
Gain on Sale of Real Estate	3,804	4,008
Provision for Income Taxes	(720)	
Income (Loss) from Discontinued Operations	$ 9,415	$ (3,817)

At March 31, 2011 and December 31, 2010, we had notes receivables outstanding of approximately $51,109 and $58,803, net of a discount of $367 and $383, respectively, which are included as a component of Prepaid Expenses and Other Assets, Net. At March 31, 2011 and December 31, 2010, the fair values of the notes receivables were

$53,590 and $60,944, respectively. The fair values of our notes receivables were determined by discounting the future cash flows using the current rates at which similar loans with similar remaining maturities would be made to other borrowers.

Impairment Charges

On October 22, 2010, we amended our unsecured revolving credit facility (as amended, the Unsecured Credit Facility). In conjunction with the amendment, management identified a pool of real estate assets (the Non-Strategic Assets) that it intends to market and sell.

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At March 31, 2011, the Non-Strategic Assets consisted of 182 industrial properties comprising approximately 15.7 million square feet of GLA and land parcels comprising approximately 600 acres. The Non-Strategic Assets (except six industrial properties comprising approximately 0.8 million square feet of GLA) were classified as held for sale as of March 31, 2011. During the three months ended March 31, 2011, we recorded a net non-cash impairment charge of $861 relating to certain of the Non-Strategic Assets held for sale. The $861 net impairment charge was calculated as the difference of the carrying value of the properties over the fair value less costs to sell due to their classification as held for sale at March 31, 2011. The net impairment charge of $861 is due to updated fair market values for certain of the Non-Strategic Assets whose estimated fair market values have changed since December 31, 2010. The fair market values were determined using widely accepted valuation techniques including discounted cash flow analyses on expected cash flows, internal valuations of real estate and third party offers.

The net impairment charge of $861 relating to the Non-Strategic Assets held for sale is offset by $913 of reversal of impairment charges related to certain industrial properties and land parcels that were classified as held for sale at December 31, 2010 but no longer qualify to be classified as held for sale at March 31, 2011. If an asset no longer qualifies to be classified as held for sale, the carrying value must be reestablished at the lower of the estimated fair market value of the asset or the carrying value of the asset prior to held for sale classification, adjusted for any depreciation and amortization that would have been recorded if the asset had not been classified as held for sale. There are nine industrial properties comprising approximately 0.7 million square feet of GLA and two land parcels comprising approximately 95 acres that were previously classified as held for sale but no longer meet the criteria for held for sale classification at March 31, 2011. We recorded catch-up depreciation and amortization on the nine industrial properties as that resulted in a lower value than the fair market value of each of these assets at March 31, 2011. We reversed impairment of $913 that was previously recorded while we held for sale six industrial properties comprising approximately 0.3 million square feet of GLA and one land parcel comprising approximately 58 acres. While the assets were classified as held for sale, we had recorded impairment in order to adjust the carrying value of the assets to fair market value less costs to sell. We reversed impairment previously recorded because the carrying value of each asset, adjusted for depreciation and amortization, was greater than the fair market value less costs to sell.

During the three months ended March 31, 2010, we recorded an impairment charge in the amount of $9,155 related to a certain property comprised of 0.3 million square feet of GLA located in Grand Rapids, Michigan (Grand Rapids Property) in connection with the negotiation of a new lease. The non-cash impairment charge related to the Grand Rapids Property was based upon the difference between the fair value of the property and its carrying value. The valuation of the Grand Rapids Property was determined based upon a discounted cash flow analysis on expected cash flows and the income capitalization approach considering prevailing market capitalization rates. The $9,155 impairment loss is included in discontinued operations for the three months ended March 31, 2010.

The guidance for the fair value measurement provisions for the impairment of long lived assets recorded at fair value establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables present information about our assets that were measured at fair value on a non-recurring basis during the three months ended March 31, 2011 and 2010. The tables indicate the fair value hierarchy of the valuation techniques we utilized to determine fair value.

		Fair Value Measurements on a Non-Recurring Basis Using:			
Description	Three Months Ended March 31, 2011	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Gains (Losses)
Long-lived Assets Held for Sale	$ 138,065			$ 138,065	$ (861)

		Fair Value Measurements on a Non-Recurring Basis Using:			
Description	Three Months Ended March 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Gains (Losses)
Long-lived Assets Held and Used	$ 4,122			$ 4,122	$ (9,155)

4. Investments in Joint Ventures

At March 31, 2011, the 2003 Net Lease Joint Venture owned nine industrial properties comprising approximately 4.9 million square feet of GLA. The 2003 Net Lease Joint Venture is considered a variable interest entity in accordance with the Financial Accounting Standards Board s (the FASB) guidance on the consolidation of variable interest entities. However, we continue to conclude that we are not the primary beneficiary of this venture. As of March 31, 2011, our investment in the 2003 Net Lease Joint Venture is $2,494. Our maximum exposure to loss is equal to our investment plus any future contributions we make to the venture. We continue to hold our 10% equity interest in the 2007 Europe Joint Venture. As of March 31, 2011, the 2007 Europe Joint Venture did not own any properties.

At March 31, 2011 and December 31, 2010, we have receivables from the Joint Ventures (and/or our former Joint Venture partners) in the aggregate amount of $3,033 and $2,857, respectively. These receivable amounts are included in Prepaid Expenses and Other Assets, Net. During the three months ended March 31, 2011 and March 31, 2010, we invested the following amounts in, as well as received distributions from, our Joint Ventures and recognized fees from our Joint Ventures (and/or our former Joint Venture partners) in the following amounts:

	Three Months Ended March 31, 2011	**Three Months Ended March 31, 2010**
Contributions	$ 4	$ 225
Distributions	$	$ 1,225
Fees	$ 310	$ 2,067

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Indebtedness

The following table discloses certain information regarding our indebtedness:

	Outstanding Balance at March 31, 2011	Outstanding Balance at December 31, 2010	Interest Rate at March 31, 2011	Effective Interest Rate at March 31, 2011	Maturity Date
Mortgage and Other Loans Payable, Net*	$ 451,010	$ 486,055	5.00% - 9.25%	4.93% -9.25%	January 2012 - October 2020
*Unamortized Premiums**	(336)	(358)			
Mortgage and Other Loans Payable, Gross	$ 450,674	$ 485,697			
Senior Unsecured Notes, Net					
2016 Notes	$ 159,913	$ 159,899	5.750%	5.91%	01/15/16
2017 Notes	87,197	87,195	7.500%	7.52%	12/01/17
2027 Notes	13,559	13,559	7.150%	7.11%	05/15/27
2028 Notes	189,871	189,869	7.600%	8.13%	07/15/28
2012 Notes	61,784	61,774	6.875%	6.85%	04/15/12
2032 Notes	34,671	34,667	7.750%	7.87%	04/15/32
2014 Notes	87,105	86,792	6.420%	6.54%	06/01/14
2011 Exchangeable Notes	128,391	128,137	4.625%	5.53%	09/15/11
2017 II Notes	117,645	117,637	5.950%	6.37%	05/15/17
Subtotal	$ 880,136	$ 879,529			
Unamortized Discounts	6,373	6,980			
Senior Unsecured Notes, Gross	$ 886,509	$ 886,509			
Unsecured Credit Facility	$ 286,108	$ 376,184	3.480%	3.480%	09/28/12

* Excludes $944 and $1,008, respectively, of Mortgage Loan Payable on Real Estate Held for Sale and $45 and $48, respectively, of unamortized premiums as of March 31, 2011 and December 31, 2010.

On February 10, 2011, we paid off and retired prior to maturity our secured mortgage loan originally maturing in September 2012 in the amount of $14,520. On March 9, 2011, we paid off and retired prior to maturity our secured mortgage loan originally maturing in December 2014 in the amount of $18,662. In connection with the early payoffs, we recorded a loss on early retirement of debt of $1,026 related to prepayment premiums and the write-off of unamortized loan fees.

Included in Mortgage and Other Loans Payable is a $5,040 loan payable related to a non-recourse mortgage loan that matured on March 1, 2011. We are currently working with the lender to transfer title of the industrial building that serves as collateral in satisfaction of the loan. However, there can be no assurance that we will be successful in these efforts.

As of March 31, 2011, Mortgage and Other Loans Payable are collateralized by, and in some instances cross-collateralized by, industrial properties with a net carrying value of $621,445 and one letter of credit in the amount of $889.

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following is a schedule of the stated maturities and scheduled principal payments as of March 31, 2011 of our indebtedness, inclusive of maturities and scheduled principal payments of Mortgage Loan Payable on Real Estate Held for Sale and exclusive of premiums and discounts, for the next five years ending December 31, and thereafter:

	Amount
Remainder of 2011	$ 139,732
2012	358,519
2013	8,781
2014	191,361
2015	65,271
Thereafter	860,526
Total	$ 1,624,190

The Unsecured Credit Facility and the indentures under which our senior unsecured indebtedness is, or may be, issued contain certain financial covenants, including, among other things, coverage ratios and limitations on our ability to incur total indebtedness and secured and unsecured indebtedness. Consistent with our prior practice, we will, in the future, continue to interpret and certify our performance under these covenants in a good faith manner that we deem reasonable and appropriate. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our noteholders or 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 Credit Facility, 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 March 31, 2011, and we anticipate that we will be able to operate in compliance with our financial covenants throughout 2011.

Fair Value

At March 31, 2011 and December 31, 2010, the fair values of our indebtedness were as follows:

	March 31, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Mortgage and Other Loans Payable	$ 451,954	$ 502,987	$ 487,063	$ 548,696
Senior Unsecured Notes	880,136	874,912	879,529	851,771
Unsecured Credit Facility	286,108	286,108	376,184	376,184
Total	$ 1,618,198 &nb			