

FIRST INDUSTRIAL REALTY TRUST INC

Form 10-Q

August 06, 2010

**Table of Contents**

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

**Form 10-Q**

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended June 30, 2010**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from        to**

**Commission file number 1-13102**

**First Industrial Realty Trust, Inc.**  
*(Exact Name of Registrant as Specified in its Charter)*

**Maryland**  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

**36-3935116**  
*(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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

to submit and post such files). Yes  No

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

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

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

Number of shares of Common Stock, \$.01 par value, outstanding as of August 5, 2010: 63,773,359.

---

**FIRST INDUSTRIAL REALTY TRUST, INC.**

**Form 10-Q**

**For the Period Ended June 30, 2010**

**INDEX**

	<b>Page</b>	
<b><u>PART I: FINANCIAL INFORMATION</u></b>		
<u>Item 1.</u>	<u>Financial Statements</u>	2
	<u>Consolidated Balance Sheets as of June 30, 2010 and December 31, 2009</u>	2
	<u>Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2010 and June 30, 2009</u>	3
	<u>Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2010 and June 30, 2009</u>	4
	<u>Consolidated Statement of Changes in Stockholders' Equity for the Six Months Ended June 30, 2010</u>	5
	<u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2010 and June 30, 2009</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	24
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	39
<u>Item 4.</u>	<u>Controls and Procedures</u>	39
<b><u>PART II: OTHER INFORMATION</u></b>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	40
<u>Item 1A.</u>	<u>Risk Factors</u>	40
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	41
<u>Item 4.</u>	<u>(Removed and Reserved)</u>	41
<u>Item 5.</u>	<u>Other Information</u>	41
<u>Item 6.</u>	<u>Exhibits</u>	42
	<b><u>SIGNATURE</u></b>	43
	<b><u>EXHIBIT INDEX</u></b>	44
	<u>EX-31.1</u>	
	<u>EX-31.2</u>	
	<u>EX-32.1</u>	

---

Table of Contents**PART I: FINANCIAL INFORMATION****Item 1. Financial Statements****FIRST INDUSTRIAL REALTY TRUST, INC.****CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
	<b>(Unaudited)</b>	
	<b>(In thousands except share and per share data)</b>	
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$ 743,171	\$ 751,479
Buildings and Improvements	2,561,491	2,543,573
Construction in Progress	12,616	24,712
Less: Accumulated Depreciation	(632,426)	(594,895)
Net Investment in Real Estate	2,684,852	2,724,869
Real Estate Held for Sale, Net of Accumulated Depreciation and Amortization of \$1,194 and \$3,341 at June 30, 2010 and December 31, 2009, respectively	4,667	37,305
Cash and Cash Equivalents	86,199	182,943
Restricted Cash	181	102
Tenant Accounts Receivable, Net	3,130	2,243
Investments in Joint Ventures	4,866	8,788
Deferred Rent Receivable, Net	43,788	39,220
Deferred Financing Costs, Net	14,178	15,333
Deferred Leasing Intangibles, Net of Accumulated Amortization of \$44,933 and \$43,201 at June 30, 2010 and December 31, 2009, respectively	54,405	60,160
Prepaid Expenses and Other Assets, Net	133,235	133,623
Total Assets	\$ 3,029,501	\$ 3,204,586
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Indebtedness:		
Mortgage and Other Loans Payable, Net	\$ 452,790	\$ 402,974
Senior Unsecured Debt, Net	912,147	1,140,114

Edgar Filing: FIRST INDUSTRIAL REALTY TRUST INC - Form 10-Q

Unsecured Line of Credit	496,472	455,244
Accounts Payable, Accrued Expenses and Other Liabilities, Net	74,602	81,136
Deferred Leasing Intangibles, Net of Accumulated Amortization of \$14,649 and \$14,371 at June 30, 2010 and December 31, 2009, respectively	22,378	24,754
Rents Received in Advance and Security Deposits	26,628	26,117
<b>Total Liabilities</b>	<b>1,985,017</b>	<b>2,130,339</b>
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 June 30, 2010 and December 31, 2009, 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, 68,131,158 and 66,169,328 shares issued and 63,807,044 and 61,845,214 shares outstanding at June 30, 2010 and December 31, 2009, respectively)	681	662
Treasury Shares at Cost (4,324,114 shares at June 30, 2010 and December 31, 2009)	(140,018)	(140,018)
Additional Paid-in-Capital	1,565,390	1,551,218
Distributions in Excess of Accumulated Earnings	(424,414)	(384,013)
Accumulated Other Comprehensive Loss	(17,552)	(18,408)
<b>Total First Industrial Realty Trust, Inc.'s Stockholders' Equity</b>	<b>984,087</b>	<b>1,009,441</b>
Noncontrolling Interest	60,397	64,806
<b>Total Equity</b>	<b>1,044,484</b>	<b>1,074,247</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,029,501</b>	<b>\$ 3,204,586</b>

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

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

	<b>Three Months Ended June 30, 2010</b>	<b>Three Months Ended June 30, 2009</b>	<b>Six Months Ended June 30, 2010</b>	<b>Six Months Ended June 30, 2009</b>
<b>(Unaudited)</b>				
<b>(In thousands except per share data)</b>				
Revenues:				
Rental Income	\$ 65,496	\$ 66,333	\$ 131,498	\$ 134,021
Tenant Recoveries and Other Income	22,025	21,897	45,355	46,695
Construction Revenues		18,318	270	36,749
<b>Total Revenues</b>	<b>87,521</b>	<b>106,548</b>	<b>177,123</b>	<b>217,465</b>
Expenses:				
Property Expenses	28,974	30,362	61,517	63,274
General and Administrative	7,375	11,641	16,292	21,750
Restructuring Costs	947	72	1,211	4,816
Impairment of Real Estate			9,155	
Depreciation and Other Amortization	35,637	36,208	69,935	74,362
Construction Expenses		17,789	209	35,672
<b>Total Expenses</b>	<b>72,933</b>	<b>96,072</b>	<b>158,319</b>	<b>199,874</b>
Other Income/(Expense):				
Interest Income	1,008	721	2,083	1,282
Interest Expense	(25,637)	(29,391)	(53,332)	(57,489)
Amortization of Deferred Financing Costs	(793)	(754)	(1,614)	(1,462)
Mark-to-Market (Loss) Gain on Interest Rate Protection Agreements	(1,324)	2,301	(1,458)	3,416
(Loss) Gain from Early Retirement of Debt	(4,320)	3,986	(3,965)	3,986
Foreign Currency Exchange Loss, Net	(190)		(190)	
<b>Total Other Income/(Expense)</b>	<b>(31,256)</b>	<b>(23,137)</b>	<b>(58,476)</b>	<b>(50,267)</b>
Loss from Continuing Operations Before Equity in Income of Joint Ventures and Income Tax (Provision) Benefit				
Equity in Income of Joint Ventures	582	1,551	123	1,580
Income Tax (Provision) Benefit	(2,511)	2,635	(2,636)	4,471
<b>Loss from Continuing Operations</b>	<b>(18,597)</b>	<b>(8,475)</b>	<b>(42,185)</b>	<b>(26,625)</b>
	3,488	4,736	7,574	9,843

Edgar Filing: FIRST INDUSTRIAL REALTY TRUST INC - Form 10-Q

Income from Discontinued Operations (Including Gain on Sale of Real Estate of \$3,610 and \$3,907 for the Three Months Ended June 30, 2010 and June 30, 2009, respectively, and \$7,619 and \$8,320 for the Six Months Ended June 30, 2010 and June 30, 2009, respectively) (Provision) Benefit for Income Taxes Allocable to Discontinued Operations (Including \$0 and \$34 allocable to Gain on Sale of Real Estate for the Three Months Ended June 30, 2010 and June 30, 2009, respectively, and \$0 and \$128 for the Six Months Ended June 30, 2010 and June 30, 2009, respectively)		(72)		14
Loss Before Gain on Sale of Real Estate	(15,109)	(3,811)	(34,611)	(16,768)
Gain on Sale of Real Estate			1,072	460
Provision for Income Taxes Allocable to Gain on Sale of Real Estate			(380)	(29)
Net Loss	(15,109)	(3,811)	(33,919)	(16,337)
Less: Net Loss Attributable to the Noncontrolling Interest	1,561	925	3,457	2,907
Net Loss Attributable to First Industrial Realty Trust, Inc.	(13,548)	(2,886)	(30,462)	(13,430)
Less: Preferred Stock Dividends	(4,979)	(4,824)	(9,939)	(9,681)
Net Loss Available to First Industrial Realty Trust, Inc. s Common Stockholders and Participating Securities	\$ (18,527)	\$ (7,710)	\$ (40,401)	\$ (23,111)
Basic and Diluted Earnings Per Share:				
Loss from Continuing Operations Available to First Industrial Realty Trust, Inc. s Common Stockholders	\$ (0.35)	\$ (0.27)	\$ (0.76)	\$ (0.72)
Income From Discontinued Operations Attributable to First Industrial Realty Trust, Inc. s Common Stockholders	\$ 0.05	\$ 0.09	\$ 0.11	\$ 0.20
Net Loss Available to First Industrial Realty Trust, Inc. s Common Stockholders	\$ (0.29)	\$ (0.17)	\$ (0.65)	\$ (0.52)
Weighted Average Shares Outstanding, Basic and Diluted	62,838	44,439	62,320	44,294

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



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

	<b>Three Months Ended June 30, 2010</b>	<b>Three Months Ended June 30, 2009</b>	<b>Six Months Ended June 30, 2010</b>	<b>Six Months Ended June 30, 2009</b>
			<b>(Unaudited)</b>	
			<b>(In thousands)</b>	
Net Loss	\$ (15,109)	\$ (3,811)	\$ (33,919)	\$ (16,337)
Mark-to-Market on Interest Rate Protection Agreements, Net of Income Tax Provision of \$0 and \$216 for the Three Months Ended June 30, 2010 and June 30, 2009, respectively, and \$414 and \$241 for the Six Months Ended June 30, 2010 and June 30, 2009, respectively	(20)	1,179	(587)	(1,036)
Amortization of Interest Rate Protection Agreements	523	38	1,028	(168)
Write-off of Unamortized Settlement Amounts of Interest Rate Protection Agreements	(13)	(63)	(158)	(63)
Foreign Currency Translation Adjustment, Net of Tax Benefit(Provision) of \$166 and \$(1,429) for the Three Months Ended June 30, 2010 and June 30, 2009, respectively, and \$634 and \$(926) for the Six Months Ended June 30, 2010 and June 30, 2009, respectively	14	892	702	449
Comprehensive Loss	(14,605)	(1,765)	(32,934)	(17,155)
Comprehensive Loss Attributable to Noncontrolling Interest	1,521	582	3,379	2,681
Comprehensive Loss Attributable to First Industrial Realty Trust, Inc.	\$ (13,084)	\$ (1,183)	\$ (29,555)	\$ (14,474)

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

**Table of Contents**

**FIRST INDUSTRIAL REALTY TRUST, INC.**

**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**

&