

FIRST INDUSTRIAL REALTY TRUST INC

Form 10-K

March 02, 2009

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

- þ** **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008
- o** **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 1-13102

FIRST INDUSTRIAL REALTY TRUST, INC.
(Exact name of Registrant as specified in its Charter)

Maryland
(State or other jurisdiction of incorporation or organization)
311 S. Wacker Drive,
Suite 4000, Chicago, Illinois
(Address of principal executive offices)

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

(312) 344-4300

(Registrant's telephone number, including area code)

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting stock held by non-affiliates of the Registrant was approximately \$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.

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This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of complying with those safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words believe, expect, intend, anticipate, estimate, project 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 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, and our taxable REIT subsidiary, First Industrial Investment, Inc., as the TRS.

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PART I

THE COMPANY

Item 1. *Business*

General

First Industrial Realty Trust, Inc. is a Maryland corporation organized on August 10, 1993, and is a real estate investment trust (REIT) 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

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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

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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

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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

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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

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Item 1A. Risk Factors

Risk Factors

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

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.

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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

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

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

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

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

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

We are subject to the risks that, upon expiration, leases may not be renewed, the space subject to such leases may not be relet or the terms of renewal or reletting, including the cost of required renovations, may be less favorable than expiring lease terms. If we were unable to promptly renew a significant number of expiring leases or to promptly relet the space covered by such leases, or if the rental rates upon renewal or reletting were significantly lower than the current rates, our financial condition, results of operation, cash flow and ability to pay dividends on, and the market price of our common stock could be adversely affected. As of December 31, 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.

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

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

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

We could, in certain instances, have taxable income without sufficient cash to enable us to meet the distribution requirements of the REIT provisions of the Code. In that situation, we could be required to borrow funds or sell properties on adverse terms in order to meet those distribution requirements. In addition, because we must distribute to our stockholders at least 90% of our REIT taxable income each year, our ability to accumulate capital may be limited. Thus, to provide capital resources for our ongoing business, 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.

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

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

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

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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

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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.

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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

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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.

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

Property Summary

| Metropolitan Area | Light Industrial | | R&D/Flex | | Bulk Warehouse | | Regional Warehouse | | Manufacturing | |
|--------------------------------|------------------|----------------------|-----------|----------------------|----------------|----------------------|--------------------|----------------------|---------------|----------------------|
| | GLA | Number of Properties | GLA | Number of Properties | GLA | Number of Properties | GLA | Number of Properties | GLA | Number of Properties |
| Atlanta, GA(a) | 666,544 | 11 | 206,826 | 5 | 2,422,142 | 10 | 306,207 | 4 | 847,950 | |
| Baltimore, MD | 857,286 | 14 | 169,660 | 5 | 383,135 | 3 | | | 171,000 | |
| Central PA(b) | 870,025 | 8 | | | 1,572,000 | 4 | 117,599 | 3 | | |
| Chicago, IL | 912,677 | 14 | 174,841 | 3 | 2,453,625 | 13 | 172,851 | 4 | 421,000 | |
| Cincinnati, OH | 654,389 | 8 | | | 1,103,830 | 4 | 130,870 | 2 | | |
| Cleveland, OH | 64,000 | 1 | | | 608,740 | 4 | | | | |
| Columbus, OH(c) | 217,612 | 2 | | | 2,733,541 | 8 | 98,800 | 1 | | |
| Dallas, TX | 2,221,217 | 41 | 454,963 | 18 | 2,035,363 | 17 | 677,433 | 10 | 128,478 | |
| Denver, CO | 1,170,042 | 20 | 1,016,054 | 23 | 400,498 | 3 | 343,516 | 5 | 126,384 | |
| Detroit, MI | 2,360,135 | 85 | 452,376 | 15 | 630,780 | 6 | 710,308 | 17 | 116,250 | |
| Houston, TX | 289,407 | 6 | 111,111 | 5 | 2,041,527 | 12 | 355,793 | 5 | | |
| Indianapolis, IN | | | | | | | | | | |
| Los Angeles, CA (f,g) | 837,500 | 17 | 38,200 | 3 | 3,170,869 | 12 | 222,710 | 5 | 71,600 | |
| Long Beach, CA | | | | | 595,940 | 2 | | | | |
| Los Angeles, CA | 490,525 | 11 | 184,064 | 2 | 586,499 | 4 | 199,555 | 3 | | |
| Miami, FL | | | | | | | 228,726 | 5 | | |
| Madison, WI | 238,567 | 5 | 93,705 | 2 | 1,338,129 | 6 | 129,557 | 2 | | |
| Minneapolis/St. Paul, 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 | | | | |
| Nashville, TN | 205,205 | 3 | | | 1,015,773 | 5 | | | 109,058 | |
| Philadelphia, PA | 188,177 | 6 | 36,802 | 2 | 799,287 | 3 | 71,912 | 2 | 178,000 | |
| Phoenix, AZ(j) | 38,560 | 1 | | | 328,526 | 2 | 436,615 | 6 | | |
| New Jersey(k) | 680,480 | 6 | | | 281,100 | 2 | 79,329 | 1 | | |
| Provo, UT | 706,201 | 35 | 146,937 | 6 | 279,179 | 1 | | | | |
| San Diego, CA | 196,025 | 7 | | | | | 69,985 | 2 | | |
| Seattle, WA (l,m) | | | | | 100,611 | 1 | 139,435 | 2 | | |
| St. Louis, MO(n) | 660,239 | 9 | | | 1,468,095 | 5 | | | | |
| Tampa, FL(o) | 234,679 | 7 | 531,357 | 24 | 209,500 | 1 | | | | |
| Toronto, ON | 57,540 | 1 | | | 897,954 | 3 | | | | |
| Waco, TX (p) | 696,547 | 8 | | | 1,951,456 | 10 | 88,000 | 1 | | |
| Total | 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.

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- (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

| Metropolitan Area | GLA | Totals | | GLA as a % of Total Portfolio |
|--------------------------|-----------|----------------------|-------------------------------|----------------------------------|
| | | Number of Properties | Average Occupancy at 12/31/08 | |
| 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% |

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| | | | | |
|------------------|------------|-----|------|--------|
| 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% |

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- (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 |

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| | | | |
|------------------|-----------|------------------|------|
| 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.

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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.

Table of Contents**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) (In thousands) | Annual Base Rent Under Expiring Leases | Percentage of Total Annual Base Rent Expiring |
|------------------------------|----------------------------------|------------------------|---|---|--|
| 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.

Table of Contents**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.

Table of Contents**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 |

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| | | | | | |
|--|-----------|------------|------------|-----------|------------|
| 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 |

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| | | | | | |
|---|-----------|------------|------------|-----------|------------|
| 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 |

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| | 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.

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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,

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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.

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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

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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.

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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.

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| | 2008 | 2007 | \$ Change | % |
|---|------------|------------|---------------|---------|
| | | | (\$ in 000 s) | Change |
| 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 | % |
|--|------------|------------|---------------|---------|
| | | | (\$ in 000 s) | Change |
| 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

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\$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 (\$ in 000 s) | % Change |
|--|------------|------------|----------------------------|-------------|
| 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

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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

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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.

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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.

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| | 2007 | 2006 | \$ Change (\$ in 000 s) | % Change |
|---|------------|------------|----------------------------|-------------|
| 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 (\$ in 000 s) | % Change |
|--|------------|------------|----------------------------|-------------|
| 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

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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

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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

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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.

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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 from 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):

| | Total | Less Than 1 Year | Payments Due by Period | | |
|--|--------------|---------------------|------------------------|------------|--------------|
| | | | 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 lesser extent, foreign currency fluctuations.

Interest Rate Risk

This analysis presents the hypothetical gain or loss in earnings, cash flows or fair value of the financial instruments and derivative instruments which are held by us at December 31, 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.

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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

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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 its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of the business combination. 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

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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.

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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

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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)

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| 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)

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| 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)

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| 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 Johansson L. Yap and First Industrial Realty Trust, Inc. (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-11, File No. 33-77804) |
| 10.6 | 1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.37 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994, File No. 1-13102) |
| 10.7 | First Industrial Realty Trust, Inc. Deferred Income Plan (incorporated by reference to Exhibit 10 of the Form 10-Q of the Company for the fiscal quarter ended March 31, 1996, File No. 1-13102) |
| 10.8 | Contribution Agreement, dated March 19, 1996, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company, dated April 3, 1996, File No. 1-13102) |
| 10.9 | Contribution Agreement, dated January 31, 1997, among FR Acquisitions, Inc. and the parties listed on the signature pages thereto (incorporated by reference to Exhibit 10.58 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102) |
| 10.10 | Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael W. Brennan dated November 26, 2008 (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102) |
| 10.11 | 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.62 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102) |

- 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)

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

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| 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.

Table of Contents**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 | |

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

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

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

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

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

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

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

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| Exhibits | Description |
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| 10.10 | Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael W. Brennan dated November 26, 2008 (incorporated by reference to Exhibit 10.2 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102) |
| 10.11 | 1997 Stock Incentive Plan (incorporated by reference to Exhibit 10.62 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, File No. 1-13102) |
| 10.12 | 2001 Stock Incentive Plan (incorporated by reference to Exhibit 10.34 of the Company's Annual Report on Form 10-K for the year ended December 31, 2001, File No. 1-13102) |
| 10.13 | Separation and Release Agreement between First Industrial Realty Trust, Inc. and Michael J. Havala dated December 22, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed December 23, 2008, File No. 1-13102) |
| 10.14 | Employment Agreement, dated March 31, 2002, between First Industrial Realty Trust, Inc. and Johansson L. Yap (incorporated by reference to Exhibit 10.2 of the Form 10-Q of First Industrial Realty Trust, Inc. for the fiscal quarter ended March 31, 2002, File No. 1-13102) |
| 10.15 | Separation and Release Agreement between First Industrial Realty Trust, Inc. and David P. Draft dated November 25, 2008 (incorporated by reference to Exhibit 10.1 of the Form 8-K of the Company filed November 28, 2008, File No. 1-13102) |
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| 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) |
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| 10.26 | Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.26 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102) |
| 10.27 | Form of Director Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.27 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102) |
| 10.28 | Form of Employee Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 1-13102) |

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| 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

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| <u>Consolidated Statements of Comprehensive Income of the Company for the Years Ended December 31, 2008, 2007 and 2006</u> | 60 |
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Report of Independent Registered Public Accounting Firm

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of First Industrial Realty Trust, Inc. and its subsidiaries (the Company) at December 31, 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

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

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| | | |
|--|--------------|--------------|
| 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.

Table of Contents**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) |

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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.

Table of Contents**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 | 174 | 613 | 3,819 |
| Issuance of Restricted Stock | (6) | (5) | (3) |
| Repurchase and Retirement of Restricted Stock/Common Stock | (4,579) | (3,210) | (2,463) |
| Call Spread | | | (6,835) |
| Net Proceeds from the Issuance of Preferred Stock | | | 192,624 |
| Redemption of Preferred Stock | | (47,997) | (181,484) |
| Conversion of Units to Common Stock | 14,610 | 2,858 | 5,142 |
| Reclassification to initially adopt SFAS 123R | | | (16,825) |
| Amortization of Restricted Stock Grants | 25,806 | 14,150 | 9,624 |
| Additional Paid-In-Capital End of Year | \$ 1,390,358 | \$ 1,354,674 | \$ 1,388,311 |
| Dist. In Excess of Accum. Earnings Beginning of Year | \$ (281,587) | \$ (284,955) | \$ (248,686) |
| Preferred Stock Dividends | (19,428) | (21,320) | (21,424) |
| Distributions (\$2.41, \$2.85, and \$2.81 per Share/Unit at December 31, 2008, 2007 and 2006, respectively) | (121,882) | (146,126) | (144,720) |
| Redemption of Preferred Stock | | (2,017) | (672) |
| Repurchase and Retirement of Restricted Stock/Common Stock | (266) | (728) | (269) |
| Net Income Before Minority Interest | 44,397 | 174,087 | 125,597 |
| Minority Interest: | | | |
| Allocation of Income | (3,214) | (19,036) | (13,515) |
| Distributions (\$2.41, \$2.85, and \$2.81 per Unit at December 31, 2008, 2007 and 2006, respectively) | 15,018 | 18,508 | 18,734 |

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| | | | | |
|--|-----------------------|--------------|--------------|--------------|
| Dist. In Excess of Accum. Earnings | End of Year | \$ (366,962) | \$ (281,587) | \$ (284,955) |
| Unearned Value of Rest. Stock Grants | Beginning of Year | \$ | \$ | \$ (16,825) |
| Issuance of Restricted Stock | | | | |
| Amortization of Restricted Stock Grants | | | | |
| Restricted Stock Forfeitures | | | | |
| Reclassification to initially adopt SFAS 123R | | | | 16,825 |
| Unearned Value of Rest. Stock Grants | End of Year | \$ | \$ | \$ |
| Treasury Shares, at cost | Beginning of Year | \$ (140,018) | \$ (70,588) | \$ (70,588) |
| Purchase of Treasury Shares | | | (69,430) | |
| Treasury Shares, at cost | End of Year | \$ (140,018) | \$ (140,018) | \$ (70,588) |
| Accum. Other Comprehensive Loss | Beginning of Year | \$ (9,630) | \$ (10,264) | \$ (5,521) |
| Settlement of Interest Rate Protection Agreements | | | (4,261) | (1,729) |
| Mark-to-Market of Interest Rate Protection Agreements, Net of Tax Benefit | | (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) | | (2,792) | 2,134 | |
| Other Comprehensive Loss (Income) Allocable to Minority Interest | | 1,391 | (142) | 698 |
| Accum. Other Comprehensive Loss | End of Year | \$ (19,668) | \$ (9,630) | \$ (10,264) |
| Total Stockholders | Equity at End of Year | \$ 864,200 | \$ 923,919 | \$ 1,022,979 |

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

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

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 | Year Ended December 31, 2006 |
|--|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Income | \$ 41,183 | \$ 155,051 | \$ 112,082 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | |
| Allocation of Income to Minority Interest | 3,214 | 19,036 | 13,515 |
| Depreciation | 114,925 | 121,584 | 121,347 |
| Amortization of Deferred Financing Costs | 2,879 | 3,210 | 2,666 |
| Other Amortization | 70,455 | 54,556 | 40,965 |
| Provision for Bad Debt | 3,346 | 2,212 | 2,289 |
| Mark-to-Market of Interest Rate Protection Agreements | 3,073 | | (16) |
| (Gain) Loss on Early Retirement of Debt | (2,749) | 393 | |
| Equity in Loss (Income) of Joint Ventures | 33,178 | (30,045) | (30,673) |
| Distributions from Joint Ventures | 1,520 | 31,365 | 31,664 |
| Decrease in Developments for Sale Costs | 1,527 | 1,209 | 5,883 |
| Gain on Sale of Real Estate | (184,175) | (254,387) | (219,513) |
| Increase in Tenant Accounts Receivable and Prepaid Expenses and Other Assets, Net | (12,934) | (20,140) | (16,524) |
| Increase in Deferred Rent Receivable | (7,189) | (9,710) | (10,154) |
| Increase in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits | (216) | 18,408 | 6,020 |
| Decrease (Increase) in Restricted Cash | 90 | (6) | |
| Cash Book Overdraft. | 3,058 | 253 | |
| Net Cash Provided by Operating Activities | 71,185 | 92,989 | 59,551 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of and Additions to Investment in Real Estate | (583,414) | (677,461) | (813,840) |
| Net Proceeds from Sales of Investments in Real Estate | 502,929 | 800,147 | 907,428 |
| Contributions to and Investments in Joint Ventures | (17,327) | (27,696) | (32,773) |
| Distributions from Joint Ventures | 20,985 | 22,863 | 19,734 |
| Funding of Notes Receivable | (10,325) | (8,385) | |
| Repayment of Mortgage Loans Receivable | 68,722 | 26,350 | 34,987 |
| Decrease (Increase) in Restricted Cash | 24,704 | (8,909) | 13,611 |
| Net Cash Provided by Investing Activities | 6,274 | 126,909 | 129,147 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Offering Costs | (321) | (46) | (280) |
| Proceeds from the Issuance of Common Stock | 174 | 613 | 3,742 |
| Proceeds from the Issuance of Preferred Stock | | | 200,000 |

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| | | | |
|---|-----------|-----------|-------------|
| Preferred Stock Offering Costs | | | (7,103) |
| Redemption of Preferred Stock | | (50,014) | (182,156) |
| Repurchase of Restricted Stock | (4,847) | (3,938) | (2,660) |
| Proceeds from Senior Unsecured Debt | | 149,595 | 399,306 |
| Other Costs from Senior Unsecured Debt | | (4,261) | (1,729) |
| Repayment of Senior Unsecured Debt | (32,525) | (150,000) | (150,000) |
| Dividends/Distributions | (145,347) | (146,660) | (143,858) |
| Preferred Stock Dividends | (19,428) | (26,023) | (19,248) |
| Purchase of Treasury Shares | | (69,430) | |
| Repayments of Mortgage Loans Payable | (3,271) | (41,475) | (12,618) |
| Proceeds from Unsecured Line of Credit | 550,920 | 879,129 | 779,300 |
| Repayments on Unsecured Line of Credit | (425,030) | (764,000) | (1,029,800) |
| Call Spread | | | (6,835) |
| Debt Issuance Costs and Costs Incurred in Connection with the Early Retirement of Debt | (79) | (3,766) | (6,861) |
| Net Cash Used in Financing Activities | (79,754) | (230,276) | (180,800) |
| Net Effect of Exchange Rate Changes on Cash and Cash Equivalents | (280) | | |
| Net (Decrease) Increase in Cash and Cash Equivalents | (2,295) | (10,378) | 7,898 |
| Cash and Cash Equivalents, Beginning of Year | 5,757 | 16,135 | 8,237 |
| Cash and Cash Equivalents, End of Year | \$ 3,182 | \$ 5,757 | \$ 16,135 |

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands except share and per share data)

1. Organization and Formation of Company

First Industrial Realty Trust, Inc. was organized in the state of Maryland on August 10, 1993. First Industrial Realty Trust, Inc. is a real estate investment trust (REIT) as defined in the Internal Revenue Code of 1986, (the Code). Unless the context otherwise requires, the terms the Company, we, us, and our refer to First Industrial Realty Trust, Inc., 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.

We began operations on July 1, 1994. Our operations are conducted primarily through the Operating Partnership, of which we are the sole general partner, and the TRS, of which the Operating Partnership is the sole stockholder. We also conduct operations through other partnerships, corporations, and limited liability companies, the operating data of which, together with that of the Operating Partnership and the TRS, is consolidated with that of the Company as presented herein.

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.

As of December 31, 2008, we owned 799 industrial properties (inclusive of developments in progress) located in 28 states in the United States and one province in Canada, containing an aggregate of approximately 71.2 million square feet of gross leasable area (GLA).

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

2. Current Business Risks and Uncertainties

The real estate markets have been significantly impacted by 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 at favorable terms.

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 \$125,000 of unsecured debt maturing, and in July 2009 we have \$5,025 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 first quarter of 2009, and will 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.

3. Basis of Presentation

First Industrial Realty Trust, Inc. is the sole general partner of the Operating Partnership, with an approximate 88.5% and 87.1% common ownership interest at December 31, 2008 and 2007, respectively. Minority interest at December 31, 2008 and 2007 represents the approximate 11.5% and 12.9%, respectively, aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

Our consolidated financial statements at December 31, 2008 and 2007 and for each of the years ended December 31, 2008, 2007 and 2006 include the accounts and operating results of the Company and our subsidiaries. Such financial statements present our minority equity interests in our Joint Ventures under the equity method of accounting. All

intercompany transactions have been eliminated in consolidation.

4. Summary of Significant Accounting Policies

In order to conform with generally accepted accounting principles, we are required in preparation of our financial statements to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of December 31, 2008 and 2007, and the reported amounts of revenues and expenses for each of the years ended December 31, 2008, 2007 and 2006. Actual results could differ from those estimates.

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include all cash and liquid investments with an initial maturity of three months or less. The carrying amount approximates fair value due to the short term maturity of these investments.

Restricted Cash

At December 31, 2008 and 2007, restricted cash includes cash held in escrow in connection with mortgage debt requirements and/or gross proceeds from the sales of certain industrial properties. These sales proceeds will be disbursed as we exchange into properties under Section 1031 of the Code. The carrying amount approximates fair value due to the short term maturity of these investments.

Investment in Real Estate and Depreciation

Investment in Real Estate is carried at cost. We review our properties on a periodic basis for impairment and provide a provision if impairments are found. To determine if an impairment may exist, we review our properties and identify those that have had either an event of change or event of circumstances warranting further assessment of recoverability (such as a decrease in occupancy). If further assessment of recoverability is needed, we estimate the future net cash flows expected to result from the use of the property and its eventual disposition, on an individual property basis. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of the property on an individual property basis, we will recognize an impairment loss based upon the estimated fair value of such property. For properties we consider held for sale, we cease depreciating the properties and value the properties at the lower of depreciated cost or fair value, less costs to dispose. If circumstances arise that were previously considered unlikely, and, as a result, we decide not to sell a property previously classified as held for sale, we will reclassify such property as held and used. Such property is measured at the lower of its carrying amount (adjusted for any depreciation and amortization expense that would have been recognized had the property been continuously classified as held and used) or fair value at the date of the subsequent decision not to sell. To calculate the fair value of properties held for sale, we deduct from the estimated sales price of the property the estimated costs to close the sale. We classify properties as held for sale when all criteria within Financial Accounting Standards Board's (the FASB) Statement of Financial Accounting Standard (SFAS) No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144) are met.

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

| | Years |
|----------------------------|--------------|
| Buildings and Improvements | 8 to 50 |

| | |
|-----------------------------------|---------|
| Land Improvements | 3 to 15 |
| Furniture, Fixtures and Equipment | 5 to 10 |

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

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

occurred. Repairs and maintenance are charged to expense when incurred. Expenditures for improvements are capitalized.

We account for all acquisitions entered into subsequent to June 30, 2001 in accordance with SFAS No. 141, *Business Combinations* (SFAS 141). Upon acquisition of a property, we allocate the purchase price of the property based upon the fair value of the assets acquired, which generally consist of land, buildings, tenant improvements, leasing commissions and intangible assets including in-place leases, above market and below market leases and tenant relationships. We allocate the purchase price to the fair value of the tangible assets of an acquired property by valuing the property as if it were vacant. Acquired above and below market leases are valued based on the present value of the difference between prevailing market rates and the in-place rates measured over a period equal to the remaining term of the lease for above market leases and the initial term plus the term of any below market fixed rate renewal options for below market leases that are considered bargain renewal options. The above market lease values are amortized as a reduction of rental revenue over the remaining term of the respective leases, and the below market lease values are amortized as an increase to base rental revenue over the remaining initial terms plus the terms of any below market fixed rate renewal options that are considered bargain renewal options of the respective leases.

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

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

| | December 31, 2008 | December 31, 2007 |
|--------------------------------|------------------------------|------------------------------|
| In-Place Leases | \$ 84,424 | \$ 86,398 |
| Less: Accumulated Amortization | (30,350) | (24,860) |
| | \$ 54,074 | \$ 61,538 |
| Above Market Leases | \$ 15,830 | \$ 6,440 |
| Less: Accumulated Amortization | (2,607) | (2,519) |
| | \$ 13,223 | \$ 3,921 |
| Tenant Relationships | \$ 28,717 | \$ 24,970 |
| Less: Accumulated Amortization | (5,672) | (3,410) |

| | | | | |
|---|----|--------|----|--------|
| | \$ | 23,045 | \$ | 21,560 |
| Total Deferred Leasing Intangibles, Net | \$ | 90,342 | \$ | 87,019 |

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

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

| | December 31, 2008 | December 31, 2007 |
|---|------------------------------|------------------------------|
| Below Market Leases | \$ 42,856 | \$ 31,668 |
| Less: Accumulated Amortization | (12,102) | (9,627) |
| Total Deferred Leasing Intangibles, Net | \$ 30,754 | \$ 22,041 |

Amortization expense related to in-place leases and tenant relationships of deferred leasing intangibles was \$30,228, \$23,913, and \$17,403 for the years ended December 31, 2008, 2007, and 2006, respectively. Rental revenues increased by \$8,100, \$4,265 and \$3,656 related to net amortization of above/(below) market leases for the years ended December 31, 2008, 2007, and 2006, respectively. We will recognize net amortization expense related to deferred leasing intangibles over the next five years, for properties owned as of December 31, 2008, as follows:

| | Estimated Net Amortization of In-Place Leases and Tenant Relationships | Estimated Net Increase to Rental Revenues Related to Above and Below Market Leases |
|------|---|---|
| 2009 | \$ 16,390 | \$ 4,411 |
| 2010 | 12,755 | 3,241 |
| 2011 | 9,914 | 1,747 |
| 2012 | 8,205 | 1,252 |
| 2013 | 6,938 | 950 |

Construction Revenues and Expenses

During 2008, 2007 and 2006, the TRS entered into contracts with third parties to construct industrial properties and during 2008 and 2007, also acted as general contractor to construct industrial properties, including properties for the 2005 Development/Repositioning Joint Venture. We use the percentage-of-completion contract method to recognize revenue. Using this method, revenues are recorded based on estimates of the percentage of completion of individual contracts. The percentage of completion estimates are based on a comparison of the contract expenditures incurred to the estimated final costs. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Foreign Currency Transactions and Translation

During 2008, we owned one industrial property and two land parcels located in Toronto, Canada for which the functional currency was determined to be the Canadian dollar. Additionally, the 2007 Canada Joint Venture owns two industrial properties and several land parcels in Canada for which the functional currency is the Canadian dollar. The assets and liabilities of these industrial properties and land parcels are translated to U.S. dollars from the Canadian dollar based on the current exchange rate prevailing at each balance sheet date. The income statement accounts of the industrial properties and the land parcels are translated using the average exchange rate for the period. The resulting translation adjustments are included in accumulated other comprehensive income. For the years ended December 31, 2008 and 2007, we recorded \$(6,290) and \$3,283 in foreign currency translation (loss) gain, respectively, offset by \$3,498 and \$(1,149) of income tax benefit (provision), respectively.

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. These fees and costs are being amortized over the terms of the respective loans. Accumulated amortization of deferred financing costs was \$17,918 and \$15,089 at December 31, 2008 and 2007, respectively. Unamortized deferred financing costs are written-off when debt is retired before the maturity date.

Investments in Joint Ventures

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

On a periodic basis, we assess whether there are any indicators that the value of our Investments in Joint Ventures may be impaired 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 value of the investment. Our estimates of value for each investment are based on a number of subjective assumptions that are subject to economic and market uncertainties including, among others, demand for space, market rental rates and operating costs, the discount rate used to value the cash flows of the properties and the discount rate used to value the Joint Ventures' debt. As these factors are difficult to predict and are subject to future events that may alter our assumptions, our values estimated in the impairment analyses may not be realized.

Stock Based Compensation

Effective January 1, 2006 we adopted SFAS No. 123R, *Share Based Payment*, using the modified prospective application method, which requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest.

Revenue Recognition

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

Revenue is recognized on payments received from tenants for early lease terminations after we determine that all the necessary criteria have been met in accordance with SFAS No. 13, *Accounting for Leases*.

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

We provide an allowance for doubtful accounts against the portion of tenant accounts receivable which is estimated to be uncollectible. Accounts receivable in the consolidated balance sheets are shown net of an

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

allowance for doubtful accounts of \$2,918 and \$2,833 as of December 31, 2008 and 2007, respectively. For accounts receivable we deem uncollectible, we use the direct write-off method.

Gain on Sale of Real Estate

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

Income Taxes

We have elected to be taxed as a REIT under Sections 856 through 860 of the Code. As a result, we generally are not subject to federal income taxation to the extent of the income which we distribute if we satisfy the requirements set forth in Section 856 of the Code (pertaining to its organization and types of income and assets) necessary to maintain our status as a REIT. We are required to distribute annually at least 90% of our REIT taxable income, as defined in the Code, to our stockholders and we satisfy certain other requirements.

A provision has been made for federal income taxes in the accompanying consolidated financial statements for activities conducted in the TRS, which has been accounted for under SFAS No. 109, *Accounting for Income Taxes* (SFAS 109). In accordance with SFAS 109, the total benefit/expense has been separately allocated to income from continuing operations, income from discontinued operations and gain on sale of real estate.

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

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

Earnings Per Common Share

Net income per weighted average share basic is based on the weighted average common shares outstanding (excluding restricted stock that has not yet vested). Net income per weighted average share diluted is based on the weighted average common shares outstanding (excluding restricted stock that has not yet vested) plus the dilutive effect of in-the-money employee stock options, restricted stock and 2011 Exchangeable Notes (hereinafter defined). See Note 11 for further disclosure about earnings per share.

Fair Value of Financial Instruments

On January 1, 2008, we adopted SFAS 157, *Fair Value Measurements* (SFAS 157), which defines fair-value, establishes a framework for measuring fair-value, and expands disclosures about fair-value measurements. SFAS 157 applies to reported balances that are required or permitted to be measured at fair-

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

value under existing accounting pronouncements; accordingly, the standard does not require any new fair-value measurements of reported balances. As of December 31, 2008, we have applied the provisions of SFAS 157 to the valuation of our interest rate swaps and our proportionate share of interest rate swaps entered into by certain Joint Ventures, which are the only financial instruments measured at fair-value on a recurring basis. Additionally, we have applied the provisions of SFAS 157 to the valuations of our Joint Ventures for purpose of our APB 18 analysis.

Other financial instruments include short-term investments, tenant accounts receivable, net, mortgage notes receivable, accounts payable, other accrued expenses, mortgage loans payable, unsecured line of credit and senior unsecured debt. The fair values of the short-term investments, tenant accounts receivable, net, accounts payable and other accrued expenses approximates their carrying or contract values. See Note 6 for the fair values of the mortgage loans payable, unsecured line of credit and senior unsecured debt and see Note 9 for the fair value of our mortgage notes receivable.

Derivative Financial Instruments

Historically, we have used interest rate protection agreements (Agreements) to fix the interest rate on anticipated offerings of senior unsecured debt or convert floating rate debt to fixed rate debt. Receipts or payments that result from the settlement of Agreements used to fix the interest rate on anticipated offerings of senior unsecured debt are amortized over the life of the senior unsecured debt and included in interest expense. Receipts or payments resulting from Agreements used to convert floating rate debt to fixed rate debt are recognized as a component of interest expense. Agreements which qualify for hedge accounting are marked-to-market and any gain or loss that is effective is recognized in other comprehensive income (shareholders' equity). Any Agreements which no longer qualify for hedge accounting are marked-to-market and any gain or loss is recognized in net income immediately. The credit risks associated with Agreements are controlled through the evaluation and monitoring of the creditworthiness of the counterparty. In the event that the counterparty fails to meet the terms of Agreements, our exposure is limited to the current value of the interest rate differential, not the notional amount, and our carrying value of Agreements on the balance sheet. See Note 16 for more information on Agreements.

Discontinued Operations

SFAS 144 addresses financial accounting and reporting for the disposal of long lived assets. SFAS 144 requires that the results of operations and gains or losses on the sale of property or property held for sale be presented in discontinued operations if both of the following criteria are met: (a) the operations and cash flows of the property have been (or will be) eliminated from the ongoing operations of the Company as a result of the disposal transaction and (b) we will not have any significant continuing involvement in the operations of the property after the disposal transaction. SFAS 144 also requires prior period results of operations for these properties to be reclassified and presented in discontinued operations in prior consolidated statements of operations.

Segment Reporting

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

Recent Accounting Pronouncements

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

for financial statements issued for fiscal years beginning after December 15, 2008. We do not expect 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 expect the adoption of SFAS 160 will have a material impact on our consolidated financial statements.

Effective January 1, 2008, the Company adopted 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.

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Investments in Joint Ventures and Property Management Services

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

On May 16, 2003, we entered into the 2003 Net Lease Joint Venture with an institutional investor to invest in industrial properties. We own a 15% equity interest in and provide property management services to the 2003 Net Lease Joint Venture. For the year ended December 31, 2008, we recorded an impairment loss of \$1,249 in equity in income of Joint Ventures in accordance with APB 18. As of December 31, 2008, the 2003 Net Lease Joint Venture owned 10 industrial properties comprising approximately 5.1 million square feet of GLA.

On March 18, 2005, we entered into the 2005 Development/Repositioning Joint Venture with an institutional investor to invest in, own, develop, redevelop and operate certain industrial properties. We own a 10% equity interest in and provide property management, asset management, development management, disposition, incentive and leasing management services to the 2005 Development/Repositioning Joint Venture. During the year ended December 31, 2008, we recorded an impairment loss of \$483 in equity in income of Joint Ventures which represents our proportionate share of SFAS 144 impairment loss related to two industrial properties and one land parcel owned by the 2005 Development/Repositioning Joint Venture. Additionally, for the year ended December 31, 2008 we recorded an impairment loss of \$25,332 in equity in income of Joint Ventures in accordance with APB 18. As of December 31, 2008, the 2005 Development/Repositioning Joint Venture owned 44 industrial properties comprising approximately 7.8 million square feet of GLA and several land parcels.

On September 7, 2005, we entered into the 2005 Core Joint Venture with an institutional investor to invest in, own and operate certain industrial properties. We own a 10% equity interest in and provide property management, asset management, development management, disposition, incentive and leasing management services to the 2005 Core Joint Venture. For the year ended December 31, 2008, we recorded an impairment loss of \$3,153 in equity in income of Joint Ventures in accordance with APB 18. As of December 31, 2008, the 2005 Core Joint Venture owned 48 industrial properties comprising approximately 3.9 million square feet of GLA and several land parcels.

On March 21, 2006, we entered into the 2006 Net Lease Co-Investment Program with an institutional investor to invest in industrial properties. We own a 15% equity interest in and provide property management, asset management and leasing management services to the 2006 Net Lease Co-Investment Program. During the year ended December 31, 2008, we recorded an impairment loss of \$2,216 in equity in income of Joint Ventures which represents our proportionate share of the SFAS 144 impairment loss related to two industrial properties owned by the 2006 Net Lease Co-Investment Program. As of December 31, 2008, the 2006 Net Lease Co-Investment Program owned 12 industrial properties comprising approximately 5.0 million square feet of GLA.

On July 21, 2006, we entered into the 2006 Land/Development Joint Venture with an institutional investor to invest in land and vertical development. We own a 10% equity interest in and provide property management, asset

management, development management and leasing management services to the 2006 Land/Development Joint Venture. For the year ended December 31, 2008 we recorded an impairment loss of \$10,105 in equity in income of Joint Ventures in accordance with APB 18. As of December 31, 2008, the

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2006 Land/Development Joint Venture owned one industrial property comprising approximately 0.8 million square feet and several land parcels.

During July 2007, we entered into a management arrangement with an institutional investor to provide property management, leasing, acquisition, disposition and portfolio management services for industrial properties (the July 2007 Fund). We do not own an equity interest in the July 2007 Fund, however are entitled to incentive payments if certain economic thresholds related to the industrial properties are achieved.

During December 2007, we entered into the 2007 Canada Joint Venture and the 2007 Europe Joint Venture with an institutional investor to invest in, own, develop, redevelop and operate industrial properties. We own a 10% interest in and will provide property management, asset management, development management and leasing management services to the 2007 Canada Joint Venture and the 2007 Europe Joint Venture. As of December 31, 2008, the 2007 Canada Joint Venture owned two industrial properties comprising approximately 0.2 million square feet and several land parcels. As of December 31, 2008, the 2007 Europe Joint Venture did not own any properties and is inactive.

The 2006 Land/Development Joint Venture and the 2007 Canada Joint Venture are considered variable interest entities in accordance with SFAS Interpretation No. 46(R), Consolidation of Variable Interest Entities . However we are not considered the primary beneficiary for either venture. As of December 31, 2008 our investments in the 2006 Land/Development Joint Venture and the 2007 Canada Joint Venture are \$0 and \$1,486, respectively. We calculate our maximum exposure to loss to equal our investment balance for each venture as of year end plus any future contributions we make to the ventures.

During the year ended December 31, 2006, we sold two land parcels to the 2005 Development/Repositioning Joint Venture. During the year ended December 31, 2005, we sold eight industrial properties comprising approximately 1.6 million square feet of GLA and several land parcels to the 2005 Development/Repositioning Joint Venture. We deferred 10% of the gain from the sales, which is equal to our economic interest in the 2005 Development/Repositioning Joint Venture. On May 18, 2007, we repurchased 66 acres of the land we had sold to the 2005 Development/Repositioning Joint Venture for a purchase price of \$6,379. Since we had deferred 10% of the gain on sale from the original sale in 2005, we netted the unamortized deferred gain amount, along with our 10% economic interest in the gain on sale and distributions in excess of our 10% economic interest we received from the sale against the basis of the land.

On October 15, 2007, we purchased 10 acres of land from the 2005 Development/Repositioning Joint Venture for a purchase price of \$3,714. We netted our 10% economic interest in the gain on sale and distributions in excess of our 10% economic interest we received from the sale against the basis of the land.

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

At December 31, 2008 and 2007, we have a receivable from the Joint Ventures and the July 2007 Fund of \$3,939 and \$6,068, respectively, which mainly relates to development, leasing, property management and asset management fees due to us from the Joint Ventures and the July 2007 Fund and reimbursement for development expenditures made by the TRS who is acting in the capacity of the general contractor for development projects for the 2005 Development/Repositioning Joint Venture. These amounts are included in Prepaid Expenses and Other Assets, Net.

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

During the years ended December 31, 2008, 2007 and 2006, we invested the following amounts in, as well as received distributions from, our Joint Ventures and recognized fees from acquisition, disposition, leasing, development, incentive, property management and asset management services from our Joint Ventures and the July 2007 Fund in the following amounts:

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 | Year Ended December 31, 2006 |
|---------------|---|---|---|
| Contributions | \$ 16,623 | \$ 25,482 | \$ 29,194 |
| Distributions | \$ 22,505 | \$ 54,228 | \$ 51,398 |
| Fees | \$ 19,757 | \$ 25,116 | \$ 22,507 |

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

| | December 31, 2008 | December 31, 2007 |
|---|------------------------------|------------------------------|
| Condensed Combined Balance Sheets | | |
| Gross Real Estate Investment | \$ 1,967,717 | \$ 1,777,964 |
| Less: Accumulated Depreciation | (93,215) | (69,811) |
| Net Real Estate | 1,874,502 | 1,708,153 |
| Other Assets | 186,881 | 163,583 |
| Total Assets | \$ 2,061,383 | \$ 1,871,736 |
| Debt | \$ 1,442,464 | \$ 1,264,769 |
| Other Liabilities | 130,407 | 112,268 |
| Equity | 488,512 | 494,699 |
| Total Liabilities and Equity | \$ 2,061,383 | \$ 1,871,736 |
| Company's share of Equity | \$ 56,066 | \$ 56,494 |
| Basis Differentials(1) | (39,767) | 1,049 |
| Carrying Value of the Company's investments in Joint Ventures | \$ 16,299 | \$ 57,543 |

(1) This amount represents the aggregate difference between our historical cost basis and the basis reflected at the joint venture level. Basis differentials are primarily comprised of impairments we recorded in accordance with

APB 18, a gain deferral related to a property we sold to the 2003 Net Lease Joint Venture, deferred fees and certain equity costs which are not reflected at the joint venture level.

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

| | Year Ended December 31, | | |
|---|--------------------------------|-------------|-------------|
| | 2008 | 2007 | 2006 |
| Condensed Combined Statements of Operations | | | |
| Total Revenues | \$ 91,754 | \$ 85,691 | \$ 71,897 |
| Expenses: | | | |
| Operating and Other | 38,897 | 28,238 | 21,951 |
| Interest | 55,071 | 48,345 | 30,205 |
| Depreciation and Amortization | 48,768 | 45,433 | 38,539 |
| Impairment Loss | 20,208 | | |
| Total Expenses | 162,944 | 122,016 | 90,695 |
| Income from Discontinued Operations (Including Gain on Sale of Real Estate of \$33,518, \$92,652 and \$66,927 for the years ended December 31, 2008, 2007 and 2006, respectively) | 34,812 | 84,998 | 41,732 |
| Gain on Sale of Real Estate | 18,460 | 15,523 | 27,425 |
| Net (Loss) Income | \$ (17,918) | \$ 64,196 | \$ 50,359 |
| Company's Share of Net Income | 6,661 | 30,045 | 30,673 |
| Company's Impairment in Accordance with APB 18 | (39,839) | | |
| Equity in (Loss) Income of Joint Ventures | \$ (33,178) | \$ 30,045 | \$ 30,673 |

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****6. Mortgage Loans Payable, Net, Senior Unsecured Notes, Net and Unsecured Line of Credit**

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

| | Outstanding Balance at | | Interest Rate at | | Effective Interest Rate at | | Maturity Date |
|--|-----------------------------------|------------------------------|------------------------------|---------|---|---------|-------------------------------|
| | December 31, 2008 | December 31, 2007 | December 31, 2008 | | December 31, 2008 | | |
| Mortgage Loans Payable, Net | \$ 77,396 | \$ 73,550 | 5.50% | - 9.25% | 4.58% | - 9.25% | July 2009 - September 2024 |
| <i>Unamortized Premiums</i> | (1,717) | (2,196) | | | | | |
| Mortgage Loans Payable, Gross | \$ 75,679 | \$ 71,354 | | | | | |
| Senior Unsecured Notes, Net | | | | | | | |
| 2016 Notes | \$ 194,524 | \$ 199,442 | 5.750% | | 5.91% | | 01/15/16 |
| 2017 Notes | 99,914 | 99,905 | 7.500% | | 7.52% | | 12/01/17 |
| 2027 Notes | 15,056 | 15,056 | 7.150% | | 7.11% | | 05/15/27 |
| 2028 Notes | 199,846 | 199,838 | 7.600% | | 8.13% | | 07/15/28 |
| 2011 Notes | 199,868 | 199,807 | 7.375% | | 7.39% | | 03/15/11 |
| 2012 Notes | 199,546 | 199,408 | 6.875% | | 6.85% | | 04/15/12 |
| 2032 Notes | 49,480 | 49,457 | 7.750% | | 7.87% | | 04/15/32 |
| 2009 Notes | 124,980 | 124,937 | 5.250% | | 4.10% | | 06/15/09 |
| 2014 Notes | 114,921 | 113,521 | 6.420% | | 6.54% | | 06/01/14 |
| 2011 Exchangeable Notes* | 200,000 | 200,000 | 4.625% | | 4.63% | | 09/15/11 |
| 2017 II Notes | 118,163 | 149,620 | 5.950% | | 6.37% | | 05/15/17 |
| Subtotal | \$ 1,516,298 | \$ 1,550,991 | | | | | |
| <i>Unamortized Discounts</i> | 12,202 | 14,079 | | | | | |
| Senior Unsecured Notes, Gross | \$ 1,528,500 | \$ 1,565,070 | | | | | |
| Unsecured Line of Credit | \$ 443,284 | \$ 322,129 | 1.981% | | 1.981% | | 09/28/12 |

- * Holders of the 2011 Exchangeable Notes may exchange their notes for our common shares prior to the close of business on the second business day immediately preceding the stated maturity date at any time beginning on July 15, 2011 and also under other certain circumstances. The 2011 Exchangeable Notes are convertible into common shares of the Company at a price of \$50.93.

Mortgage Loans Payable, Net

On June 6, 2008, we assumed a mortgage loan payable of \$4,097 bearing interest at a rate of 6.83%. In conjunction with the assumption of the mortgage loan, we recorded a premium in the amount of \$256 which will be amortized as an adjustment to interest expense through maturity on June 1, 2018. On July 24, 2008, we assumed two mortgage loans payable of \$2,502 and \$997 bearing interest at a rate of 6.97% and 7.07%, respectively, that each mature on July 1, 2018. As of December 31, 2008, mortgage loans payable of \$77,396 are collateralized by industrial properties with a carrying value of \$156,336. We believe the Operating Partnership and the Company were in compliance with all covenants relating to mortgage loans payable as of December 31, 2008.

Senior Unsecured Notes, Net

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

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

rate on the 2016 Notes prior to issuance. We settled the interest rate protection agreements on January 9, 2006 for a payment of approximately \$1,729, which is included in other comprehensive income.

On June 6, 2008, we repurchased and retired \$5,000 of the 2016 Notes at a redemption price of 89.75% of par. In connection with the partial retirement, we recognized \$430 as gain on early retirement of debt, which is the difference between the repurchase amount of \$4,488 and the principal amount retired of \$5,000, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees and the unamortized settlement amount of the interest rate protection agreements related to the 2016 Notes of \$13, \$36 and \$33, respectively.

On May 7, 2007, we issued \$150,000 of senior unsecured debt which matures on May 15, 2017 and bears interest at a rate of 5.95% (the 2017 II Notes). The issue price of the 2017 II Notes was 99.730%. In April 2006, we also entered into interest rate protection agreements to fix the interest rate on the 2017 II Notes prior to issuance. We settled the effective portion of the interest rate protection agreements on May 1, 2007 for \$4,261 which is included in other comprehensive income.

On June 6, 2008, we repurchased and retired \$16,570 of the 2017 II Notes at a redemption price of 89.750% of par. In connection with the partial retirement, we recognized \$1,059 as gain on early retirement of debt, which is the difference between the repurchase amount of \$14,872 and the principal amount retired of \$16,570, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees and the unamortized settlement amount of the interest rate protection agreements related to the 2017 II Notes of \$40, \$177 and \$422, respectively. On July 1, 2008, we repurchased and retired \$5,000 of the 2017 II Notes at a redemption price of 88.915% of par. In connection with the partial retirement, we recognized \$363 as gain on early retirement of debt, which is the difference between the repurchase amount of \$4,446 and the principal amount retired of \$5,000, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees, and the unamortized settlement amount of the interest rate protection agreements related to the 2017 II Notes of \$12, \$53 and \$126, respectively. On August 12, 2008, we repurchased and retired \$10,000 of the 2017 II Notes at a redemption price of 87.200% of par. In connection with the partial retirement, we recognized \$897 as gain on early retirement of debt, which is the difference between the repurchase amount of \$8,720 and the principal amount retired of \$10,000, net of the pro rata write off of the unamortized debt issue discount, the unamortized loan fees, and the unamortized settlement amount of the interest rate protection agreements related to the 2017 II Notes of \$24, \$109 and \$250, respectively.

In conjunction with certain issuances of senior unsecured debt, we entered into interest rate protection agreements to fix the interest rate on anticipated offerings of senior unsecured debt. In the next 12 months, we will amortize approximately \$97 into net income by decreasing interest expense.

All of our senior unsecured debt (except for the 2011 Exchangeable Notes) contains certain covenants, including limitations on incurrence of debt and debt service coverage. We believe the Operating Partnership and the Company were in compliance with all covenants relating to senior unsecured debt as of December 31, 2008. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our noteholders in a manner that could impose and cause us to incur material costs.

Unsecured Line of Credit

We have maintained our Unsecured Line of Credit since 1997. The Unsecured Line of Credit matures on September 28, 2012, has a borrowing capacity of \$500,000 (with the right, subject to certain conditions, to increase the borrowing capacity up to \$700,000) and bears interest at a floating rate of LIBOR plus 0.75%, or the prime rate, at our election. At December 31, 2008, borrowings under the Unsecured Line of Credit bore interest at a weighted average interest rate of 1.981%. On August 18, 2008 we amended our unsecured line of credit agreement dated as of September 28, 2007. As a result of the amendment, the portion of the Unsecured

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Line of Credit available in multiple currencies was increased to \$161,000 from \$100,000. The Unsecured Line of Credit contains certain covenants including limitations on incurrence of debt and debt service coverage. 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 the Operating Partnership and the Company were in compliance with all covenants relating to the Unsecured Line of Credit as of December 31, 2008. 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.

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

| | Amount |
|------------|---------------|
| 2009 | \$ 133,297 |
| 2010 | 15,815 |
| 2011 | 407,657 |
| 2012 | 648,059 |
| 2013 | 2,523 |
| Thereafter | 840,112 |
| Total | \$ 2,047,463 |

Fair Value

At December 31, 2008 and 2007, the fair value of our mortgage loans payable, senior unsecured debt and Unsecured Line of Credit were as follows:

| | December 31, 2008 | | December 31, 2007 | |
|--------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Mortgage Loans Payable | \$ 77,396 | \$ 75,817 | \$ 73,550 | \$ 74,867 |
| Senior Unsecured Debt | 1,516,298 | 1,033,283 | 1,550,991 | 1,605,048 |
| Unsecured Line of Credit | 443,284 | 400,849 | 322,129 | 322,129 |
| Total | \$ 2,036,978 | \$ 1,509,949 | \$ 1,946,670 | \$ 2,002,044 |

The fair value of the senior unsecured debt was determined by quoted market prices, if available. The fair values of our senior unsecured debt that were not valued by quoted market prices and the fair values of our mortgage loans payable were determined by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The fair value of the Unsecured Line of Credit was determined by discounting the future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining term, assuming no repayment until maturity.

7. Stockholders Equity

Preferred Stock

On June 6, 1997, we issued 2,000,000 Depositary Shares, each representing 1/100th of a share of our 85/8%, \$0.01 par value, Series C Cumulative Preferred Stock (the Series C Preferred Stock), at an initial offering price of \$25.00 per Depositary Share. On June 6, 2007, the Series C Preferred Stock became

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redeemable for cash at our option, in whole or in part, at a redemption price equivalent to \$25 per Depositary Share, or \$50,000 in the aggregate, plus dividends accrued and unpaid to the redemption date. We redeemed the Series C Preferred Stock on June 7, 2007, at a redemption price of \$25.00 per Depositary Share, and paid a prorated second quarter dividend of \$0.40729 per Depositary Share, totaling approximately \$815. Due to the redemption of the Series C Preferred Stock, the initial offering costs associated with the issuance of the Series C Preferred Stock of \$2,017 were reflected as a deduction from net income to arrive at net income available to common stockholders in determining earnings per share for the year ended December 31, 2007.

On May 27, 2004, we issued 50,000 Depositary Shares, each representing 1/100th of a share of our 6.236%, \$0.01 par value, Series F Flexible Cumulative Redeemable Preferred Stock (the Series F Preferred Stock), at an initial offering price of \$1,000.00 per Depositary Share. Dividends on the Series F Preferred Stock are cumulative from the date of initial issuance and are payable semi-annually in arrears for the period from the date of original issuance through March 31, 2009 (the Series F Initial Fixed Rate Period), commencing on September 30, 2004, at a rate of 6.236% per annum of the liquidation preference (the Series F Initial Distribution Rate) (equivalent to \$62.36 per Depositary Share). On or after March 31, 2009, the Series F Initial Distribution Rate is subject to reset, at our option, subject to certain conditions and parameters, at fixed or floating rates and periods. Fixed rates and periods will be determined through a remarketing procedure. Floating rates during floating rate periods will equal 2.375% (the initial credit spread), plus the greater of (i) the 3-month LIBOR Rate, (ii) the 10-year Treasury CMT Rate (as defined in the Articles Supplementary), and (iii) the 30-year Treasury CMT Rate (the adjustable rate)(as defined in the Articles Supplementary), reset quarterly. Dividends on the Series F Preferred Stock are payable semi-annually in arrears for fixed rate periods subsequent to the Series F Initial Fixed Rate Period and quarterly in arrears for floating rate periods. With respect to the payment of dividends and amounts upon liquidation, dissolution or winding up, the Series F Preferred Stock ranks senior to payments on our Common Stock and pari passu with our Series G Preferred Stock (hereinafter defined), Series J Preferred Stock (hereinafter defined) and Series K Preferred Stock (hereinafter defined). On or after March 31, 2009, subject to any conditions on redemption applicable in any fixed rate period subsequent to the Series F Initial Fixed Rate Period, the Series F Preferred Stock is redeemable for cash at our option, in whole or in part, at a redemption price equivalent to \$1,000.00 per Depositary Share, or \$50,000 in the aggregate, plus dividends accrued and unpaid to the redemption date. The Series F Preferred Stock has no stated maturity and is not convertible into any other securities of the Company. In October 2008 we entered into an interest rate swap agreement with a notional value of \$50,000 to mitigate our exposure to floating interest rates related to the Series F Preferred Stock. See Note 16 for further information on the agreement.

On May 27, 2004, we issued 25,000 Depositary Shares, each representing 1/100th of a share our 7.236%, \$0.01 par value, Series G Flexible Cumulative Redeemable Preferred Stock (the Series G Preferred Stock), at an initial offering price of \$1,000.00 per Depositary Share. Dividends on the Series G Preferred Stock are cumulative from the date of initial issuance and are payable semi-annually in arrears for the period from the date of original issuance of the Series G Preferred Stock through March 31, 2014 (the Series G Initial Fixed Rate Period), commencing on September 30, 2004, at a rate of 7.236% per annum of the liquidation preference (the Series G Initial Distribution Rate) (equivalent to \$72.36 per Depositary Share). On or after March 31, 2014, the Series G Initial Distribution Rate is subject to reset, at our option, subject to certain conditions and parameters, at fixed or floating rates and periods. Fixed rates and periods will be determined through a remarketing procedure. Floating rates during floating rate periods will equal 2.500% (the initial credit spread), plus the greater of (i) the 3-month LIBOR Rate, (ii) the 10-year Treasury CMT Rate (as defined in the Articles Supplementary), and (iii) the 30-year Treasury CMT Rate (the adjustable rate) (as defined in the Articles Supplementary), reset quarterly. Dividends on the Series G Preferred Stock

are payable semi-annually in arrears for fixed rate periods subsequent to the Series G Initial Fixed Rate Period and quarterly in arrears for floating rate periods. With respect to the payment of dividends and amounts upon liquidation, dissolution or winding up, the Series G Preferred Stock ranks senior to payments on our Common Stock and

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pari passu with our Series F Preferred Stock, Series J Preferred Stock (hereinafter defined) and Series K Preferred Stock (hereinafter defined). On or after March 31, 2014, subject to any conditions on redemption applicable in any fixed rate period subsequent to the Series G Initial Fixed Rate Period, the Series G Preferred Stock is redeemable for cash at our option, in whole or in part, at a redemption price equivalent to \$1,000.00 per Depositary Share, or \$25,000 in the aggregate, plus dividends accrued and unpaid to the redemption date. The Series G Preferred Stock has no stated maturity and is not convertible into any other securities of the Company.

On November 8, 2005 and November 18, 2005, we issued 600 and 150 Shares, respectively, of \$.01 par value, Series I Flexible Cumulative Redeemable Preferred Stock, (the Series I Preferred Stock), in a private placement at an initial offering price of \$250,000 per share for an aggregate initial offering price of \$187,500. We redeemed the Series I Preferred Stock on January 13, 2006 for \$242,875.00 per share, and paid a prorated first quarter dividend of \$470.667 per share, totaling approximately \$353. In accordance with EITF D-42, due to the redemption of the Series I Preferred Stock, the difference between the redemption cost and the carrying value of the Series I Preferred Stock of approximately \$672 is reflected as a deduction from net income to arrive at net income available to common stockholders in determining earnings per share for the year ended December 31, 2006.

On January 13, 2006, we issued 6,000,000 Depositary Shares, each representing 1/10,000th of a share of our 7.25%, \$.01 par value, Series J Cumulative Redeemable Preferred Stock (the Series J Preferred Stock), at an initial offering price of \$25.00 per Depositary Share. Dividends on the Series J Preferred Stock, represented by the Depositary Shares, are cumulative from the date of initial issuance and are payable quarterly in arrears. However, during any period that both (i) the depositary shares are not listed on the NYSE or AMEX, or quoted on NASDAQ, and (ii) we are not subject to the reporting requirements of the Exchange Act, but the preferred shares are outstanding, we will increase the dividend on the preferred shares to a rate of 8.25% of the liquidation preference per year. However, if at any time both (i) the depositary shares cease to be listed on the NYSE or the AMEX, or quoted on NASDAQ, and (ii) we cease to be subject to the reporting requirements of the Exchange Act, but the preferred shares are outstanding, then the preferred shares will be redeemable, in whole but not in part at our option, within 90 days of the date upon which the depositary shares cease to be listed and we cease to be subject to such reporting requirements, at a redemption price equivalent to \$25.00 per Depositary Share, plus all accrued and unpaid dividends to the date of redemption. With respect to the payment of dividends and amounts upon liquidation, dissolution or winding up, the Series J Preferred Stock ranks senior to payments on our Common Stock and pari passu with our Series F Preferred Stock, Series G Preferred Stock and Series K Preferred Stock (hereinafter defined). The Series J Preferred Stock is not redeemable prior to January 15, 2011. On or after January 15, 2011, the Series J Preferred Stock is redeemable for cash at our option, in whole or in part, at a redemption price equivalent to \$25.00 per Depositary Share, or \$150,000 in the aggregate, plus dividends accrued and unpaid to the redemption date. The Series J Preferred Stock has no stated maturity and is not convertible into any other securities of the Company.

On August 21, 2006, we issued 2,000,000 Depositary Shares, each representing 1/10,000th of a share of our 7.25%, \$.01 par value, Series K Flexible Cumulative Redeemable Preferred Stock (the Series K Preferred Stock), at an initial offering price of \$25.00 per Depositary Share. Dividends on the Series K Preferred Stock, represented by the Depositary Shares, are cumulative from the date of initial issuance and are payable quarterly in arrears. With respect to the payment of dividends and amounts upon liquidation, dissolution or winding up, the Series K Preferred Stock ranks senior to payments on our Common Stock and pari passu with our Series F Preferred Stock, Series G Preferred Stock and Series J Preferred Stock. The Series K Preferred Stock is not redeemable prior to August 15, 2011. On or after August 15, 2011, the Series K Preferred Stock is redeemable for cash at our option, in whole or in part, at a

redemption price equivalent to \$25.00 per Depositary Share, or \$50,000 in the aggregate, plus dividends accrued and unpaid to the redemption date. The

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Series K Preferred Stock has no stated maturity and is not convertible into any other securities of the Company.

The following table summarizes certain information regarding our preferred stock:

| | Stated Value at | |
|--------------------------|------------------------------|------------------------------|
| | December 31, 2008 | December 31, 2007 |
| Series F Preferred Stock | \$ 50,000 | \$ 50,000 |
| Series G Preferred Stock | 25,000 | 25,000 |
| Series J Preferred Stock | 150,000 | 150,000 |
| Series K Preferred Stock | 50,000 | 50,000 |
| Total | \$ 275,000 | \$ 275,000 |

Shares of Common Stock

For the years ended December 31, 2008, 2007 and 2006, 632,492, 119,747, and 213,773, shares of common stock, respectively, were converted from an equivalent number of limited partnership interests in the Operating Partnership (Units).

Treasury Stock

In March 2000 and in September 2007, our Board of Directors authorized a stock repurchase plan pursuant to which we are permitted to purchase up to \$100,000 (the March 2000 Program) and \$100,000, respectively, of our outstanding common stock. We may make purchases from time to time in the open market or in privately negotiated transactions, depending on market and business conditions. During the year ended December 31, 2007, we repurchased 1,797,714 shares at an average price per share of \$38.62, including brokerage commissions. During November 2007 we completed the March 2000 Program.

Non-Qualified Employee Stock Options

For the year ended December 31, 2006, certain employees of the Company exercised 125,780 non-qualified employee stock options. Net proceeds to us were approximately \$3,742.

For the year ended December 31, 2007, certain employees of the Company exercised 19,600 non-qualified employee stock options. Net proceeds to us were approximately \$613.

For the year ended December 31, 2008, certain employees of the Company exercised 6,300 non-qualified employee stock options. Net proceeds to us were approximately \$174.

Restricted Stock

During the years ended December 31, 2008, 2007, and 2006 we awarded 583,871, 442,008, and 303,142 restricted shares of common stock, respectively, as well as 4,757, 0, and 0 restricted stock units, respectively, to certain employees of the Company and 21,945, 17,139, and 16,232 restricted shares of common stock, respectively, to certain directors of the Company. See Note 15 for further disclosure on our stock based compensation.

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

The following table is a roll-forward of our shares of common stock outstanding, including unvested restricted shares of common stock for the three years ended December 31, 2008:

| | Shares of Common Stock Outstanding |
|--|---|
| Balance at December 31, 2005 | 44,444,710 |
| Stock Option Exercises | 125,780 |
| Issuance of Restricted Stock Shares | 319,374 |
| Repurchase and Retirement of Restricted Stock Shares | (93,007) |
| Conversion of Operating Partnership Units | 213,773 |
| Balance at December 31, 2006 | 45,010,630 |
| Stock Option Exercises | 19,600 |
| Issuance of Restricted Stock Shares | 459,147 |
| Repurchase of Treasury Shares | (1,797,714) |
| Repurchase and Retirement of Restricted Stock Shares | (139,261) |
| Conversion of Operating Partnership Units | 119,747 |
| Balance at December 31, 2007 | 43,672,149 |
| Stock Option Exercises | 6,300 |
| Issuance of Common Stock in connection with Restricted Stock Award | 138 |
| Issuance of Restricted Stock Shares | 605,816 |
| Repurchase and Retirement of Restricted Stock Shares | (264,713) |
| Conversion of Operating Partnership Units | 632,492 |
| Balance at December 31, 2008 | 44,652,182 |

Dividends/Distributions

The following table summarizes dividends/distributions declared for the past three years:

| Year Ended 2008 | | Year Ended 2007 | | Year Ended 2006 | |
|---|---|---|---|---|---|
| Dividend/ Distribution per Share/ Unit | Total Dividend/ Distribution | Dividend/ Distribution per Share/ Unit | Total Dividend/ Distribution | Dividend/ Distribution per Share/ Unit | Total Dividend/ Distribution |

| | | | | | | |
|--|----------------|------------|----------------|------------|----------------|------------|
| Common Stock/Operating Partnership Units | \$ 2.4100 | \$ 121,882 | \$ 2.8500 | \$ 146,126 | \$ 2.8100 | \$ 144,720 |
| Series C Preferred Stock | \$ | \$ | \$ 94.6353 | \$ 1,893 | \$ 215.6240 | \$ 4,313 |
| Series F Preferred Stock | \$ 6,236.0000 | \$ 3,118 | \$ 6,236.0000 | \$ 3,118 | \$ 6,236.0000 | \$ 3,118 |
| Series G Preferred Stock | \$ 7,236.0000 | \$ 1,809 | \$ 7,236.0000 | \$ 1,809 | \$ 7,236.0000 | \$ 1,809 |
| Series I Preferred Stock | \$ | \$ | \$ | \$ | \$ 470.6667 | \$ 353 |
| Series J Preferred Stock | \$ 18,125.2000 | \$ 10,875 | \$ 18,125.2000 | \$ 10,875 | \$ 17,521.0000 | \$ 10,512 |
| Series K Preferred Stock | \$ 18,125.2000 | \$ 3,625 | \$ 18,125.2000 | \$ 3,625 | \$ 6,595.6000 | \$ 1,319 |

8. Acquisition and Development of Real Estate

In 2006, we acquired 91 industrial properties comprising, in the aggregate, approximately 10.5 million square feet of GLA and several land parcels for a total purchase price of approximately \$610,745 (approximately \$1,288 of which was made through the issuance of 31,473 Units relating to two properties)

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

excluding costs incurred in conjunction with the acquisition of the properties. We also substantially completed development of 15 properties comprising approximately 5.0 million square feet of GLA at a cost of approximately \$188,592. We reclassified the costs of the substantially completed developments from construction in progress to building, tenant improvements and leasing commissions.

In 2007, we acquired 105 industrial properties comprising, in the aggregate, approximately 8.6 million square feet of GLA and several land parcels, including 41 industrial properties comprising approximately 1.3 million square feet of GLA in connection with the purchase of the 90% equity interest from the institutional investor of the 1998 Core Joint Venture and one industrial property comprising 0.3 million square feet of GLA in connection with the redemption of the 85% equity interest in one property from the institutional investor in the 2003 Net Lease Joint Venture. The purchase price of these acquisitions totaled approximately \$470,784, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels. We also substantially completed development of 15 properties comprising approximately 3.7 million square feet of GLA at a cost of approximately \$144,790. We reclassified the costs of the substantially completed developments from construction in progress to building, tenant improvements and leasing commissions.

In 2008, we acquired 26 industrial properties comprising, in the aggregate, approximately 3.1 million square feet of GLA and several land parcels. The purchase price of these acquisitions totaled approximately \$339,650, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels. We also substantially completed development of eight properties comprising approximately 4.5 million square feet of GLA at a cost of approximately \$148,236. We reclassified the costs of the substantially completed developments from construction in progress to building, tenant improvements and leasing commissions.

Intangible Assets Subject To Amortization in the Period of Acquisition

The fair value of in-place leases, above market leases, tenant relationships and below market leases recorded as a result of the above acquisitions was \$23,038, \$1,000, \$10,007 and \$(8,108), respectively, for the year ended December 31, 2007. The weighted average life in months of in-place leases, above market leases, tenant relationships and below market leases recorded as a result of 2007 acquisitions was 76, 99, 114, and 132 months, respectively.

The fair value of in-place leases, above market leases, tenant relationships, and below market leases recorded as a result of the above acquisitions was \$21,054, \$61, \$7,163 and \$(7,070), respectively, for the year ended December 31, 2008. The weighted average life in months of in-place leases, above market leases, tenant relationships, and below market leases recorded as a result of 2008 acquisitions was 115, 43, 99, and 137 months, respectively.

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

In 2006, we sold 125 industrial properties comprising approximately 17.1 million square feet of GLA and several land parcels, totaling gross proceeds of \$946,800. The gain on sale of real estate was approximately \$219,513, of which \$213,442 is shown in discontinued operations. The 125 sold industrial properties meet the criteria established by SFAS 144 to be included in discontinued operations. Therefore, in accordance with SFAS 144, the results of operations and gain on sale of real estate, net of income taxes and minority interest, for the 125 sold industrial properties are included in discontinued operations. The results of operations and gain on sale of real estate, net of income taxes and minority interest, for the several land parcels that do not meet the criteria established by SFAS 144

are included in continuing operations.

In 2007, we sold 164 industrial properties comprising approximately 13.7 million square feet of GLA and several land parcels. Gross proceeds from the sales of the 164 industrial properties and several land parcels were approximately \$881,278. The gain on sale of real estate was approximately \$254,387, of which \$244,962

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

is shown in discontinued operations. One-hundred sixty-one of the 164 sold industrial properties meet the criteria established by SFAS 144 to be included in discontinued operations. Therefore, in accordance with SFAS 144, the results of operations and gain on sale of real estate, net of income taxes and minority interest for the 161 sold industrial properties that meet the criteria established by SFAS 144 are included in discontinued operations. The results of operations and gain on sale of real estate, net of income taxes and minority interest for the three industrial properties and several land parcels that do not meet the criteria established by SFAS 144 are included in continuing operations.

In 2008, we sold 114 industrial properties comprising approximately 9.1 million square feet of GLA and several land parcels. Gross proceeds from the sales of the 114 industrial properties and several land parcels were approximately \$583,211. The gain on sale of real estate was approximately \$184,175, of which \$172,167 is shown in discontinued operations. One-hundred thirteen of the 114 sold industrial properties meet the criteria established by SFAS 144 to be included in discontinued operations. Therefore, in accordance with SFAS 144, the results of operations and gain on sale of real estate, net of income taxes and minority interest for the 113 sold industrial properties that meet the criteria established by SFAS 144 are included in discontinued operations. The results of operations and gain on sale of real estate, net of income taxes and minority interest for the one industrial property and several land parcels that do not meet the criteria established by SFAS 144 are included in continuing operations.

At December 31, 2008, we had six industrial properties comprising approximately 0.4 million square feet of GLA held for sale. In accordance with SFAS 144, the results of operations of the six industrial properties held for sale at December 31, 2008 are included in discontinued operations. There can be no assurance that such industrial properties held for sale will be sold.

The following table discloses certain information regarding the industrial properties included in our discontinued operations for the years ended December 31, 2008, 2007 and 2006.

| | Year Ended December 31, | | |
|-------------------------------------|--------------------------------|-------------|-------------|
| | 2008 | 2007 | 2006 |
| Total Revenues | \$ 28,993 | \$ 98,634 | \$ 133,302 |
| Property Expenses | (10,654) | (33,071) | (43,386) |
| Depreciation and Amortization | (6,945) | (30,103) | (45,286) |
| Gain on Sale of Real Estate | 172,167 | 244,962 | 213,442 |
| Provision for Income Taxes | (4,188) | (38,126) | (51,155) |
| Minority Interest | (22,242) | (30,626) | (26,920) |
| Income from Discontinued Operations | \$ 157,131 | \$ 211,670 | \$ 179,997 |

At December 31, 2008 and 2007, we had mortgage notes receivables outstanding of approximately \$34,532 and \$30,317, respectively, in conjunction with certain property sales that we provided seller financing, which is included as a component of Prepaid Expenses and Other Assets, Net. At December 31, 2008 and 2007, the fair value of those mortgage notes receivables were \$28,081 and \$30,251, respectively.

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****10. Supplemental Information to Statements of Cash Flows**

Supplemental disclosure of cash flow information:

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 | Year Ended December 31, 2006 |
|---|---|---|---|
| Interest paid, net of capitalized interest | \$ 113,062 | \$ 118,909 | \$ 114,7091 |
| Capitalized Interest | \$ 7,775 | \$ 8,413 | \$ 5,159 |
| Income Taxes Paid | \$ 2,355 | \$ 42,169 | \$ 36,374 |
| Supplemental schedule of noncash investing and financing activities: | | | |
| Distribution payable on common stock/Units | \$ 12,614 | \$ 36,079 | \$ 36,613 |
| Distribution payable on preferred stock | \$ 1,232 | \$ 1,232 | \$ 5,935 |
| Exchange of units for common stock: | | | |
| Minority interest | \$ (14,616) | \$ (2,858) | \$ (5,144) |
| Common stock | 6 | | 2 |
| Additional paid-in-capital | 14,610 | 2,858 | 5,142 |
| | \$ | \$ | \$ |
| In conjunction with property and land acquisitions, the following assets and liabilities were assumed: | | | |
| Accounts payable and accrued expenses | \$ (464) | \$ (6,095) | \$ (1,928) |
| Issuance of Operating Partnership Units | \$ | \$ | \$ (1,288) |
| Mortgage debt | \$ (7,852) | \$ (38,590) | \$ (33,982) |
| Write-off of fully depreciated assets | \$ 72,406 | \$ 45,031 | \$ 30,596 |
| In conjunction with certain property sales, we provided seller financing or assigned a mortgage loan payable: | | | |
| Notes receivable | \$ 62,613 | \$ 48,282 | \$ 11,200 |
| Mortgage Note Payable | \$ | \$ 769 | \$ |

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****11. Earnings Per Share (EPS)**

The computation of basic and diluted EPS is presented below.

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 | Year Ended December 31, 2006 |
|---|---|---|---|
| Numerator: | | | |
| Loss from Continuing Operations | \$ (123,154) | \$ (62,160) | \$ (71,353) |
| Gain on Sale of Real Estate, Net of Minority Interest and Income Tax | 7,206 | 5,541 | 3,438 |
| Less: Preferred Stock Dividends | (19,428) | (21,320) | (21,424) |
| Less: Redemption of Preferred Stock | | (2,017) | (672) |
| Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest and Income Tax For Basic and Diluted EPS | (135,376) | (79,956) | (90,011) |
| Discontinued Operations, Net of Minority Interest and Income Tax | 157,131 | 211,670 | 179,997 |
| Net Income Available to Common Stockholders For Basic and Diluted EPS | \$ 21,755 | \$ 131,714 | \$ 89,986 |
| Denominator: | | | |
| Weighted Average Shares Basic and Diluted | 43,192,969 | 44,085,998 | 44,011,503 |
| Basic and Diluted EPS: | | | |
| Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest and Income Tax | \$ (3.13) | \$ (1.81) | \$ (2.05) |
| Discontinued Operations, Net of Minority Interest and Income Tax | \$ 3.64 | \$ 4.80 | \$ 4.09 |
| Net Income Available to Common Stockholders | \$ 0.50 | \$ 2.99 | \$ 2.04 |

The number of weighted average shares diluted is the same as the number of weighted average shares basic for the years ended December 31, 2008, 2007 and 2006 as the dilutive effect of stock options and restricted stock/Units was excluded as its inclusion would have been antidilutive to the loss from continuing operations available to common stockholders, net of minority interest and income taxes. The dilutive effect of stock options and restricted stock/Units excluded from the computation are 0 and 976, respectively, for the year ended December 31, 2008, 90,386 and 73,837, respectively, for the year ended December 31, 2007, and 116,155 and 93,643, respectively, for the year ended December 31, 2006.

Unvested restricted stock/Units of 761,660, 909,966 and 778,535 were outstanding as of December 31, 2008, 2007 and 2006, respectively. Unvested restricted stock/Units aggregating 757,390, 470,009 and 109,517 were antidilutive at December 31, 2008, 2007 and 2006, respectively, as the issue price of these shares was higher than the Company's average stock price during the respective periods and accordingly was excluded from dilution computations.

Additionally, options to purchase common stock of 278,601, 355,901 and 381,976 were outstanding as of December 31, 2008, 2007 and 2006, respectively. Options to purchase common stock of 278,601 were antidilutive at December 31, 2008, as the strike price of these stock options was higher than the Company's

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

average stock price during the respective periods and accordingly was excluded from dilution computations. In 2007 and 2006, all of the stock options were dilutive.

The \$200,000 of senior unsecured debt (the 2011 Exchangeable Notes) issued during 2006, which are convertible into common shares of the Company at a price of \$50.93, were not included in the computation of diluted EPS as our average stock price did not exceed the strike price of the conversion feature.

12. Income Taxes

For income tax purposes, distributions paid to common shareholders are classified as ordinary income, capital gain, return of capital or qualified dividends. For the years ended December 31, 2008, 2007 and 2006, the distributions per common share were classified as follows:

| | 2008 | As a Percentage of Distributions | 2007 | As a Percentage of Distributions | 2006 | As a Percentage of Distributions |
|-----------------------------------|-----------|---|-----------|---|-----------|---|
| Ordinary income | \$ 0.1127 | 4.68% | \$ 0.6158 | 21.61% | \$ 0.2613 | 9.30% |
| Long-term capital gains | 1.3166 | 54.63% | 1.2950 | 45.44% | 0.3364 | 11.97% |
| Unrecaptured Section 1250 gain | 0.8141 | 33.78% | 0.6721 | 23.58% | 0.2408 | 8.57% |
| Return of capital | | 0.00% | 0.2671 | 9.37% | 1.3918 | 49.53% |
| Qualified Dividends | 0.1666 | 6.91% | | 0.00% | 0.5797 | 20.63% |
| | \$ 2.4100 | 100.00% | \$ 2.8500 | 100.00% | \$ 2.810 | 100.00% |

For income tax purposes, distributions paid to preferred shareholders are classified as ordinary income, capital gain, or qualified dividends. For the years ended December 31, 2008, 2007 and 2006, the preferred distributions per depository share were classified as follows:

| Series C Preferred Stock | 2007 | As a Percentage of Distributions | 2006 | As a Percentage of Distributions |
|--------------------------------|-----------|---|-----------|---|
| Ordinary income | \$ 0.1285 | 23.84% | \$ 0.3972 | 18.42% |
| Long-term capital gains | 0.2703 | 50.14% | 0.5115 | 23.72% |
| Unrecaptured Section 1250 gain | 0.1403 | 26.02% | 0.3661 | 16.98% |
| Qualified Dividends | | 0.00% | 0.8814 | 40.88% |

\$ 0.5391 100.00% \$ 2.1562 100.00%

| Series J Preferred Stock | 2008 | As a Percentage of Distributions | 2007 | As a Percentage of Distributions | 2006 | As a Percentage of Distributions |
|-----------------------------------|-------------|---|-------------|---|-------------|---|
| Ordinary income | \$ 0.0847 | 4.68% | \$ 0.4322 | 23.84% | 0.3227 | 18.42% |
| Long-term capital gains | 0.9902 | 54.63% | 0.9087 | 50.14% | 0.4156 | 23.72% |
| Unrecaptured Section 1250 gain | 0.6123 | 33.78% | 0.4716 | 26.02% | 0.2975 | 16.98% |
| Qualified Dividends | 0.1253 | 6.91% | | 0.00% | 0.7163 | 40.88% |
| | \$ 1.8125 | 100.00% | \$ 1.8125 | 100.00% | 1.7521 | 100.00% |

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| Series K Preferred Stock | 2008 | As a Percentage of Distributions | 2007 | As a Percentage of Distributions | 2006 | As a Percentage of Distributions |
|-----------------------------------|-------------|---|-------------|---|-------------|---|
| Ordinary income | \$ 0.0847 | 4.68% | \$ 0.4322 | 23.84% | 0.1215 | 18.42% |
| Long-term capital gains | 0.9902 | 54.63% | 0.9087 | 50.14% | 0.1564 | 23.72% |
| Unrecaptured Section 1250 gain | 0.6123 | 33.78% | 0.4716 | 26.02% | 0.1120 | 16.98% |
| Qualified Dividends | 0.1253 | 6.91% | | 0.00% | 0.2696 | 40.88% |
| | \$ 1.8125 | 100.00% | \$ 1.8125 | 100.00% | 0.6595 | 100.00% |

The components of income tax benefit (expense) for the TRS for the years ended December 31, 2008, 2007 and 2006 are comprised of the following:

| | 2008 | 2007 | 2006 |
|------------------|-------------|-------------|-------------|
| Current: | | | |
| Federal | \$ 5,114 | \$ (28,209) | \$ (39,531) |
| State | 814 | (4,934) | (7,734) |
| Foreign | (649) | | |
| Deferred: | | | |
| Federal | (526) | 3,977 | 3,548 |
| State | (107) | 571 | 695 |
| Foreign | 671 | | |
| | \$ 5,317 | \$ (28,595) | \$ (43,022) |

In addition to income tax benefit (expense) recognized by the TRS, \$1,028, \$1,960 and \$317 of state income tax expense was recognized by the Company and is included in income tax expense on the consolidated statement of operations for the years ended December 31, 2008, 2007 and 2006, respectively.

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

Deferred income taxes represent the tax effect of the temporary differences between the book and tax basis of assets and liabilities. Deferred tax assets (liabilities) of the TRS include the following as of December 31, 2008 and 2007.

| | 2008 | 2007 |
|---|-------------------|-------------------|
| Bad debt expense | \$ 196 | \$ 32 |
| Investment in Joint Ventures | 19,621 | 2,677 |
| Fixed assets | 9,625 | 8,204 |
| Prepaid rent | 494 | 215 |
| Capitalized general and administrative expense under 263A | 3,711 | 2,671 |
| Deferred losses/gains | 71 | 905 |
| Capitalized interest under 263A | | 613 |
| Accrued contingency loss | 377 | 289 |
| Restricted stock | 2,326 | 2,744 |
| Accrual for Restructuring Costs | 751 | |
| Abandoned Project Costs | 1,150 | |
| State net operating loss carrying forward | 131 | |
| Valuation Allowance | (19,501) | |
| Other | 836 | |
| Total deferred tax assets | \$ 19,788 | \$ 18,350 |
| Straight-line rent | (1,936) | (967) |
| Build to suit development | | (97) |
| Fixed assets | (53) | (130) |
| Capitalized interest under 263(A) | (362) | |
| Other | (243) | |
| Total deferred tax liabilities | \$ (2,594) | \$ (1,194) |
| Total net deferred tax asset | \$ 17,194 | \$ 17,156 |

As of December 31, 2008 and 2007, the TRS had net deferred tax assets of \$17,194 and \$17,156, after valuation allowances of \$19,501 and \$0, respectively. Included in net income for the TRS for the year ended December 31, 2008 is \$39,073 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. We believe that it is more likely than not the results of future operations of the TRS will generate sufficient taxable income to recognize the net deferred tax asset. These future operations are dependent upon the TRS's profitability, the timing and amounts of gains on property sales and other factors affecting the results of operations of the TRS.

The TRS has a net operating loss carryforward related to state taxes of \$131 at December 31, 2008. The TRS does not have any tax credit carryforwards.

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The TRS's components of income tax benefit (expense) for the years ended December 31, 2008, 2007 and 2006 are as follows:

| | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|
| Tax expense associated with income from operations on sold properties which is included in discontinued operations | \$ (456) | \$ (2,094) | \$ (3,644) |
| Tax expense associated with gains and losses on the sale of real estate which is included in discontinued operations | (3,732) | (36,032) | (47,511) |
| Tax expense associated with gains and losses on the sale of real estate | (3,782) | (3,082) | (2,119) |
| Income tax benefit | 13,287 | 12,613 | 10,252 |
| Income tax benefit (expense) | \$ 5,317 | \$ (28,595) | \$ (43,022) |

The income tax benefit pertaining to income from continuing operations and gain on sale of real estate for the TRS differs from the amounts computed by applying the applicable federal statutory rate as follows:

| | 2008 | 2007 | 2006 |
|--|-------------|-------------|-------------|
| Tax benefit at federal rate related to continuing operations | \$ 27,751 | \$ 8,174 | \$ 6,771 |
| State tax benefit, net of federal benefit | 2,734 | 1,006 | 808 |
| Non-deductible permanent items | (1,852) | (121) | (24) |
| Prior year provision to return adjustments | 7 | 436 | 484 |
| Change in valuation allowance | (19,501) | | |
| Foreign taxes, net | 337 | | |
| Other | 29 | 36 | 94 |
| Net income tax benefit | \$ 9,505 | \$ 9,531 | \$ 8,133 |

We adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), on January 1, 2007. The adoption of FIN 48 had no effect on our financial statements as we had no unrecognized tax benefits. As of the adoption date, we had paid approximately \$1,400 (representing taxes and interest) to the State of Michigan regarding business loss carryforwards for which we are currently litigating. That amount will favorably affect our effective income tax rate in future periods should we prevail.

On December 11, 2007, the Michigan Court of Claims rendered a decision against us regarding the business loss carryforwards. Also, the court ruled against us on an alternative position involving Michigan's Capital Acquisition Deduction. We filed an appeal to the Michigan Appeals Court in January 2008. However, as a result of the lower court's decision, \$750 was accrued for both tax and financial statement purposes; therefore, there is no unrecognized tax benefit related to this issue.

We had no unrecognized tax benefits as of December 31, 2008 and 2007. To the extent we have unrecognized tax benefits in the future, it will be our policy to recognize interest and penalties related to unrecognized tax benefits in income tax expense.

13. Restructuring Costs

During the three months ended December 31, 2008 the Compensation Committee of the Board of Directors committed the Company to a plan to reduce organizational and overhead costs. As a result of the plan we recorded as reorganization costs, a pre-tax charge of \$27,349 to provide for employee severance and benefits (\$24,825), costs associated with the termination of certain office leases (\$1,162) and contract cancellation and other costs (\$1,362) associated with implementing the restructuring plan for the year ended December 31, 2008. Included in employee severance costs is \$9,585 of non-cash costs which represents the

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

accelerated recognition of restricted stock for certain employees. At December 31, 2008 the Company has \$6,695 included in Accounts Payable and Accrued Expenses related to severance obligations, remaining lease payments and other costs incurred but not yet paid. See Note 19.

14. Future Rental Revenues

Our properties are leased to tenants under net and semi-net operating leases. Minimum lease payments receivable, excluding tenant reimbursements of expenses, under non-cancelable operating leases in effect as of December 31, 2008 are approximately as follows:

| | |
|------------|--------------|
| 2009 | \$ 251,308 |
| 2010 | 209,739 |
| 2011 | 163,201 |
| 2012 | 125,896 |
| 2013 | 94,312 |
| Thereafter | 453,157 |
| Total | \$ 1,297,613 |

15. Stock Based Compensation

We maintain three stock incentive plans (the *Stock Incentive Plans*) which are administered by the Compensation Committee of the Board of Directors. There are approximately 10.0 million shares reserved under the Stock Incentive Plans. Only officers, certain employees, our Independent Directors and our affiliates generally are eligible to participate in the Stock Incentive Plans.

The Stock Incentive Plans authorize (i) the grant of stock options that qualify as incentive stock options under Section 422 of the Code, (ii) the grant of stock options that do not so qualify, (iii) restricted stock/Unit awards, (iv) performance share awards and (v) dividend equivalent rights. The exercise price of the stock options is determined by the Compensation Committee. Special provisions apply to awards granted under the Stock Incentive Plans in the event of a change in control in the Company. As of December 31, 2008, stock options and restricted stock/Units covering 1.0 million shares were outstanding and 1.3 million shares were available under the Stock Incentive Plans. At December 31, 2008, all outstanding stock options are vested. Stock option transactions are summarized as follows:

| | Shares | Weighted Average Exercise Price | Exercise Price per Share | Aggregate Intrinsic Value |
|----------------------------------|---------|--|--------------------------------|---------------------------------|
| Outstanding at December 31, 2006 | 381,976 | \$ 31.65 | \$ 25.13-\$33.15 | \$ 5,823 |

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| | | | | |
|----------------------------------|----------|----------|------------------|----------|
| Exercised | (19,600) | \$ 31.27 | \$ 30.38-\$33.13 | \$ 230 |
| Expired or Terminated | (6,475) | \$ 30.85 | \$ 27.25-\$33.13 | |
| Outstanding at December 31, 2007 | 355,901 | \$ 31.68 | \$ 25.13-\$33.15 | \$ 3,669 |
| Exercised | (6,300) | \$ 27.58 | \$ 25.13-\$31.13 | \$ 24 |
| Expired or Terminated | (71,000) | \$ 31.13 | \$ 31.13-\$31.13 | |
| Outstanding at December 31, 2008 | 278,601 | \$ 31.92 | \$ 27.25-\$33.15 | \$ 0 |

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

The following table summarizes currently outstanding and exercisable options as of December 31, 2008:

| Range of Exercise Price | Number Outstanding and Exercisable | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price |
|--------------------------------|---|--|--|
| \$27.25 - \$30.53 | 95,601 | 2.37 | \$ 30.03 |
| \$31.05 - \$33.15 | 183,000 | 2.24 | \$ 32.90 |

In September 1994, the Board of Directors approved and we adopted a 401(k)/Profit Sharing Plan. Under our 401(k)/Profit Sharing Plan, all eligible employees may participate by making voluntary contributions. We may make, but are not required to make, matching contributions. For the years ended December 31, 2008, 2007 and 2006, we made matching contributions of \$0, \$542, and \$451, respectively.

For the years ended December 31, 2008, 2007 and 2006, we awarded 588,628, 442,008, and 303,142 restricted stock awards to our employees having a fair value at grant date of \$18,860, \$20,882, and \$11,519, respectively. We also awarded 21,945, 17,139, and 16,232 restricted stock awards to our directors having a fair value at grant date of \$603, \$688, and \$633, respectively. Restricted stock awards granted to employees generally vest over a period of three years and restricted stock awards granted to directors generally vest over a period of three to ten years. For the years ended December 31, 2008, 2007 and 2006, we recognized \$25,883, \$14,150, and \$9,624 in restricted stock amortization related to restricted stock awards, of which \$1,519, \$1,707, and \$967, respectively, were capitalized in connection with development activities. At December 31, 2008, we have \$16,556 in unearned compensation related to unvested restricted stock awards. The weighted average period that the unrecognized compensation is expected to be incurred is 1.11 years. We have not awarded options to our employees or our directors during the years ended December 31, 2008, 2007 and 2006, and therefore no stock-based employee compensation expense related to options is included in net income available to common stockholders.

Restricted stock transactions for the years ended December 31, 2008 and 2007 are summarized as follows:

| | Shares | Weighted Average Grant Date Fair Value |
|----------------------------------|---------------|---|
| Outstanding at December 31, 2006 | 778,535 | \$ 35.49 |
| Issued | 459,147 | \$ 46.98 |
| Vested | (272,745) | \$ 37.74 |
| Forfeited | (54,971) | \$ 39.59 |
| Outstanding at December 31, 2007 | 909,966 | \$ 41.88 |

| | | | |
|----------------------------------|-----------|----|-------|
| Issued | 610,573 | \$ | 31.88 |
| Vested | (733,666) | \$ | 22.97 |
| Forfeited | (25,213) | \$ | 35.17 |
| Outstanding at December 31, 2008 | 761,660 | \$ | 36.00 |

On October 23, 2008, we granted stock appreciation rights (SARs) to our interim Chief Executive Officer that entitles him to a special cash payment equal to the appreciation in value of 75,000 shares of our common stock. The payment is to be based on the excess of the closing price of our common stock on October 22, 2009 over \$7.94, the closing price on the grant date. The award fully vested during the three months ended December 31, 2008 upon his acceptance of the position.

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The fair value of the stock appreciation rights was determined using the Black-Scholes option pricing model with the following assumptions:

| | December 31, 2008 |
|---------------------------|------------------------------|
| Stock price | \$ 7.55 |
| Exercise price | \$ 7.94 |
| Expected dividend yield | 17.6% |
| Expected stock volatility | 133.5% |
| Risk-free interest rate | 0.33% |
| Expected life (years) | 0.81 |
| Value | \$ 2.62 |

During the three months ended December 31, 2008, we recognized compensation expense of \$197 relating to the SARs.

16. Derivatives

As of December 31, 2008, we have two forward starting swaps with a total notional value of \$119,500, which fixed the interest rate on forecasted debt to replace the 2009 Notes which come due in June 2009 (the Forward Starting Agreements). We designated the Forward Starting Agreements as cash flow hedges. We anticipate that the Forward Starting Agreements will be highly effective, and, as a result, the change in value is shown in other comprehensive income. We recorded \$6,881 related to the Forward Starting Agreements in mark to market loss, which is included in other comprehensive income for the year ended December 31, 2008.

As of December 31, 2008, we also have an interest rate swap agreement with a notional value of \$50,000 which fixed the LIBOR rate on a portion of our outstanding borrowings on our Unsecured Line of Credit at 2.4150% (the Interest Rate Swap Agreement). Monthly payments or receipts are treated as a component of interest expense. We designated this transaction as a cash flow hedge. We anticipate that the Interest Rate Swap Agreement will be highly effective, and, as a result, the change in the fair value is shown in other comprehensive income. We recorded \$858 in mark to market loss, which is included in other comprehensive income for the year ended December 31, 2008.

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 with a notional value of \$50,000 to mitigate our exposure to floating interest rates related to the forecasted reset rate of our Series F Preferred Stock (the Series F Agreement). This Series F Agreement fixes the 30-year U.S. Treasury rate at 5.2175%. SFAS 133 does not permit hedge accounting treatment related to equity instruments and therefore the mark to market gains or losses related to this agreement are recorded in the income statement. We recorded \$3,073 in mark to market loss which is included in mark to market/loss on settlement of interest rate protection agreements for the year ended December 31, 2008.

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

The following is a summary of the terms of the forward starting swaps and the interest rate swaps and their fair values, which are included in other liabilities on the accompanying consolidated balance sheet as of December 31, 2008:

| Hedge Product | Notional Amount | Strike | Trade Date | Maturity Date | Fair Value |
|------------------------------|------------------------|---------------|-------------------|----------------------|-------------------|
| Forward-Starting Agreement | \$ 59,750 | 4.0725% | January 2008 | May 15, 2014 | \$ (3,429) |
| Forward-Starting Agreement | 59,750 | 4.0770% | January 2008 | May 15, 2014 | (3,452) |
| Interest Rate Swap Agreement | 50,000 | 2.4150% | March 2008 | April 1, 2010 | (858) |
| Series F Agreement | 50,000 | 5.2175% | October 2008 | October 1, 2013 | (3,073) |
| Total | \$ 219,500 | | | Total | \$ (10,812) |

Additionally as of December 31, 2008, two of the Joint Ventures have interest rate protection agreements outstanding which effectively convert floating rate debt to fixed rate debt on a portion of their total variable debt. The hedge relationships are considered highly effective and as such, we have recorded our proportionate share of the mark to market gain (loss) in other comprehensive income. In the aggregate, we recorded \$1,547 in mark to market loss (net of \$610 of income tax benefit) which is included in mark to market of interest rate protection agreements in other comprehensive income for the year ended December 31, 2008. In the aggregate, we recorded \$650 in mark to market loss (net of \$254 of income tax benefit) which is included in other comprehensive income for the year ended December 31, 2007.

We adopted the provisions of SFAS 157 as of January 1, 2008, for financial instruments recorded at fair value. SFAS 157 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.

The following table sets forth our financial liabilities that are accounted for at fair value on a recurring basis as of December 31, 2008:

| | Fair Value Measurements at Reporting Date Using: | | |
|---------------------|---|--------------------------|----------------------------|
| | Quoted Prices in Active Markets for | Significant Other | Unobservable Inputs |
| December 31, | | | |

| Description | 2008 | Identical Assets (Level 1) | Observable Inputs (Level 2) | (Level 3) |
|------------------------------|----------|----------------------------------|-----------------------------------|-----------|
| Liabilities: | | | | |
| Forward Starting Agreements | \$ 6,881 | | \$ 6,881 | |
| Interest Rate Swap Agreement | \$ 858 | | \$ 858 | |
| Series F Agreement | \$ 3,073 | | | \$ 3,073 |

The valuation of the forward starting swap agreements and the interest rate swap agreement are determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each instrument. This analysis reflects the contractual terms of the agreements, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. In adjusting the fair value of the interest rate protection agreements for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements. To comply with the provisions of SFAS 157, we incorporated credit valuation adjustments (CVA) to appropriately reflect both our own nonperformance risk and the respective counterparty s nonperformance risk in the fair value measurements. However, assessing significance of inputs is a matter of judgment that should consider a variety of factors. One factor we consider is the CVA and its materiality to the overall valuation of

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

the derivatives on the balance sheet and to their related changes in fair value. We believe the inputs obtained related to our CVAs are observable and therefore fall under Level 2 of the fair value hierarchy. Accordingly, the liabilities related to the Forward Starting Agreements and the Interest Rate Swap Agreement are classified as Level 2 amounts.

We utilize the same valuation technique as the forward swap agreement and the interest rate swap agreement, however, we consider the Series F Agreement to be classified as Level 3 in the fair value hierarchy due to a significant number of unobservable inputs. The Series F Agreement swaps a fixed rate 5.2175% for floating rate payments based on 30-year Treasury. No market observable prices exist for long-dated Treasuries past 30 years. Therefore, we have classified the Series F Agreement in its entirety as a Level 3.

Additionally for the year ended December 31, 2008, we determined that the carrying value of some of the Joint Ventures was greater than the fair value and accordingly, recorded impairment charges in accordance with APB 18 (See Note 5). The fair value of each Joint Venture was based on internal modeling techniques which included a number of subjective inputs. No observable market prices exist for the inputs used and therefore, we would classify the fair values of the Joint Ventures as Level 3.

The following table presents a reconciliation for our liabilities classified as Level 3 at December 31, 2008:

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Derivatives |
|-----------------------------|--|
| Beginning liability balance | \$ |
| Total unrealized losses | |
| Losses included in earnings | 3,073 |
| Ending liability balance | \$ 3,073 |

17. 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 \$95, \$240 and \$341, respectively, in brokerage commissions or other fees for transactions with the Company and the Joint Ventures.

18. Commitments and Contingencies

In the normal course of business, we are involved in legal actions arising from the ownership of our properties. In our opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the consolidated financial position, our operations or our liquidity.

Seven properties have leases granting the tenants options to purchase the property. Such options are exercisable at various times at appraised fair market value or at a fixed purchase price in excess of our depreciated cost of the asset. We have no notice of any exercise of any tenant purchase option.

We have committed to the construction of certain development projects totaling approximately 1.1 million square feet of GLA. The estimated total construction costs are approximately \$53,982. Of this amount, approximately \$11,932 remains to be funded. There can be no assurance that the actual completion cost will not exceed the estimated completion cost stated above.

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FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2008, we had 16 letters of credit outstanding in the aggregate amount of \$5,580. These letters of credit expire between January 2009 and January 2010.

Ground and Operating Lease Agreements

For the years ended December 31, 2008, 2007 and 2006, we recognized \$4,072, \$3,102 and \$2,737 in operating and ground lease expense.

Future minimum rental payments under the terms of all non-cancelable ground and operating leases under which we are the lessee, as of December 31, 2008, are as follows:

| | |
|------------|-----------|
| 2009 | \$ 3,864 |
| 2010 | 3,450 |
| 2011 | 3,014 |
| 2012 | 2,236 |
| 2013 | 2,071 |
| Thereafter | 33,472 |
| Total | \$ 48,107 |

19. Subsequent Events

On January 21, 2009, we paid a fourth quarter 2008 distribution of \$0.25 per common share/unit, totaling approximately \$12,614.

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 \$61 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 \$208. 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 \$32,900 and \$33,500, including the \$27,349 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.

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****20. Quarterly Financial Information (unaudited)**

The following table summarizes our quarterly financial information. The first, second and third fiscal quarters of 2008 and all fiscal quarters in 2007 have been revised in accordance with FAS 144.

Net income available to common stockholders and basic and diluted EPS from net income available to common stockholders has not been affected.

| | Year Ended December 31, 2008 | | | |
|--|-------------------------------------|---------------------------|--------------------------|---------------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Total Revenues | \$ 113,553 | \$ 128,891 | \$ 138,476 | \$ 145,374 |
| Equity in Income (Loss) of Joint Ventures | 3,302 | 3,268 | 725 | (40,473) |
| Minority Interest Allocable to Continuing Operations | 3,639 | 3,094 | 2,430 | 10,885 |
| Loss from Continuing Operations, Net of Income Tax and Minority Interest | (20,031) | (19,087) | (11,885) | (72,151) |
| Income from Discontinued Operations, Net of Income Tax | 78,982 | 71,397 | 23,635 | 5,359 |
| Minority Interest Allocable to Discontinued Operations | (10,078) | (8,588) | (2,933) | (643) |
| Gain on Sale of Real Estate, Net of Income Tax | 5,438 | 2,788 | | |
| Minority Interest Allocable to Gain on Sale of Real Estate | (694) | (326) | | |
| Net Income (Loss) | 53,617 | 46,184 | 8,817 | (67,435) |
| Preferred Stock Dividends | (4,857) | (4,857) | (4,857) | (4,857) |
| Net Income (Loss) Available to Common Stockholders | \$ 48,760 | \$ 41,327 | \$ 3,960 | \$ (72,292) |
| Basic and Diluted Earnings Per Share: | | | | |
| Loss From Continuing Operations | \$ (0.47) | \$ (0.50) | \$ (0.39) | \$ (1.77) |
| Income from Discontinued Operations | \$ 1.60 | \$ 1.46 | \$ 0.48 | \$ 0.11 |
| Net Income (Loss) Available to Common Stockholders | \$ 1.13 | \$ 0.96 | \$ 0.09 | \$ (1.66) |
| Weighted Average Shares Outstanding | 42,984 | 43,128 | 43,151 | 43,506 |

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

| | Year Ended December 31, 2007 | | | |
|--|-------------------------------------|---------------------------|--------------------------|---------------------------|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Total Revenues | \$ 94,060 | \$ 93,368 | \$ 92,126 | \$ 100,708 |
| Equity in Income of Joint Ventures | 5,631 | 11,626 | 6,376 | 6,412 |
| Minority Interest Allocable to Continuing Operations | 3,140 | 3,024 | 2,995 | 3,233 |
| Loss from Continuing Operations, Net of Income Tax and Minority Interest | (15,535) | (13,406) | (16,021) | (17,198) |
| Income from Discontinued Operations, Net of Income Tax | 55,268 | 57,602 | 57,333 | 72,093 |
| Minority Interest Allocable to Discontinued Operations | (6,997) | (7,223) | (7,207) | (9,199) |
| Gain on Sale of Real Estate, Net of Income Tax | 2,806 | 503 | 63 | 2,971 |
| Minority Interest Allocable to Gain Sale of Real Estate | (355) | (63) | (8) | (376) |
| Net Income | 35,187 | 37,413 | 34,160 | 48,291 |
| Preferred Stock Dividends | (5,935) | (5,671) | (4,857) | (4,857) |
| Less: Redemption of Preferred Stock | | (2,017) | | |
| Net Income Available to Common Stockholders | \$ 29,252 | \$ 29,725 | \$ 29,303 | \$ 43,434 |
| Basic and Diluted Earnings Per Share: | | | | |
| Loss From Continuing Operations | \$ (0.43) | \$ (0.46) | \$ (0.47) | \$ (0.45) |
| Income from Discontinued Operations | \$ 1.09 | \$ 1.13 | \$ 1.13 | \$ 1.45 |
| Net Income Available to Common Stockholders | \$ 0.66 | \$ 0.67 | \$ 0.66 | \$ 1.00 |
| Weighted Average Shares Outstanding | 44,410 | 44,471 | 44,240 | 43,234 |

21. Pro Forma Financial Information (unaudited)

The following Pro Forma Condensed Statements of Operations for the years ended December 31, 2008 and 2007 (the Pro Forma Statements) are presented as if the acquisition of 20 operating industrial properties between January 1, 2008 and December 31, 2008 had occurred at the beginning of each year. The Pro Forma Statements do not include acquisitions between January 1, 2008 and December 31, 2008 for industrial properties that were vacant upon purchase, were leased back to the sellers upon purchase or were subsequently sold before December 31, 2008. The Pro Forma Condensed Statements of Operations include all necessary adjustments to reflect the occurrence of purchases and sales of properties during 2008 as of January 1, 2008 and 2007.

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

The Pro Forma Statements are not necessarily indicative of what our results of operations would have been for the years ended December 31, 2008 and 2007, nor do they purport to present our future results of operations.

Pro Forma Condensed Statements of Operations

| | Year Ended December 31, 2008 | Year Ended December 31, 2007 |
|---|---|---|
| Pro Forma Revenues | \$ 531,664 | \$ 398,050 |
| Pro Forma Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest and Income Taxes | \$ (132,174) | \$ (60,909) |
| Pro Forma Net Income Available to Common Stockholders | \$ 24,956 | \$ 150,761 |
| Per Share Data: | | |
| Pro Forma Basic and Diluted Earnings Per Share Data: | | |
| Loss from Continuing Operations Available to Common Stockholders | \$ (3.06) | \$ (1.38) |
| Net Income Available to Common Stockholders | \$ 0.58 | \$ 3.42 |

The following Pro Forma Condensed Statements of Operations for the years ended December 31, 2007 and 2006 (the Pro Forma Statements) are presented as if the acquisition of 56 operating industrial properties between January 1, 2007 and December 31, 2007 had occurred at the beginning of each year. The Pro Forma Statements do not include acquisitions between January 1, 2007 and December 31, 2007 for industrial properties that were vacant upon purchase, were leased back to the sellers upon purchase or were subsequently sold before December 31, 2007. The Pro Forma Condensed Statements of Operations include all necessary adjustments to reflect the occurrence of purchases and sales of properties during 2006 as of January 1, 2007 and 2006.

The Pro Forma Statements are not necessarily indicative of what our results of operations would have been for the years ended December 31, 2007 and 2006, nor do they purport to present our future results of operations.

Pro Forma Condensed Statements of Operations

| | Year Ended December 31, 2007 | Year Ended December 31, 2006 |
|---|---|---|
| Pro Forma Revenues | \$ 441,933 | \$ 371,713 |
| Pro Forma Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest and Income Taxes | \$ (44,798) | \$ (49,248) |
| Pro Forma Net Income Available to Common Stockholders | \$ 149,955 | \$ 115,200 |
| Per Share Data: | | |

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Pro Forma Basic and Diluted Earnings Per Share Data:

| | | | | |
|--|----|--------|----|--------|
| Loss from Continuing Operations Available to Common Stockholders | \$ | (1.02) | \$ | (1.12) |
| Net Income Available to Common Stockholders | \$ | 3.40 | \$ | 2.62 |

Table of Contents**FIRST INDUSTRIAL REALTY TRUST, INC.****SCHEDULE III:****REAL ESTATE AND ACCUMULATED DEPRECIATION
As Of December 31, 2008**

| Property Address | Location (City/State) | (a) Encumbrance | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Accumulated Depreciation 12/31/08 | Year Acquired |
|------------------|--------------------------|--------------------|---------------------|-----------|---|----------------------|--------------|----------|---|------------------|
| | | | Land | Buildings | | Land | Improvements | Total | | |
| ...iver Green | Duluth, GA | | \$ 264 | \$ 1,522 | \$ 223 | \$ 264 | \$ 1,745 | \$ 2,009 | \$ 658 | 1994 |
| ...orporate | Duluth, GA | | 506 | 2,904 | 455 | 506 | 3,359 | 3,865 | 1,270 | 1994 |
| ...A Highway | McDonough, GA | | 788 | 4,544 | 356 | 788 | 4,900 | 5,688 | 1,714 | 1994 |
| ...ogwood | Conyers, GA | | 635 | 3,662 | 317 | 635 | 3,979 | 4,614 | 1,377 | 1994 |
| ...ogwood | Conyers, GA | | 288 | 1,675 | 1,785 | 288 | 3,460 | 3,748 | 785 | 1994 |
| ...Harland | Covington, GA | | 125 | 739 | 163 | 125 | 902 | 1,027 | 293 | 1994 |
| ...eadow | Atlanta, GA | | 726 | 4,130 | 857 | 726 | 4,987 | 5,713 | 1,637 | 1994 |
| ...eadow | Atlanta, GA | | 750 | 4,460 | 1,308 | 828 | 5,690 | 6,518 | 1,973 | 1994 |
| ...eadow | Atlanta, GA | | 1,012 | 5,918 | 1,726 | 1,157 | 7,499 | 8,656 | 2,553 | 1994 |
| ...eat | Atlanta, GA | | 527 | 2,984 | 650 | 546 | 3,615 | 4,161 | 1,187 | 1996 |
| ...west | Kennesaw, GA | | 780 | 4,420 | 684 | 804 | 5,080 | 5,884 | 1,497 | 1997 |

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| | | | | | | | | | | |
|-------------|------------------|-----|-------|--------|-------|-------|--------|--------|-------|------|
| Bigman Road | Conyers, GA | | 566 | 3,134 | 419 | 574 | 3,545 | 4,119 | 780 | 1999 |
| East Park | Conyers, GA | | 452 | 2,504 | 111 | 459 | 2,608 | 3,067 | 601 | 1999 |
| akbrook | Norcross, GA | | 336 | 1,907 | 335 | 339 | 2,239 | 2,578 | 510 | 2001 |
| akbrook | Norcross, GA | | 307 | 1,742 | 637 | 309 | 2,377 | 2,686 | 544 | 2001 |
| akbrook | Norcross, GA | | 281 | 1,592 | 311 | 283 | 1,901 | 2,184 | 403 | 2001 |
| akbrook | Norcross, GA | | 420 | 2,381 | 236 | 423 | 2,614 | 3,037 | 467 | 2001 |
| akbrook | Norcross, GA | | 332 | 1,879 | 335 | 334 | 2,212 | 2,546 | 488 | 2001 |
| akbrook | Norcross, GA | | 370 | 2,099 | 386 | 373 | 2,482 | 2,855 | 471 | 2001 |
| akbrook | Norcross, GA | | 740 | 4,192 | 703 | 744 | 4,891 | 5,635 | 877 | 2001 |
| akbrook | Norcross, GA | | 313 | 1,776 | 256 | 315 | 2,030 | 2,345 | 412 | 2001 |
| Wood | McDonough, GA | | 1,550 | | 7,485 | 1,550 | 7,485 | 9,035 | 818 | 2004 |
| ial Park | Ellenwood, GA | | 1,600 | 12,464 | 891 | 1,603 | 13,352 | 14,955 | 2,171 | 2003 |
| outh Park | Cartersville, GA | | 794 | 2,252 | 6 | 798 | 2,254 | 3,052 | 303 | 2005 |
| t Drive | Atlanta, GA | (m) | 401 | 3,754 | 42 | 406 | 3,791 | 4,197 | 776 | 2005 |
| orris | Atlanta, GA | | 485 | 1,979 | 27 | 490 | 2,001 | 2,491 | 761 | 2005 |
| ns | Atlanta, GA | | 735 | 3,627 | 254 | 740 | 3,876 | 4,616 | 890 | 2005 |
| ial-King | | | | | | | | | | |
| onehill | | | | | | | | | | |
| hillips Lee | | | | | | | | | | |

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| Building Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried At Close of Period 12/31/08 | | | | |
|-------------------------------|--------------------------|---------------------|----------------------|-----------|---|---|--------------|--------|--------------------------------------|---------------------|
| | | | Initial Cost Land | Buildings | | Land | Improvements | Total | Accumulated Depreciation 12/31/08 | Year Constructed |
| (Dollars in thousands) | | | | | | | | | | |
| 4 Warren Drive | Norcross, GA | | 510 | 1,250 | (104) | 513 | 1,143 | 1,656 | 142 | 2005 |
| 4 Warren Drive | Norcross, GA | | 711 | 2,310 | 65 | 715 | 2,371 | 3,086 | 370 | 2005 |
| Industrial Boulevard | Dublin, GA | | 250 | 2,632 | 40 | 255 | 2,667 | 2,922 | 1,057 | 2005 |
| 6 East Ponce Leon | One Mountain, GA | | 604 | 3,888 | (55) | 610 | 3,827 | 4,437 | 748 | 2005 |
| 0 East Ponce Leon | One Mountain, GA | | 397 | 1,791 | (5) | 402 | 1,781 | 2,183 | 283 | 2005 |
| 5 Enterprise Ave | Buford, GA | | 712 | 2,118 | 53 | 716 | 2,167 | 2,883 | 277 | 2006 |
| 5 Atwater Court | Buford, GA | | 881 | 3,550 | 558 | 885 | 4,104 | 4,989 | 508 | 2006 |
| Liberty Industrial Parkway | McDonough, GA | | 756 | 3,695 | 212 | 763 | 3,900 | 4,663 | 306 | 2007 |
| Bonnie Brentine Way | Pendergrass, GA | | 2,580 | 21,730 | 1,203 | 2,594 | 22,919 | 25,513 | 786 | 2007 |
| 15 Old Roswell Road | Alpharetta, GA | | 2,403 | 1,912 | 90 | 2,427 | 1,978 | 4,405 | 39 | 2008 |
| & 197 Collins Boulevard | Athens, GA | | 1,410 | 5,344 | 65 | 1,426 | 5,393 | 6,819 | 1,994 | 2005 |
| Timore 0 Portal | Baltimore, MD | | 884 | 4,891 | 454 | 899 | 5,330 | 6,229 | 1,418 | 1998 |
| 0 Martin Avenue | Lanham, MD | | 700 | 1,920 | 555 | 700 | 2,475 | 3,175 | 646 | 2003 |
| 0 Martin Avenue | Lanham, MD | | 500 | 955 | 508 | 500 | 1,463 | 1,963 | 388 | 2003 |
| 1 Boston Way | Lanham, MD | | 1,100 | 3,070 | 601 | 1,100 | 3,671 | 4,771 | 780 | 2003 |
| 0 Boston Way | Lanham, MD | | 1,200 | 2,174 | 541 | 1,200 | 2,715 | 3,915 | 695 | 2003 |
| 0 Randolph Avenue | Dulles, VA | | 3,200 | 8,187 | 36 | 3,208 | 8,215 | 11,423 | 1,234 | 2004 |
| 30 Dulles Commitment Court | Dulles, VA | | 2,200 | 9,346 | 131 | 2,206 | 9,471 | 11,677 | 1,446 | 2004 |
| 1 Forbes Boulevard | Lanham, MD | | 356 | 1,823 | 417 | 375 | 2,221 | 2,596 | 460 | 2005 |
| | Lanham, MD | | 279 | 1,358 | 171 | 296 | 1,512 | 1,808 | 227 | 2005 |

| | | | | | | | | | |
|----------------|-----------------|-------|-------|-------|-------|-------|-------|-----|------|
| 0-4383 | | | | | | | | | |
| sford Vista | | | | | | | | | |
| d | | | | | | | | | |
| 0 Lottsford | | | | | | | | | |
| a Road | Lanham, MD | 351 | 1,955 | 160 | 372 | 2,094 | 2,466 | 276 | 2005 |
| 0 Lottsford | | | | | | | | | |
| a Road | Lanham, MD | 539 | 2,196 | 241 | 568 | 2,408 | 2,976 | 372 | 2005 |
| 04 McCormick | | | | | | | | | |
| d | Hunt Valley, MD | 1,017 | 3,132 | 104 | 1,038 | 3,215 | 4,253 | 506 | 2005 |
| 10 Pepper | | | | | | | | | |
| d | Hunt Valley, MD | 918 | 2,529 | 271 | 938 | 2,780 | 3,718 | 445 | 2005 |
| 00 Gilroy Road | Hunt Valley, MD | 901 | 1,455 | 57 | 919 | 1,494 | 2,413 | 305 | 2005 |
| Clubhouse | Hunt Valley, MD | 701 | 1,691 | 14 | 718 | 1,688 | 2,406 | 363 | 2005 |
| Clubhouse | Hunt Valley, MD | 982 | 3,158 | 544 | 1,004 | 3,680 | 4,684 | 726 | 2005 |
| 09 Gilroy Road | Hunt Valley, MD | 913 | 2,705 | 46 | 913 | 2,751 | 3,664 | 556 | 2005 |
| 07 Gilroy Road | Hunt Valley, MD | 1,111 | 3,819 | 127 | 1,136 | 3,921 | 5,057 | 778 | 2005 |
| oveton Circle | Hunt Valley, MD | 1,648 | 2,151 | (132) | 1,690 | 1,977 | 3,667 | 361 | 2005 |
| 0-7132 | | | | | | | | | |
| assador Road | Hunt Valley, MD | 829 | 1,329 | 253 | 847 | 1,564 | 2,411 | 333 | 2005 |
| 2 Ambassador | | | | | | | | | |
| d | Hunt Valley, MD | 924 | 2,876 | 415 | 942 | 3,273 | 4,215 | 345 | 2005 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | | |
|----------------------------|---------------------------|---------------------|----------------------|-----------|---|-----------------------------|--------------|--------|--------------------------------------|---------------------|
| | | | Initial Cost Land | Buildings | | At Close of Period 12/31/08 | | | Accumulated Depreciation 12/31/08 | Year Constructed |
| | | | | | | Land | Improvements | Total | | |
| (Dollars in thousands) | | | | | | | | | | |
| 160 Assador Road | Hunt Valley, MD | | 979 | 1,672 | 145 | 1,000 | 1,796 | 2,796 | 450 | 2005 |
| 7249 Assador Road | Hunt Valley, MD | | 1,283 | 2,674 | 232 | 1,311 | 2,878 | 4,189 | 752 | 2005 |
| Rutherford Road | Hunt Valley, MD | | 1,032 | 2,150 | 165 | 1,054 | 2,293 | 3,347 | 470 | 2005 |
| Fore Martin | Hunt Valley, MD | | 875 | 1,826 | 275 | 897 | 2,079 | 2,976 | 520 | 2005 |
| King Hwy Fore | Lanham, MD | | 1,200 | 2,457 | 281 | 1,200 | 2,738 | 3,938 | 554 | 2003 |
| Roads @95 al | Baltimore, MD | | 2,640 | 270 | 13,041 | 2,823 | 13,128 | 15,951 | 558 | 2007 |
| Pennsylvania | | | | | | | | | | |
| B Freedom Russell Drive | Cranberry Township, PA | | 31 | 994 | 613 | 200 | 1,438 | 1,638 | 930 | 1994 |
| Commerce Commerce | Middletown, PA | | 262 | 857 | 1,699 | 287 | 2,531 | 2,818 | 1,462 | 1994 |
| Commerce | Middletown, PA | | 196 | 997 | 714 | 206 | 1,701 | 1,907 | 1,014 | 1994 |
| Commerce | Middletown, PA | | 141 | 859 | 1,174 | 164 | 2,010 | 2,174 | 1,042 | 1994 |
| Commerce | Middletown, PA | | 113 | 743 | 1,206 | 209 | 1,853 | 2,062 | 1,081 | 1994 |
| d Silver s Road | Mechanicsburg, PA | | 510 | 2,890 | 5,776 | 541 | 8,635 | 9,176 | 2,185 | 1997 |
| Hunters Parkway | Hagerstown, MD | (n) | 1,390 | 13,104 | 3,903 | 1,863 | 16,534 | 18,397 | 2,311 | 2003 |
| Shawley Railroad | Hagerstown, MD | | 1,000 | 5,847 | 1,193 | 1,016 | 7,024 | 8,040 | 974 | 2004 |
| e Railroad | Shiremanstown, PA | | 1,181 | 4,447 | 1,542 | 1,328 | 5,842 | 7,170 | 1,391 | 2005 |
| e n Eagle | Shiremanstown, PA | | 1,293 | 7,164 | 1,911 | 1,341 | 9,027 | 10,368 | 1,734 | 2005 |
| ss Center | Harrisburg, PA | | 585 | 3,176 | 161 | 601 | 3,321 | 3,922 | 444 | 2005 |
| | Jessup, PA | | 542 | | 2,962 | 532 | 2,972 | 3,504 | 299 | 2004 |

| | | | | | | | | | |
|--------------|--------------------|-------|-------|-------|-------|-------|-------|-------|------|
| leyview | | | | | | | | | |
| ss Park | | | | | | | | | |
| Eisenhower | | | | | | | | | |
| Bldg 1 | Harrisburg, PA | 382 | 2,343 | 29 | 387 | 2,367 | 2,754 | 290 | 2006 |
| Eisenhower | | | | | | | | | |
| Bldg 2 | Harrisburg, PA | 436 | 1,587 | (11) | 443 | 1,569 | 2,012 | 180 | 2006 |
| Museum Road | Washington, PA | 201 | 1,819 | 57 | 208 | 1,869 | 2,077 | 347 | 2005 |
| go | | | | | | | | | |
| 0 Landwehr | | | | | | | | | |
| | Northbrook, IL | 521 | 2,982 | 1,415 | 521 | 4,397 | 4,918 | 1,843 | 1994 |
| 01 101st | | | | | | | | | |
| | Lemont, IL | 967 | 5,554 | 626 | 968 | 6,179 | 7,147 | 2,164 | 1994 |
| West Pratt | | | | | | | | | |
| e | Lincolnwood, IL | 1,050 | 5,767 | 1,205 | 1,050 | 6,972 | 8,022 | 2,485 | 1994 |
| South Sayre | | | | | | | | | |
| e | Bedford Park, IL | 224 | 1,309 | 642 | 224 | 1,951 | 2,175 | 695 | 1994 |
| awin Court | Mount Prospect, IL | 611 | 3,505 | 2,055 | 615 | 5,556 | 6,171 | 1,568 | 1994 |
| Windsor | | | | | | | | | |
| | Addison, IL | 688 | 3,943 | 1,023 | 696 | 4,958 | 5,654 | 1,745 | 1994 |
| Thayer Court | Aurora, IL | 430 | 2,472 | 90 | 430 | 2,562 | 2,992 | 909 | 1994 |
| 1 Era Drive | Northbrook, IL | 200 | 1,154 | 145 | 205 | 1,294 | 1,499 | 462 | 1994 |
| Melrose | | | | | | | | | |
| | Franklin Park, IL | 332 | 1,931 | 1,334 | 469 | 3,128 | 3,597 | 1,024 | 1995 |

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| Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | | |
|------------------------|--------------------------|---------------------|--------------|-----------|---|----------------------|--------------|--------|--------------------------|--------------------------|
| | | | Initial Cost | Buildings | | Land | Improvements | Total | Depreciation 12/31/08 | Accumulated Year-to-Date |
| (Dollars in thousands) | | | | | | | | | | |
| 60 MacArthur | Northbrook, IL | | 429 | 2,518 | 32 | 429 | 2,550 | 2,979 | 928 | 1994 |
| h Avenue | Carol Stream, IL | | 1,081 | 6,882 | 3,897 | 1,111 | 10,749 | 11,860 | 3,737 | 1994 |
| Central Avenue | Alsip, IL | | 1,208 | 6,843 | 3,477 | 1,305 | 10,223 | 11,528 | 2,555 | 1997 |
| Shawmut | LaGrange, IL | | 368 | 2,083 | 507 | 388 | 2,570 | 2,958 | 664 | 1997 |
| Sesame Street | Bensenville, IL | | 979 | 5,546 | 2,673 | 1,048 | 8,150 | 9,198 | 1,913 | 1997 |
| Pulaski | Chicago, IL | | 318 | 2,038 | 1,516 | 318 | 3,554 | 3,872 | 800 | 1997 |
| Roberts | Broadview, IL | | 220 | 1,248 | 491 | 231 | 1,728 | 1,959 | 606 | 1998 |
| Business Center Drive | Mount Prospect, IL | | 631 | 3,493 | 237 | 666 | 3,695 | 4,361 | 745 | 2000 |
| in Court | Mount Prospect, IL | | 233 | 1,292 | 317 | 254 | 1,588 | 1,842 | 293 | 2000 |
| hanville Drive | IL | | 260 | 1,437 | 131 | 273 | 1,555 | 1,828 | 334 | 2000 |
| 101st Street | Lemont, IL | | 1,200 | 6,643 | 2,300 | 1,220 | 8,923 | 10,143 | 2,143 | 2001 |
| Street | Glendale Heights, IL | | 427 | 2,363 | 163 | 433 | 2,520 | 2,953 | 447 | 2002 |
| Thorndale Avenue | Bensenville, IL | | 751 | 4,159 | 1,638 | 761 | 5,787 | 6,548 | 961 | 2002 |
| hanville Drive | Mount Prospect, IL | | 985 | 5,455 | 2,061 | 1,044 | 7,457 | 8,501 | 1,718 | 2004 |
| hy & 1158-60 Ave | Elk Grove Village, IL | | 1,500 | 4,842 | 164 | 1,514 | 4,992 | 6,506 | 1,009 | 2004 |
| 0 Thorndale Avenue | Bensenville, IL | | 2,103 | 3,674 | 129 | 2,108 | 3,798 | 5,906 | 652 | 2005 |
| Busse(Route 83) | Bensenville, IL | | 1,597 | 2,767 | (42) | 1,601 | 2,721 | 4,322 | 495 | 2005 |
| 4 W. Thorndale Ave | Bensenville, IL | | 1,704 | 2,108 | 179 | 1,709 | 2,282 | 3,991 | 461 | 2005 |
| sroads Parkway | Bolingbrook, IL | | 1,178 | 9,453 | 850 | 1,181 | 10,300 | 11,481 | 1,603 | 2005 |
| st Industrial Drive | Forest Park, IL | | 1,207 | 2,343 | 207 | 1,213 | 2,544 | 3,757 | 503 | 2005 |
| st Industrial Drive | Forest Park, IL | | 1,215 | 3,020 | 19 | 1,220 | 3,034 | 4,254 | 600 | 2005 |
| 26th Street | LaGrange Park, IL | | 1,547 | 2,078 | 2,761 | 1,617 | 4,769 | 6,386 | 844 | 2005 |
| vis Road | Elgin, IL | | 998 | 1,859 | 833 | 1,046 | 2,644 | 3,690 | 706 | 2006 |
| 166th St | Markham, IL | | 1,132 | 4,293 | 269 | 1,134 | 4,560 | 5,694 | 541 | 2007 |
| lgonquin Rd | Arlington Heights, IL | | 574 | 741 | 2,053 | 579 | 2,789 | 3,368 | 167 | 2007 |
| 50th Street | Chicago, IL | | 609 | 932 | 106 | 667 | 980 | 1,647 | 161 | 2007 |

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| | | | | | | | | | |
|-----------------|-------------------|-------|-------|--------|-------|--------|--------|-------|------|
| Waukegan | Franklin Park, IL | 2721 | 5630 | 500 | 2,737 | 6,114 | 8,851 | 319 | 2008 |
| | Elk Grove | | | | | | | | |
| Waukegan Street | Village, IL | 3369 | 6121 | 69 | 3,412 | 6,147 | 9,559 | 267 | 2008 |
| 103rd Street | Woodridge, IL | 744 | 2458 | 101 | 760 | 2,544 | 3,304 | 85 | 2008 |
| Port Road | Aurora, IL | 983 | | 6,681 | 983 | 6,681 | 7,664 | 1,017 | 2002 |
| Merly Drive | Carol Stream, IL | 793 | 1,395 | 38 | 801 | 1,425 | 2,226 | 231 | 2005 |
| Vincennes | Thornton, IL | 497 | 504 | 103 | 513 | 591 | 1,104 | 176 | 2005 |
| Summit BTS | Kenosha, WI | 4,100 | | 18,418 | 3,212 | 19,306 | 22,518 | 76 | 2008 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | | |
|------------------------|--------------------------|---------------------|-------|-----------|---|----------------------|--------------------------|--------------------------|---|------|
| | | | Land | Buildings | | Land Improvements | Building and Total | Depreciation 12/31/08 | Accumulated YearD Acquired Construct | |
| (Dollars in thousands) | | | | | | | | | | |
| Princeton | Cincinnati, OH | | 545 | 3,088 | 1,887 | 566 | 4,954 | 5,520 | 1,676 | 1996 |
| Highland Avenue | Cincinnati, OH | | 1,717 | 9,730 | 1,794 | 1,772 | 11,469 | 13,241 | 3,559 | 1996 |
| 50 Creek Road | Blue Ash, OH | | 1,080 | 6,118 | 1,044 | 1,109 | 7,133 | 8,242 | 2,158 | 1996 |
| Sasant Valley Drive | Springboro, OH | | 304 | 1,721 | 333 | 316 | 2,042 | 2,358 | 560 | 1998 |
| Muhlhauser Road | Hamilton, OH | | 630 | | 5,264 | 630 | 5,264 | 5,894 | 1,035 | 2002 |
| Muhlhauser Road | Hamilton, OH | | 779 | | 6,795 | 779 | 6,795 | 7,574 | 1,227 | 2002 |
| Princeton-Glendale | West Chester, OH | | 818 | 1,648 | 419 | 840 | 2,045 | 2,885 | 428 | 2006 |
| | West Chester, OH | | 347 | 1,323 | 87 | 355 | 1,402 | 1,757 | 145 | 2007 |
| 76 Windisch Road | West Chester, OH | | 392 | 1,744 | 20 | 394 | 1,762 | 2,156 | 123 | 2007 |
| 22 Windisch Road | West Chester, OH | | 395 | 2,541 | 64 | 397 | 2,603 | 3,000 | 134 | 2007 |
| 62 Windisch Road | West Chester, OH | | 506 | 3,148 | 106 | 508 | 3,252 | 3,760 | 236 | 2007 |
| 98 Windisch Road | West Chester, OH | | 546 | 3,039 | 47 | 548 | 3,084 | 3,632 | 170 | 2007 |
| 22 Windisch Road | OH | | 623 | 4,003 | 92 | 627 | 4,091 | 4,718 | 291 | 2007 |
| es Corner Road | Loveland, OH | | 600 | 1,083 | 1,023 | 606 | 2,100 | 2,706 | 620 | 2003 |
| ds Corner Road | Loveland, OH | | 600 | 1,811 | 395 | 605 | 2,201 | 2,806 | 758 | 2003 |
| es Drive | West Chester, OH | | 858 | 2,273 | 1,183 | 875 | 3,439 | 4,314 | 1,213 | 2005 |
| arrow Road | Twinsburg, OH | | 2478 | 6,791 | 78 | 2,496 | 6,852 | 9,348 | 248 | 2008 |
| nd | | | | | | | | | | |
| Enterprise Parkway | Twinsburg, OH | | 294 | 1,857 | 28 | 298 | 1,881 | 2,179 | 333 | 2006 |
| Emerald Valley | Glenwillow, OH | | 681 | 11,838 | 1,084 | 691 | 12,912 | 13,603 | 1,227 | 2006 |
| | Glenwillow, OH | | 466 | 5,447 | 103 | 475 | 5,541 | 6,016 | 600 | 2006 |
| chran Road | Glenwillow, OH | | 972 | 7,033 | 146 | 991 | 7,160 | 8,151 | 769 | 2006 |
| chran Road | Glenwillow, OH | | 775 | 6,244 | 136 | 792 | 6,363 | 7,155 | 650 | 2006 |
| chran Road | Glenwillow, OH | | 920 | 6,174 | 100 | 945 | 6,249 | 7,194 | 624 | 2006 |

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| | | | | | | | | | |
|---------------------|--------------|-------|--------|-------|-------|--------|--------|-------|------|
| arter Street | Solon, OH | 989 | 3,042 | 408 | 1,022 | 3,417 | 4,439 | 908 | 2006 |
| ous | | | | | | | | | |
| ckbourne Industrial | | | | | | | | | |
| | Columbus, OH | 1,045 | 6,421 | 707 | 1,045 | 7,128 | 8,173 | 2,106 | 1996 |
| oveport Road | Columbus, OH | 1,955 | 12,154 | 675 | 1,955 | 12,829 | 14,784 | 4,156 | 1996 |
| orth Walcutt Road | Columbus, OH | 637 | 4,590 | (140) | 634 | 4,453 | 5,087 | 1,408 | 1997 |
| metary Road | Hillard, OH | 764 | 620 | | 764 | 620 | 1,384 | 41 | 1997 |
| ap Road(d) | Hillard, OH | 756 | 4,297 | 1,471 | 756 | 5,768 | 6,524 | 1,427 | 1998 |

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| Building Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation | Gross Amount Carried | | | Year Constructed | |
|------------------------|--------------------------|---------------------|-------|-----------|--|----------------------|---------------------------------|-------|---------------------|---|
| | | | Land | Buildings | Provision | Land | Building and Improvements | Total | | Accumulated Depreciation 12/31/08 |
| (Dollars in thousands) | | | | | | | | | | |
| Lockbourne | Columbus, OH | | 708 | 3,920 | 1,258 | 710 | 5,176 | 5,886 | 1,299 | 1998 |
| Pittsburgh Drive | Delaware, OH | (o) | 2,265 | 4,733 | 62 | 2,273 | 4,787 | 7,060 | 888 | 2005 |
| Huntley Road | Columbus, OH | | 920 | 4,810 | 8 | 925 | 4,813 | 5,738 | 564 | 2005 |
| Frusta Drive | Obetz, OH | | 318 | 837 | 344 | 326 | 1,173 | 1,499 | 238 | 2006 |
| S. Hamilton Road | Groveport, OH | | 681 | 5,941 | (142) | 688 | 5,792 | 6,480 | 496 | 2006 |
| Spiegel | Groveport, OH | | 780 | 3,205 | 308 | 793 | 3,500 | 4,293 | 208 | 2007 |
| Janitrol Road | Columbus, OH | | 662 | 4,332 | 829 | 675 | 5,148 | 5,823 | 411 | 2007 |
| As/Fort Worth | | | | | | | | | | |
| -2416 Walnut | Dallas, TX | | 178 | 1,006 | 483 | 172 | 1,495 | 1,667 | 322 | 1997 |
| -2419 Walnut | Dallas, TX | | 148 | 839 | 239 | 142 | 1,084 | 1,226 | 278 | 1997 |
| 906 Great | Arlington, TX | | 237 | 1,342 | 596 | 270 | 1,905 | 2,175 | 598 | 1997 |
| West Commerce | Dallas, TX | | 456 | 2,584 | 526 | 469 | 3,097 | 3,566 | 837 | 1997 |
| Hansboro | Dallas, TX | | 266 | 1,510 | 529 | 276 | 2,029 | 2,305 | 500 | 1997 |
| 407 113th | Arlington, TX | | 181 | 1,026 | 429 | 185 | 1,451 | 1,636 | 334 | 1997 |
| 111th Street | Arlington, TX | | 251 | 1,421 | 169 | 258 | 1,583 | 1,841 | 491 | 1997 |
| Dogwood Park | Richland Hills, TX | | 79 | 435 | 82 | 84 | 512 | 596 | 145 | 1998 |
| Dogwood Park | Richland Hills, TX | | 96 | 532 | 572 | 102 | 1,098 | 1,200 | 326 | 1998 |
| -54 Tower Street | Richland Hills, TX | | 88 | 489 | 283 | 94 | 766 | 860 | 216 | 1998 |
| -41 Tower Street | Richland Hills, TX | | 98 | 541 | 188 | 104 | 723 | 827 | 179 | 1998 |
| -45 Tower Street | Richland Hills, TX | | 102 | 563 | 85 | 108 | 642 | 750 | 163 | 1998 |
| -59 Airport | Richland Hills, TX | | 354 | 1,958 | 395 | 372 | 2,335 | 2,707 | 609 | 1998 |
| -60 Dogwood Park | Richland Hills, TX | | 106 | 587 | 127 | 112 | 708 | 820 | 171 | 1998 |
| -70 Dogwood Park | TX | | 106 | 584 | 127 | 112 | 705 | 817 | 173 | 1998 |
| | | | 293 | 1,621 | 360 | 308 | 1,966 | 2,274 | 506 | 1998 |

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| | | | | | | | | | |
|----------------------|-----------------------|-----|-------|-----|-----|-------|-------|-----|------|
| -49 Airport way | Richland Hills, TX | | | | | | | | |
| Whitehall Street | Richland Hills, TX | 109 | 603 | 91 | 115 | 688 | 803 | 193 | 1998 |
| -1654 Terre ny | Dallas, TX | 458 | 2,596 | 765 | 468 | 3,351 | 3,819 | 640 | 2000 |
| Duncanville Road | Dallas, TX | 197 | 1,114 | 68 | 199 | 1,180 | 1,379 | 247 | 2000 |
| -2355 Merritt e | Garland, TX | 101 | 574 | 112 | 103 | 684 | 787 | 140 | 2000 |
| 735 North Plano l | Richardson, TX | 696 | 3,944 | 217 | 705 | 4,152 | 4,857 | 891 | 2000 |
| Merritt Drive | Garland, TX | 352 | 1,993 | 779 | 356 | 2,768 | 3,124 | 627 | 2000 |
| Merritt Drive | Garland, TX | 350 | 1,981 | 598 | 357 | 2,572 | 2,929 | 608 | 2000 |
| Merritt Drive | Garland, TX | 73 | 412 | 170 | 74 | 581 | 655 | 102 | 2000 |
| Merritt Drive | Garland, TX | 70 | 395 | 77 | 71 | 471 | 542 | 95 | 2000 |
| -2475 Merritt e | Garland, TX | 91 | 514 | 145 | 92 | 658 | 750 | 125 | 2000 |

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| Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation | | Gross Amount Carried | | | |
|------------------------|--------------------------|---------------------|----------------------|-----------|--|-------|----------------------|--------|---|-----------------------|
| | | | Initial Cost Land | Buildings | Provision | Land | Improvements | Total | At Close of Period 12/31/08 Accumulated Year Depreciation 12/31/08 | Acquired Construct |
| (Dollars in thousands) | | | | | | | | | | |
| 05 Merritt Drive | Garland, TX | | 431 | 2,440 | 562 | 436 | 2,997 | 3,433 | 587 | 2000 |
| ton Drive(e) | Carrollton, TX | | 448 | 2,540 | 438 | 453 | 2,973 | 3,426 | 570 | 2001 |
| ton Drive | Carrollton, TX | | 374 | 2,117 | 437 | 377 | 2,551 | 2,928 | 586 | 2001 |
| Kenzie Drive | Carrollton, TX | | 437 | 2,478 | 351 | 442 | 2,824 | 3,266 | 557 | 2001 |
| Kenzie Drive | Carrollton, TX | | 502 | 2,843 | 519 | 507 | 3,357 | 3,864 | 726 | 2001 |
| wood Parkway | Carrollton, TX | | 460 | 2,608 | 717 | 466 | 3,319 | 3,785 | 636 | 2001 |
| wood Parkway(e) | Carrollton, TX | | 1,089 | 6,173 | 1,266 | 1,100 | 7,428 | 8,528 | 1,396 | 2001 |
| na Road Bldg II | Carrollton, TX | | 167 | 948 | 70 | 169 | 1,016 | 1,185 | 202 | 2001 |
| st Crosby Road | Carrollton, TX | | 617 | 3,498 | 459 | 631 | 3,943 | 4,574 | 824 | 2001 |
| 35 McKenzie Drive | Carrollton, TX | | 306 | 1,870 | 699 | 306 | 2,569 | 2,875 | 790 | 2001 |
| ton Drive(d) | Carrollton, TX | | 811 | 4,597 | 757 | 819 | 5,346 | 6,165 | 1,040 | 2001 |
| wood Pkwy Bldg II | Carrollton, TX | | 373 | 2,116 | 376 | 377 | 2,488 | 2,865 | 526 | 2001 |
| Kenzie Drive | Carrollton, TX | | 510 | 2,891 | 415 | 516 | 3,300 | 3,816 | 659 | 2001 |
| Kenzie Drive | Carrollton, TX | | 476 | 2,699 | 386 | 481 | 3,080 | 3,561 | 640 | 2001 |
| na Road Bldg I | Carrollton, TX | | 521 | 2,953 | 476 | 529 | 3,421 | 3,950 | 773 | 2001 |
| 0 Avenue S | Grand Prairie, TX | | 623 | 3,528 | 1,307 | 629 | 4,829 | 5,458 | 646 | 2002 |
| ossing(f) | Plano, TX | | 1,961 | 11,112 | 616 | 1,981 | 11,708 | 13,689 | 1,914 | 2002 |
| Dogwood Park | Richland Hills, TX | | 110 | 623 | 125 | 111 | 747 | 858 | 115 | 2002 |
| wer Street | Richland Hills, TX | | 36 | 204 | 191 | 36 | 395 | 431 | 106 | 2002 |
| wer Street | Richland Hills, TX | | 57 | 324 | 162 | 58 | 485 | 543 | 118 | 2002 |
| wer Street | Richland Hills, TX | | 76 | 429 | 146 | 76 | 575 | 651 | 103 | 2002 |
| 9 Tower Street | Richland Hills, TX | | 75 | 427 | 20 | 76 | 446 | 522 | 69 | 2002 |
| 42 Handley Ederville | Richland Hills, TX | | 112 | 635 | 71 | 113 | 705 | 818 | 124 | 2002 |
| 77 Airport Freeway | Richland Hills, TX | | 256 | 1,453 | 218 | 259 | 1,668 | 1,927 | 315 | 2002 |
| itehall Street | Richland Hills, TX | | 372 | 2,107 | 218 | 375 | 2,322 | 2,697 | 413 | 2002 |

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| | | | | | | | | | |
|-----------------------|-----------------------|-------|-------|-----|-------|-------|-------|-----|------|
| Whitehall Street | Richland Hills, TX | 104 | 591 | 110 | 105 | 700 | 805 | 103 | 2002 |
| Wiley Way | Richland Hills, TX | 208 | 1,181 | 18 | 211 | 1,196 | 1,407 | 187 | 2002 |
| Avenue H(d) | Arlington, TX | 600 | 3,006 | 248 | 604 | 3,250 | 3,854 | 670 | 2004 |
| Avenue M | Grand Prairie, TX | 300 | 1,504 | 83 | 302 | 1,585 | 1,887 | 332 | 2004 |
| 113th Street(d) | Grand Prairie, TX | 700 | 3,509 | 156 | 704 | 3,661 | 4,365 | 670 | 2004 |
| Avenue H(d) | Arlington, TX | 600 | 2,846 | 92 | 604 | 2,934 | 3,538 | 588 | 2004 |
| N. Carrier Parkway(e) | Grand Prairie, TX | 1,000 | 5,012 | 163 | 1,006 | 5,169 | 6,175 | 929 | 2004 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Accumulated Year Depreciation | Acquired/Constructed |
|------------------------------|--------------------------|---------------------|---------------------|-----------|---|----------------------|--------------|--------|-------------------------------|----------------------|
| | | | Land | Buildings | | Land | Improvements | Total | | |
| 407 Centennial West Commerce | Arlington, TX | | 600 | 2,534 | 209 | 604 | 2,739 | 3,343 | 564 | 2004 |
| West Royal Lane | Dallas, TX | | 1,000 | 3,364 | 63 | 1,011 | 3,416 | 4,427 | 692 | 2004 |
| Senlac Drive | Irving, TX | | 818 | 3,767 | 278 | 820 | 4,043 | 4,863 | 617 | 2005 |
| 1 S. Great West Pkwy(g) | Farmers Ranch, TX | | 823 | 4,042 | 12 | 825 | 4,052 | 4,877 | 781 | 2005 |
| 2 Heinz Way | Grand Prairie, TX | | 2,581 | 16,556 | 635 | 2,586 | 17,186 | 19,772 | 4,454 | 2005 |
| 7 Heinz Way | Grand Prairie, TX | | 599 | 3,327 | 142 | 601 | 3,467 | 4,068 | 612 | 2005 |
| venue E | Arlington, TX | | 493 | 2,758 | (14) | 481 | 2,756 | 3,237 | 537 | 2005 |
| Dogwood Park | Richland Hills, TX | | 296 | | 2,054 | 296 | 2,054 | 2,350 | 194 | 2005 |
| Hutton Drive | Carrollton, TX | | 133 | 753 | 25 | 134 | 777 | 911 | 129 | 2002 |
| Century Circle | Irving, TX | | 246 | 1,393 | 149 | 249 | 1,539 | 1,788 | 296 | 2001 |
| 0 N Great West Prkwy | Grand Prairie, TX | | 760 | 3,856 | (16) | 771 | 3,829 | 4,600 | 203 | 2007 |
| Wheeler Avenue | Fort Smith, AR | | 870 | 2,754 | 75 | 892 | 2,807 | 3,699 | 165 | 2008 |
| Garland District 2 | Garland, TX | | 720 | 2,800 | 28 | 726 | 2,822 | 3,548 | 244 | 2006 |
| er | Garland, TX | | 1,912 | | 14,459 | 1,947 | 14,424 | 16,371 | 337 | 2008 |
| lati | Denver, CO | | 173 | 981 | 89 | 175 | 1,068 | 1,243 | 312 | 1997 |
| ox Street | Denver, CO | | 132 | 750 | 74 | 134 | 822 | 956 | 229 | 1997 |
| evere | Denver, CO | | 361 | 2,047 | 620 | 368 | 2,660 | 3,028 | 828 | 1997 |
| vy Street | Denver, CO | | 219 | 1,239 | 171 | 220 | 1,409 | 1,629 | 418 | 1997 |
| tapleton Drive | Denver, CO | | 288 | 1,630 | 228 | 290 | 1,856 | 2,146 | 544 | 1997 |
| tapleton Drive | Denver, CO | | 376 | 2,129 | 279 | 380 | 2,404 | 2,784 | 670 | 1997 |
| 995 North | Denver, CO | | 268 | 1,518 | 374 | 271 | 1,889 | 2,160 | 533 | 1997 |
| way | Denver, CO | | 414 | 2,346 | 831 | 422 | 3,169 | 3,591 | 923 | 1997 |

| | | | | | | | | | |
|------------------|-----------------|-------|--------|-------|-------|--------|--------|-------|------|
| 978 North way | | | | | | | | | |
| Fronton Street | Denver, CO | 232 | 1,313 | 710 | 236 | 2,019 | 2,255 | 765 | 1997 |
| Wyant Street | Denver, CO | 1,829 | 10,219 | 1,870 | 1,829 | 12,089 | 13,918 | 3,315 | 1998 |
| 7th Drive A | Denver, CO | 441 | 2,689 | (31) | 441 | 2,658 | 3,099 | 782 | 1997 |
| West 49th Street | | | | | | | | | |
| | Wheatridge, CO | 283 | 1,625 | 243 | 287 | 1,864 | 2,151 | 737 | 1997 |
| West 49th Street | BWheatridge, CO | 225 | 1,272 | 108 | 227 | 1,378 | 1,605 | 390 | 1997 |
| West 49th Street | CWheatridge, CO | 600 | 3,409 | 100 | 601 | 3,508 | 4,109 | 1,022 | 1997 |
| West 49th Street | | | | | | | | | |
| | Wheatridge, CO | 246 | 1,537 | 115 | 247 | 1,651 | 1,898 | 474 | 1997 |
| 1 East Avenue | Littleton, CO | 383 | 2,145 | 815 | 383 | 2,960 | 3,343 | 1,172 | 1997 |
| Harrison Street | Lakewood, CO | 265 | 1,501 | 376 | 269 | 1,873 | 2,142 | 548 | 1997 |
| Harrison Street | Lakewood, CO | 264 | 1,494 | 350 | 268 | 1,840 | 2,108 | 529 | 1997 |
| West 6th Avenue | Golden, CO | 913 | 5,174 | 1,096 | 918 | 6,265 | 7,183 | 2,013 | 1997 |

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| Building Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | | |
|-----------------------------------|--------------------------|---------------------|----------------------|-----------|---|---------------------------------|-------|--------------------------------------|---------------------|------|
| | | | Initial Cost Land | Buildings | | At Close of Period 12/31/08 | | Accumulated Depreciation 12/31/08 | Year Constructed | |
| | | | | | | Building and Improvements | Total | | | |
| | | | | | | (Dollars in thousands) | | | | |
| 98 West Avenue Bldg E | Golden, CO | | 565 | 3,199 | 239 | 570 | 3,433 | 4,003 | 984 | 1997 |
| 98 West Avenue Bldg F | Englewood, CO | | 269 | 1,525 | 31 | 273 | 1,552 | 1,825 | 435 | 1997 |
| 03 East Euclid Avenue | Denver, CO | | 1,208 | 6,905 | 947 | 1,208 | 7,852 | 9,060 | 2,388 | 1997 |
| 77 South Racine Avenue | Denver, CO | | 739 | 4,241 | 406 | 739 | 4,647 | 5,386 | 1,322 | 1997 |
| 00 South Abilene Avenue | Aurora, CO | | 465 | 2,633 | 67 | 467 | 2,698 | 3,165 | 763 | 1997 |
| 00 South Abilene Avenue | Aurora, CO | | 268 | 1,520 | 70 | 270 | 1,588 | 1,858 | 447 | 1997 |
| 00 South Abilene Avenue | Aurora, CO | | 368 | 2,085 | 104 | 382 | 2,175 | 2,557 | 611 | 1997 |
| 00 East Florida Avenue | Aurora, CO | | 189 | 1,071 | 115 | 190 | 1,185 | 1,375 | 340 | 1997 |
| 01 East 53rd Avenue | Denver, CO | | 416 | 2,355 | 193 | 422 | 2,542 | 2,964 | 751 | 1997 |
| 01 Oswego Street | Denver, CO | | 273 | 1,547 | 428 | 278 | 1,970 | 2,248 | 695 | 1997 |
| 11 Joilet Avenue | Denver, CO | | 735 | 4,166 | 448 | 752 | 4,597 | 5,349 | 1,212 | 1998 |
| 18 West Avenue Bldg A | Golden, CO | | 468 | 2,799 | 391 | 468 | 3,190 | 3,658 | 910 | 1997 |
| 28 West Avenue Bldg B | Golden, CO | | 503 | 2,942 | 379 | 503 | 3,321 | 3,824 | 1,053 | 1997 |
| 55 E Hawthorne Ave/4955 Peoria | Denver, CO | | 298 | 1,688 | 499 | 305 | 2,180 | 2,485 | 669 | 1998 |
| 0-4950 Paris Avenue | Denver, CO | | 152 | 861 | 184 | 156 | 1,041 | 1,197 | 270 | 1998 |
| 0 Paris Avenue | Denver, CO | | 95 | 537 | 121 | 97 | 656 | 753 | 168 | 1998 |
| 77 South Revere Avenue | Englewood, CO | | 926 | 5,124 | 755 | 934 | 5,871 | 6,805 | 1,554 | 1998 |
| 0 East Park Avenue | Lone Tree, CO | | 1,297 | 7,348 | 976 | 1,304 | 8,317 | 9,621 | 1,851 | 2000 |
| 0 Quentin(d) Avenue | Aurora, CO | | 1,220 | 6,911 | 457 | 1,230 | 7,358 | 8,588 | 1,538 | 2000 |
| 5 W. 116th Street | Broomfield, CO | | 1,151 | 6,523 | 975 | 1,304 | 7,345 | 8,649 | 1,145 | 2003 |
| 50 E. 32nd Street | Aurora, CO | | 563 | 3,188 | 803 | 572 | 3,982 | 4,554 | 1,003 | 2004 |
| 0 W. 116th Street | Broomfield, CO | | 338 | 1,918 | 282 | 372 | 2,166 | 2,538 | 321 | 2003 |
| 0 Fraser Street | Aurora, CO | | 616 | 3,593 | 9 | 620 | 3,598 | 4,218 | 553 | 2005 |
| | Denver, CO | | 512 | 2,025 | 19 | 517 | 2,039 | 2,556 | 254 | 2005 |

| | | | | | | | | |
|---------------|------------------|-----|-------|-----|-------|-------|-------|------|
| 5 East | | | | | | | | |
| h Avenue | | | | | | | | |
| ltop Business | | | | | | | | |
| ter I Bldg. B | Littleton, CO | 739 | 3,536 | 781 | 3,494 | 4,275 | 852 | 2000 |
| co Business | | | | | | | | |
| ter A | Broomfield, CO | 312 | 1,404 | 370 | 1,346 | 1,716 | 243 | 2001 |
| k Centre A | Westminister, CO | 441 | 4,489 | 441 | 4,489 | 4,930 | 1,396 | 2000 |
| k Centre B | Westminister, CO | 374 | 3,156 | 374 | 3,156 | 3,530 | 684 | 2000 |
| k Centre C | Westminister, CO | 374 | 2,924 | 374 | 2,924 | 3,298 | 670 | 2000 |

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| Building Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Year Depreciation Acquired/Constructed | |
|---------------------------|--------------------------|---------------------|----------------------|-----------|---|----------------------|--------------|-------|---|--------------------------|
| | | | Initial Cost Land | Buildings | | Land | Improvements | Total | | Depreciation 12/31/08 |
| Centre D | Westminister, CO | | 441 | | 3,839 | 441 | 3,839 | 4,280 | 955 | 2001 |
| Salazar Way | Frederick, CO | | 1,271 | 6,508 | 26 | 1,276 | 6,529 | 7,805 | 755 | 2006 |
| S. Abilene | Aurora, CO | | 406 | 2,814 | 83 | 411 | 2,892 | 3,303 | 372 | 2006 |
| 5915 N. Broadway | Denver, CO | | 495 | 1,268 | 202 | 500 | 1,465 | 1,965 | 243 | 2006 |
| Interstate 25 East Age | Longmont, CO | | 898 | 5,038 | 12 | 967 | 4,981 | 5,948 | 643 | 2005 |
| Corporate Circle | Golden, CO | | 397 | 2,673 | (51) | 448 | 2,571 | 3,019 | 280 | 2006 |
| bit | | | | | | | | | | |
| Thorncroft | Troy, MI | | 331 | 1,904 | 173 | 331 | 2,077 | 2,408 | 766 | 1994 |
| E. Maple | Troy, MI | | | | | | | | | |
| E. Maple | Plymouth | | 192 | 1,104 | 156 | 192 | 1,260 | 1,452 | 440 | 1994 |
| l Clipper | Township, MI | | 122 | 723 | 128 | 122 | 851 | 973 | 320 | 1994 |
| Executive Drive | Troy, MI | | 52 | 173 | 494 | 100 | 619 | 719 | 553 | 1994 |
| Executive Drive | Troy, MI | | 71 | 293 | 731 | 133 | 962 | 1,095 | 880 | 1994 |
| Executive Drive | Troy, MI | | 125 | 425 | 1,030 | 218 | 1,362 | 1,580 | 1,217 | 1994 |
| Executive Drive | Troy, MI | | 71 | 236 | 678 | 129 | 856 | 985 | 570 | 1994 |
| Robbins Drive | Troy, MI | | 96 | 448 | 874 | 192 | 1,226 | 1,418 | 1,089 | 1994 |
| Crooks Road | Troy, MI | | 331 | 1,017 | 2,225 | 360 | 3,213 | 3,573 | 1,531 | 1994 |
| Meijer Drive | Troy, MI | | 94 | 394 | 520 | 121 | 887 | 1,008 | 624 | 1994 |
| Meijer Drive | Troy, MI | | 236 | 1,406 | 940 | 373 | 2,209 | 2,582 | 1,566 | 1994 |
| Meijer Drive | Troy, MI | | 315 | 1,301 | 738 | 372 | 1,982 | 2,354 | 1,334 | 1994 |
| Northwood Drive | Troy, MI | | 85 | 351 | 1,028 | 215 | 1,249 | 1,464 | 1,140 | 1994 |
| Northwood Drive | Troy, MI | | 95 | 262 | 1,383 | 239 | 1,501 | 1,740 | 1,042 | 1994 |
| Northwood Drive | Troy, MI | | 50 | 196 | 546 | 103 | 689 | 792 | 605 | 1994 |
| Northwood Drive | Troy, MI | | 132 | 523 | 757 | 220 | 1,192 | 1,412 | 1,161 | 1994 |
| Northwood Drive | Troy, MI | | 55 | 208 | 484 | 103 | 644 | 747 | 551 | 1994 |
| Northwood Drive | Troy, MI | | 57 | 190 | 437 | 107 | 577 | 684 | 572 | 1994 |
| Elliott Avenue | Troy, MI | | 48 | 188 | 503 | 104 | 635 | 739 | 579 | 1994 |
| Elliott Avenue | Troy, MI | | 78 | 319 | 779 | 164 | 1,012 | 1,176 | 910 | 1994 |
| Research Drive | Rochester Hills, MI | | 903 | 4,215 | 1,402 | 903 | 5,617 | 6,520 | 3,200 | 1994 |
| Research Drive | Rochester Hills, MI | | 557 | 2,731 | 719 | 560 | 3,447 | 4,007 | 1,980 | 1994 |
| Research Drive | Rochester Hills, MI | | 324 | 1,487 | 651 | 327 | 2,135 | 2,462 | 1,158 | 1994 |

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| | | | | | | | | | |
|------------------|------------------------|-----|-------|-----|-----|-------|-------|-------|------|
| Research Drive | Rochester Hills, MI | 457 | 2,104 | 406 | 457 | 2,510 | 2,967 | 1,625 | 1994 |
| Technology Drive | Rochester Hills, MI | 275 | 1,262 | 283 | 279 | 1,541 | 1,820 | 984 | 1994 |
| Technology Drive | Rochester Hills, MI | 214 | 977 | 536 | 219 | 1,508 | 1,727 | 863 | 1994 |
| Technology Drive | Rochester Hills, MI | 131 | 594 | 379 | 138 | 966 | 1,104 | 519 | 1994 |

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| Building Address | Location (City/State) | (a) Easements | (b) Initial Cost Land Buildings | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Land | Gross Amount Carried | | Accumulated Depreciation 12/31/08 | Year Constructed | Depreciable Lives (Years) |
|--------------------------|----------------------------|------------------|---------------------------------------|---|-------|---------------------------------|-------|---|---------------------|---------------------------------|
| | | | | | | Building and Improvements | Total | | | |
| (Dollars in thousands) | | | | | | | | | | |
| 2950 Technology Drive | Rochester Hills, MI | | 178 | 819 | 374 | 185 | 1,186 | 1,371 | 648 | 1994 (1) |
| 23014 Commerce Drive | Farmington Hills, MI | | 39 | 203 | 178 | 56 | 364 | 420 | 241 | 1994 (1) |
| 23028 Commerce Drive | Farmington Hills, MI | | 98 | 507 | 278 | 125 | 758 | 883 | 520 | 1994 (1) |
| 23035 Commerce Drive | Farmington Hills, MI | | 71 | 355 | 263 | 93 | 596 | 689 | 435 | 1994 (1) |
| 23042 Commerce Drive | Farmington Hills, MI | | 67 | 277 | 310 | 89 | 565 | 654 | 410 | 1994 (1) |
| 23065 Commerce Drive | Farmington Hills, MI | | 71 | 408 | 207 | 93 | 593 | 686 | 402 | 1994 (1) |
| 23070 Commerce Drive | Farmington Hills, MI | | 112 | 442 | 346 | 125 | 775 | 900 | 541 | 1994 (1) |
| 23079 Commerce Drive | Farmington Hills, MI | | 68 | 301 | 216 | 79 | 506 | 585 | 347 | 1994 (1) |
| 23093 Commerce Drive | Farmington Hills, MI | | 211 | 1,024 | 844 | 295 | 1,784 | 2,079 | 1,295 | 1994 (1) |
| 23135 Commerce Drive | Farmington Hills, MI | | 146 | 701 | 344 | 158 | 1,033 | 1,191 | 617 | 1994 (1) |
| 23163 Commerce Drive | Farmington Hills, MI | | 111 | 513 | 342 | 138 | 828 | 966 | 520 | 1994 (1) |
| 23177 Commerce Drive | Farmington Hills, MI | | 175 | 1,007 | 596 | 254 | 1,524 | 1,778 | 977 | 1994 (1) |
| 23206 Commerce Drive | Farmington Hills, MI | | 125 | 531 | 349 | 137 | 868 | 1,005 | 587 | 1994 (1) |
| 23370 Commerce Drive | Farmington Hills, MI | | 59 | 233 | 174 | 66 | 400 | 466 | 315 | 1994 (1) |
| 1451 East Lincoln Avenue | Madison Heights, MI | | 299 | 1,703 | 273 | 306 | 1,969 | 2,275 | 680 | 1995 (1) |
| 4400 Purks Drive | MI Sterling Heights, MI | | 602 | 3,410 | 3,205 | 612 | 6,605 | 7,217 | 1,990 | 1995 (1) |
| 6515 Cobb Drive | MI | | 305 | 1,753 | 325 | 305 | 2,078 | 2,383 | 746 | 1994 (1) |
| | | | 281 | 1,590 | 193 | 286 | 1,778 | 2,064 | 559 | 1996 (1) |

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| | | | | | | | | | | |
|--------------------------------|--|-----|-------|-----|-----|-------|-------|-----|------|-----|
| 32450 N Avis Drive | Madison Heights, MI Plymouth Township, MI | | | | | | | | | |
| 12707 Eckles Road 9300-9328 | Township, MI | 255 | 1,445 | 235 | 267 | 1,668 | 1,935 | 484 | 1996 | (1) |
| Harrison Rd 9330-9358 | Romulus, MI | 147 | 834 | 404 | 154 | 1,231 | 1,385 | 332 | 1996 | (1) |
| Harrison Rd 28420-28448 | Romulus, MI | 81 | 456 | 277 | 85 | 729 | 814 | 214 | 1996 | (1) |
| Highland Rd 28450-28478 | Romulus, MI | 143 | 809 | 172 | 149 | 975 | 1,124 | 327 | 1996 | (1) |
| Highland Rd 28421-28449 | Romulus, MI | 81 | 461 | 258 | 85 | 715 | 800 | 198 | 1996 | (1) |
| Highland Rd 28451-28479 | Romulus, MI | 109 | 617 | 404 | 114 | 1,016 | 1,130 | 285 | 1996 | (1) |
| Highland Rd 28825-28909 | Romulus, MI | 107 | 608 | 322 | 112 | 925 | 1,037 | 271 | 1996 | (1) |
| Highland Rd 28933-29017 | Romulus, MI | 70 | 395 | 314 | 73 | 706 | 779 | 215 | 1996 | (1) |
| Highland Rd 28824-28908 | Romulus, MI | 112 | 634 | 322 | 117 | 951 | 1,068 | 283 | 1996 | (1) |
| Highland Rd 28932-29016 | Romulus, MI | 134 | 760 | 221 | 140 | 975 | 1,115 | 295 | 1996 | (1) |
| Highland Rd 9710-9734 | Romulus, MI | 123 | 694 | 311 | 128 | 1,000 | 1,128 | 346 | 1996 | (1) |
| Harrison Rd 9740-9772 | Romulus, MI | 125 | 706 | 95 | 130 | 796 | 926 | 239 | 1996 | (1) |
| Harrison Rd 9840-9868 | Romulus, MI | 132 | 749 | 235 | 138 | 978 | 1,116 | 292 | 1996 | (1) |
| Harrison Rd 9800-9824 | Romulus, MI | 144 | 815 | 169 | 151 | 977 | 1,128 | 296 | 1996 | (1) |
| Harrison Rd 29265-29285 | Romulus, MI | 117 | 664 | 127 | 123 | 785 | 908 | 244 | 1996 | (1) |
| Airport Dr 29185-29225 | Romulus, MI | 140 | 794 | 214 | 147 | 1,001 | 1,148 | 302 | 1996 | (1) |
| Airport Dr | Romulus, MI | 140 | 792 | 307 | 146 | 1,093 | 1,239 | 326 | 1996 | (1) |

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| Building Address | Location (City/State) | (a) Initial Cost Land | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation | | Gross Amount Carried | | |
|-----------------------------|---------------------------------|-----------------------------|-----------|-----------|--|--------------|----------------------|--|---------------|
| | | | Buildings | Provision | Land | Improvements | Total | At Close of Period 12/31/08 Accumulated | Year Depre |
| (Dollars in thousands) | | | | | | | | | |
| 49-29165 Airport Dr | Romulus, MI | 216 | 1,225 | 379 | 226 | 1,594 | 1,820 | 547 | 1996 |
| 01-29115 Airport Dr | Romulus, MI | 130 | 738 | 297 | 136 | 1,029 | 1,165 | 340 | 1996 |
| 31-29045 Airport Dr | Romulus, MI | 124 | 704 | 168 | 130 | 866 | 996 | 261 | 1996 |
| 50-29062 Airport Dr | Romulus, MI | 127 | 718 | 117 | 133 | 829 | 962 | 252 | 1996 |
| 20-29134 Airport Dr | Romulus, MI | 161 | 912 | 245 | 169 | 1,149 | 1,318 | 335 | 1996 |
| 00-29214 Airport Dr | Romulus, MI | 170 | 963 | 300 | 178 | 1,255 | 1,433 | 372 | 1996 |
| 1-9339 Middlebelt Rd | Romulus, MI | 124 | 703 | 289 | 130 | 986 | 1,116 | 308 | 1996 |
| 80 Trolley Industrial ve | Taylor, MI | 450 | 2,550 | 935 | 463 | 3,472 | 3,935 | 1,061 | 1997 |
| 75 Capitol Avenue | Livonia, MI Ann Arbor, MI | 135 | 748 | 332 | 144 | 1,071 | 1,215 | 338 | 1998 |
| 5 S. Industrial Highway | MI | 660 | 3,654 | 408 | 704 | 4,018 | 4,722 | 1,075 | 1998 |
| 20 Capitol Avenue | Livonia, MI | 76 | 422 | 113 | 82 | 529 | 611 | 141 | 1998 |
| 23 Brookfield Avenue | Livonia, MI | 120 | 665 | 278 | 128 | 935 | 1,063 | 259 | 1998 |
| 65 Brookfield Avenue | Livonia, MI | 120 | 665 | 67 | 128 | 724 | 852 | 192 | 1998 |
| 05 Stark Road | Livonia, MI | 46 | 254 | 136 | 49 | 387 | 436 | 140 | 1998 |
| 0 Chicago Road | Troy, MI | 249 | 1,380 | 255 | 266 | 1,618 | 1,884 | 419 | 1998 |
| 0 Chicago Road | Troy, MI | 268 | 1,483 | 274 | 286 | 1,739 | 2,025 | 446 | 1998 |
| Robbins Drive | Troy, MI | 166 | 920 | 260 | 178 | 1,168 | 1,346 | 299 | 1998 |
| 0 Chicago Road | Troy, MI | 271 | 1,498 | 156 | 289 | 1,636 | 1,925 | 433 | 1998 |
| 86 Westmore Avenue | Livonia, MI | 190 | 1,050 | 194 | 202 | 1,232 | 1,434 | 323 | 1998 |
| 98 Westmore Avenue | Livonia, MI | 190 | 1,050 | 235 | 202 | 1,273 | 1,475 | 365 | 1998 |
| 25 Industrial Road | Livonia, MI Plymouth | 80 | 442 | 92 | 85 | 529 | 614 | 132 | 1998 |
| 11 Clipper Street | Township, MI | 539 | 2,983 | 265 | 575 | 3,212 | 3,787 | 852 | 1998 |
| 75 Industrial Road | Livonia, MI | 160 | 887 | 343 | 171 | 1,219 | 1,390 | 413 | 1998 |
| 85 Industrial Road | Livonia, MI | 137 | 761 | 154 | 147 | 905 | 1,052 | 245 | 1998 |
| 95 Industrial Road | Livonia, MI | 160 | 887 | 187 | 171 | 1,063 | 1,234 | 270 | 1998 |
| 74 Westmore Avenue | Livonia, MI | 137 | 761 | 239 | 147 | 990 | 1,137 | 307 | 1998 |
| 67 Industrial Road | Livonia, MI | 160 | 887 | 314 | 171 | 1,190 | 1,361 | 346 | 1998 |
| 5 Bellingham | Troy, MI | 344 | 1,902 | 297 | 367 | 2,176 | 2,543 | 556 | 1998 |
| 5 East Maple | Troy, MI | 92 | 507 | 95 | 98 | 596 | 694 | 153 | 1998 |
| 7 East Maple | Troy, MI | 321 | 1,775 | 371 | 342 | 2,125 | 2,467 | 533 | 1998 |
| Chicago | Troy, MI | 206 | 1,141 | 176 | 220 | 1,303 | 1,523 | 330 | 1998 |
| 0 Enterprise Drive | | 573 | 3,170 | 346 | 611 | 3,478 | 4,089 | 935 | 1998 |

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| | | | | | | | | | |
|-----------------------|------------------------|-------|-------|-----|-------|-------|-------|-------|------|
| | Rochester Hills, MI | | | | | | | | |
| 5 Enterprise Drive | Rochester Hills, MI | 209 | 1,158 | 146 | 223 | 1,290 | 1,513 | 338 | 1998 |
| 5-55 Enterprise Drive | Rochester Hills, MI | 1,285 | 7,144 | 704 | 1,371 | 7,762 | 9,133 | 2,088 | 1998 |
| 0 Enterprise Court | Warren, MI | 675 | 3,737 | 646 | 721 | 4,337 | 5,058 | 1,199 | 1998 |

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| Building Address | Location (City/State) | (a) Easement | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Year Depreciation Began | |
|----------------------------|--------------------------|-----------------|-------|-----------|---|----------------------|--------------|-------|-------------------------------|-------------------------|
| | | | Land | Buildings | | Land | Improvements | Total | | Accumulated 12/31/08 |
| (Dollars in thousands) | | | | | | | | | | |
| Chicago Road | Troy, MI | | 323 | 1,790 | 483 | 345 | 2,251 | 2,596 | 571 | 1998 |
| Chicago Road | Troy, MI | | 283 | 1,567 | 351 | 302 | 1,899 | 2,201 | 478 | 1998 |
| Chicago Road | Troy, MI | | 183 | 1,016 | 261 | 196 | 1,264 | 1,460 | 331 | 1998 |
| 5 S. Industrial Highway | Ann Arbor, MI | | 318 | 1,762 | 638 | 340 | 2,378 | 2,718 | 601 | 1998 |
| 3 Center Drive | Sterling Heights, MI | | 467 | 2,583 | 218 | 493 | 2,775 | 3,268 | 754 | 1998 |
| 01 North Avis Drive | Madison Heights, MI | | 345 | 1,911 | 232 | 349 | 2,139 | 2,488 | 567 | 1998 |
| 0 East Mandoline Road | Madison Heights, MI | | 888 | 4,915 | 1,023 | 897 | 5,929 | 6,826 | 1,522 | 1998 |
| 31 Stephenson Highway | Heights, MI | | 271 | 1,499 | 349 | 274 | 1,845 | 2,119 | 494 | 1998 |
| 0 John A. Papalas re(e) | Lincoln Park, MI | | 366 | 3,241 | 1,040 | 469 | 4,178 | 4,647 | 1,098 | 1998 |
| 2 S. Lapeer Road | Lake Orion Twsp, MI | | 1,342 | 5,441 | 2,215 | 1,412 | 7,586 | 8,998 | 2,928 | 1999 |
| 01 Trolley Industrial | Taylor, MI | | 795 | | 7,329 | 849 | 7,275 | 8,124 | 1,470 | 1999 |
| 0 Allen Drive | Troy, MI | | 209 | 1,154 | 254 | 212 | 1,405 | 1,617 | 290 | 2000 |
| 3 Allen Drive | Troy, MI | | 151 | 834 | 133 | 153 | 965 | 1,118 | 188 | 2000 |
| 5 Stephenson Hwy | Troy, MI | | 345 | 1,907 | 255 | 350 | 2,157 | 2,507 | 409 | 2000 |
| 05 Industrial Drive | Madison Heights, MI | | 345 | 1,910 | 501 | 351 | 2,405 | 2,756 | 672 | 2000 |
| 9-1813 Northfield re(d) | Rochester Hills, MI | | 481 | 2,665 | 291 | 490 | 2,947 | 3,437 | 591 | 2000 |
| 00 N. Avis | Madison Heights, MI | | 503 | 3,367 | 1,348 | 503 | 4,715 | 5,218 | 412 | 2005 |
| Kay Industrial | Orion, MI | | 677 | 2,018 | 404 | 685 | 2,414 | 3,099 | 650 | 2005 |
| 9 West Maple Road | Troy, MI | | 1,688 | 2,790 | 30 | 1,700 | 2,808 | 4,508 | 435 | 2005 |
| 55 Merrill Road | Sterling Heights, MI | | 1,080 | 2,300 | 3,702 | 1,090 | 5,992 | 7,082 | 746 | 2006 |
| 35 Automation Blvd. | Wixom, MI | | | 621 | 3,804 | 628 | 3,797 | 4,425 | 456 | 2004 |
| 1 N. Opdyke Road | Auburn Hills, MI | | 530 | 737 | 16 | 538 | 745 | 1,283 | 147 | 2006 |
| Northpointe Drive | | | 723 | 2,063 | 36 | 734 | 2,088 | 2,822 | 241 | 2006 |

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| | | | | | | | | | |
|-----------------------|--------------------------|-------|-------|-------|-------|-------|-------|-------|------|
| | Orion Township, MI | | | | | | | | |
| 00 Capitol Avenue | Livonia, MI | 258 | 1,032 | 324 | 260 | 1,354 | 1,614 | 99 | 2005 |
| 50 Capitol Avenue | Livonia, MI | 282 | 1,128 | 55 | 284 | 1,181 | 1,465 | 113 | 2005 |
| 00 Sears Drive | Livonia, MI | 693 | 1,507 | 2,053 | 703 | 3,550 | 4,253 | 521 | 2005 |
| 9 Church Road | Troy, MI | 1,277 | 1,332 | 82 | 1,316 | 1,375 | 2,691 | 400 | 2005 |
| Houston | | | | | | | | | |
| 2-2314 Edwards Street | Houston, TX | 348 | 1,973 | 1,572 | 382 | 3,511 | 3,893 | 919 | 1997 |
| 1 Rauch St | Houston, TX | 272 | 1,541 | 203 | 278 | 1,738 | 2,016 | 470 | 1997 |
| 1 Yale St | Houston, TX | 413 | 2,343 | 601 | 425 | 2,932 | 3,357 | 913 | 1997 |
| 7-3347 Rauch Street | Houston, TX | 227 | 1,287 | 215 | 233 | 1,496 | 1,729 | 403 | 1997 |
| 5 N Loop East | Houston, TX | 439 | 2,489 | 729 | 449 | 3,208 | 3,657 | 906 | 1997 |
| 9-4799 Eastpark Dr | Houston, TX | 594 | 3,368 | 1,151 | 611 | 4,502 | 5,113 | 1,148 | 1997 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | Accumulated Year Depreciation | | |
|------------------------|--------------------------|---------------------|---------------------|-----------|---|----------------------|--------|-------------------------------|----------------------|------|
| | | | Land | Buildings | | Land Improvements | Total | 12/31/08 | Acquired/Constructed | |
| (Dollars in thousands) | | | | | | | | | | |
| Homestead Road | Houston, TX | | 491 | 2,782 | 867 | 504 | 3,636 | 4,140 | 994 | 1997 |
| 385 Rauch Street | Houston, TX | | 284 | 1,611 | 390 | 290 | 1,995 | 2,285 | 518 | 1997 |
| Campbell Road | Houston, TX | | 461 | 2,610 | 405 | 470 | 3,006 | 3,476 | 816 | 1997 |
| Pine Timbers | Houston, TX | | 489 | 2,769 | 568 | 499 | 3,327 | 3,826 | 922 | 1997 |
| 2530 Fairway Drive | Houston, TX | | 766 | 4,342 | 1,007 | 792 | 5,323 | 6,115 | 1,337 | 1997 |
| Longpointe | Houston, TX | | 362 | 2,050 | 516 | 370 | 2,558 | 2,928 | 710 | 1997 |
| Turning Basin Dr | Houston, TX | | 487 | 2,761 | 584 | 531 | 3,301 | 3,832 | 896 | 1997 |
| Turning Basin Dr | Houston, TX | | 231 | 1,308 | 537 | 251 | 1,825 | 2,076 | 542 | 1997 |
| Turning Basin | Houston, TX | | 564 | 3,197 | 721 | 616 | 3,866 | 4,482 | 1,051 | 1997 |
| Genard Road | Houston, TX | | 1,505 | 8,333 | 3,246 | 1,581 | 11,503 | 13,084 | 2,373 | 1999 |
| Genard Road | Houston, TX | | 245 | 1,357 | 646 | 256 | 1,992 | 2,248 | 414 | 1999 |
| State Highway | LaPorte City, TX | | 940 | 4,675 | 615 | 940 | 5,290 | 6,230 | 672 | 2005 |
| by Southwest | Sugarland , TX | | 608 | 3,679 | 270 | 617 | 3,940 | 4,557 | 277 | 2007 |
| 238 Wynnwood | Houston, TX | | 254 | 764 | 94 | 259 | 853 | 1,112 | 120 | 2007 |
| 248 Wynnwood | Houston, TX | | 271 | 726 | 77 | 276 | 798 | 1,074 | 86 | 2007 |
| 260 Wynnwood | Houston, TX | | 200 | 481 | 35 | 203 | 513 | 716 | 52 | 2007 |
| E. Main | LaPorte City, TX | | 201 | 1,328 | 24 | 204 | 1,349 | 1,553 | 328 | 2005 |
| Long Point | Houston, TX | | 188 | 898 | 1 | 188 | 899 | 1,087 | 120 | 2007 |
| S Kirkwood Ste 50 | Houston, TX | | 154 | 626 | 9 | 155 | 634 | 789 | 67 | 2007 |
| S Kirkwood Ste 20 | Houston, TX | | 404 | 1,698 | 93 | 413 | 1,782 | 2,195 | 195 | 2007 |
| ameel | Houston, TX | | 171 | 826 | 65 | 171 | 891 | 1,062 | 103 | 2007 |
| ameel | Houston, TX | | 163 | 798 | 4 | 163 | 802 | 965 | 108 | 2007 |
| ameel | Houston, TX | | 170 | 1,020 | 128 | 170 | 1,148 | 1,318 | 88 | 2007 |
| ameel | Houston, TX | | 163 | 818 | (23) | 163 | 795 | 958 | 85 | 2007 |
| Indianapolis | | | | | | | | | | |
| N Shadeland | Indianapolis, IN | | 2,057 | 13,565 | 4,042 | 2,057 | 17,607 | 19,664 | 5,720 | 1996 |
| e West 21st St. | Indianapolis, IN | | 1,048 | 6,027 | 300 | 1,048 | 6,327 | 7,375 | 1,833 | 1997 |
| Brookville Way | Indianapolis, IN | | 459 | 2,603 | 767 | 476 | 3,353 | 3,829 | 1,151 | 1996 |

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| | | | | | | | | | | |
|------------------|------------------|-----|-----|-------|-------|-----|-------|-------|-------|------|
| Brookville Way | Indianapolis, IN | | 665 | 3,770 | 1,091 | 685 | 4,841 | 5,526 | 1,683 | 1996 |
| Brookville Way | Indianapolis, IN | | 247 | 1,402 | 310 | 258 | 1,701 | 1,959 | 549 | 1996 |
| Brookville Way | Indianapolis, IN | (p) | 586 | 3,321 | 865 | 601 | 4,171 | 4,772 | 1,409 | 1996 |
| Brookville Way | Indianapolis, IN | | 205 | 1,161 | 291 | 212 | 1,445 | 1,657 | 444 | 1996 |
| Sadlier Circle E | Indianapolis, IN | (q) | 131 | 743 | 255 | 136 | 993 | 1,129 | 372 | 1996 |

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Table of Contents

| Property Address | Location (City/State) | (a) Encumbrance | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Accumulated Depreciation 12/31/08 | Year Acquired/ Constructed |
|----------------------|--------------------------|--------------------|-----------------------------------|-----------|---|----------------------|--------------|-------|--------------------------------------|----------------------------------|
| | | | Initial Cost Land Buildings | Buildings | | Land | Improvements | Total | | |
| 438 Sadlier Circle E | Indianapolis, IN | (q) | 145 | 822 | 208 | 152 | 1,023 | 1,175 | 325 | 1996 |
| 441 Sadlier Circle E | Indianapolis, IN | (q) | 218 | 1,234 | 394 | 225 | 1,621 | 1,846 | 528 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 71 | 405 | 112 | 75 | 513 | 588 | 173 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 165 | 934 | 367 | 171 | 1,295 | 1,466 | 450 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 219 | 1,238 | 390 | 226 | 1,621 | 1,847 | 460 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 54 | 304 | 109 | 57 | 410 | 467 | 136 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 121 | 688 | 295 | 126 | 978 | 1,104 | 318 | 1996 |
| 354 Sadlier Circle E | Indianapolis, IN | (q) | 178 | 1,008 | 396 | 184 | 1,398 | 1,582 | 496 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 81 | 460 | 326 | 85 | 782 | 867 | 242 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 52 | 295 | 51 | 55 | 343 | 398 | 107 | 1996 |
| Sadlier Circle E Dr | Indianapolis, IN | (q) | 21 | 117 | 39 | 23 | 154 | 177 | 48 | 1996 |
| 30th St | Indianapolis, IN | | 256 | 1,449 | 192 | 265 | 1,632 | 1,897 | 543 | 1996 |
| 30th St | Indianapolis, IN | | 78 | 443 | 59 | 82 | 498 | 580 | 154 | 1996 |
| 30th St | Indianapolis, IN | | 385 | 2,181 | 305 | 398 | 2,473 | 2,871 | 851 | 1996 |
| Brookville Way | Indianapolis, IN | | 60 | | 461 | 68 | 453 | 521 | 133 | 1997 |
| 30th St | Indianapolis, IN | | 484 | 4,760 | 1,616 | 484 | 6,376 | 6,860 | 2,101 | 1996 |
| 440 E 33rd St | Indianapolis, IN | | 222 | 1,260 | 561 | 230 | 1,813 | 2,043 | 550 | 1996 |
| 630 E 33rd St | Indianapolis, IN | | 326 | 1,848 | 649 | 336 | 2,487 | 2,823 | 776 | 1996 |
| 768 E 33rd St | Indianapolis, IN | | 175 | 993 | 417 | 187 | 1,398 | 1,585 | 414 | 1996 |
| 346 N. Pagosa Court | Indianapolis, IN | | 325 | 1,842 | 522 | 335 | 2,354 | 2,689 | 834 | 1996 |
| 30th St | Indianapolis, IN | | 728 | 2,837 | 356 | 741 | 3,180 | 3,921 | 917 | 1997 |
| East 146th Street | Noblesville, IN | | 181 | 1,221 | 918 | 181 | 2,139 | 2,320 | 618 | 1998 |
| East 30th Street | Indianapolis, IN | | 118 | | 2,014 | 128 | 2,004 | 2,132 | 524 | 1998 |
| East 30th Street | Indianapolis, IN | | 196 | | 3,195 | 196 | 3,195 | 3,391 | 860 | 1998 |
| 33rd Street | Indianapolis, IN | | 1,300 | 2,091 | 586 | 1,308 | 2,669 | 3,977 | 518 | 2003 |
| 7 Park Plaza Ct | Indianapolis, IN | (r) | 600 | 2,194 | 421 | 609 | 2,606 | 3,215 | 483 | 2003 |
| 341 Castlegate Drive | Indianapolis, IN | | 530 | 1,235 | 1,017 | 544 | 2,238 | 2,782 | 656 | 2003 |
| 350 Castlegate Drive | Indianapolis, IN | | 420 | 646 | 701 | 429 | 1,338 | 1,767 | 428 | 2003 |
| Northwest L Street | Richmond, IN | (s) | 201 | 1,358 | 68 | 208 | 1,419 | 1,627 | 450 | 2006 |
| erry Road | Plainfield, IN | | 781 | 5,156 | 136 | 785 | 5,288 | 6,073 | 735 | 2005 |
| East 146th Street | Noblesville, IN | | 66 | 684 | 818 | 66 | 1,502 | 1,568 | 674 | 1998 |
| Spec BTS | Noblesville, IN | | 647 | | 3,855 | 743 | 3,759 | 4,502 | 126 | 2007 |

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| Property Address | Location (City/State) | (a) Encumbrance | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried At Close of Period 12/31/08 | | | | |
|------------------------|--------------------------|--------------------|---------------------|-----------|---|---|--------------|--------|---|---------------------|
| | | | Land | Buildings | | Land | Improvements | Total | Accumulated Depreciation 12/31/08 | Year Constructed |
| (Dollars in thousands) | | | | | | | | | | |
| Empire | | | | | | | | | | |
| N Perris Blvd | Riverside, CA | | 8,125 | 7,150 | 99 | 8,560 | 6,814 | 15,374 | 890 | 2007 |
| V Sinclair | Riverside, CA | | 6,042 | 4,298 | 1,095 | 5,617 | 5,818 | 11,435 | 480 | 2007 |
| O Day Street | Moreno Valley, CA | | 2,538 | 2,538 | 258 | 2,565 | 2,768 | 5,333 | 111 | 2008 |
| S Marlay Avenue | Fontana, CA | | 6,072 | 7,891 | (27) | 6,090 | 7,846 | 13,936 | 329 | 2008 |
| Los Angeles | | | | | | | | | | |
| 90 Manville St. | Compton, CA | | 2,300 | 3,768 | 111 | 2,313 | 3,866 | 6,179 | 738 | 2004 |
| Vista Bella Way | Rancho Dominguez, CA | | 1,746 | 3,148 | 584 | 1,822 | 3,656 | 5,478 | 539 | 2005 |
| Vista Bella Way | Rancho Dominguez, CA | | 817 | 1,673 | 295 | 853 | 1,932 | 2,785 | 297 | 2005 |
| East Ana Street | Rancho Dominguez, CA | | 1,682 | 2,750 | 141 | 1,772 | 2,801 | 4,573 | 535 | 2005 |
| I. Baldwin Park | City of Industry, CA | | 2,124 | 5,219 | 1,517 | 2,143 | 6,717 | 8,860 | 534 | 2006 |
| Avenue Scott & 2660 | Santa Clarita, CA | | 2,890 | 7,020 | 576 | 2,902 | 7,584 | 10,486 | 639 | 2006 |
| mbia Street | Torrance, CA | | 3,008 | 5,826 | (15) | 3,031 | 5,788 | 8,819 | 434 | 2006 |
| laska Avenue | Torrance, CA | | 681 | 168 | 5 | 684 | 170 | 854 | 53 | 2006 |
| 0-21748 Marilla | Chatsworth, CA | | 2,585 | 3,210 | 145 | 2,608 | 3,332 | 5,940 | 287 | 2007 |
| Paramount | Pico Riviera, CA | | 3,616 | 3,902 | 61 | 3,657 | 3,922 | 7,579 | 315 | 2007 |
| E. Slauson | Los Angeles, CA | | 2,367 | 3,243 | 40 | 2,396 | 3,254 | 5,650 | 276 | 2007 |
| E Ana & 18744 | Los Angeles, CA | | 19,678 | 9,321 | 7,361 | 20,144 | 16,216 | 36,360 | 731 | 2007 |
| s | Rancho | | | | | | | | | |
| 7 Reyes Ave | Dominguez, CA | | 9,281 | 3,920 | 119 | 9,381 | 3,939 | 13,320 | 353 | 2007 |
| Rancho Conejo | Thousand Oaks, CA | | 1,435 | 779 | 36 | 1,441 | 809 | 2,250 | 63 | 2007 |
| Rancho Conejo | Thousand Oaks, CA | | 1,353 | 722 | 226 | 1,359 | 942 | 2,301 | 56 | 2007 |
| Rancho Conejo | Thousand Oaks, CA | | 1,224 | 716 | 21 | 1,229 | 732 | 1,961 | 66 | 2007 |

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| | | | | | | | | | | |
|------------------|----------------------|-----|-------|-------|-----|-------|-------|--------|-----|------|
| Rancho Conejo | Thousand Oaks, CA | | 2,043 | 3,408 | 40 | 2,051 | 3,440 | 5,491 | 227 | 2007 |
| Rancho Conejo | Thousand Oaks, CA | | 1,754 | 2,949 | 35 | 1,761 | 2,977 | 4,738 | 197 | 2007 |
| Rancho Conejo | Thousand Oaks, CA | | 7,717 | 2,518 | 46 | 7,752 | 2,528 | 10,280 | 192 | 2008 |
| Corporate Center | Thousand Oaks, CA | | 6,506 | 4,885 | 51 | 6,541 | 4,901 | 11,442 | 268 | 2008 |
| O Denker | Torrance, CA | | 5,767 | 2,538 | 324 | 5,964 | 2,666 | 8,630 | 126 | 2008 |
| B Laurel Park | Rancho Dominguez, CA | | 2,850 | 2,850 | 615 | 2,874 | 3,441 | 6,315 | 72 | 2008 |
| Raymond Ave Berg | Renton, WA | (t) | 4,458 | 2,659 | 211 | 4,594 | 2,734 | 7,328 | 78 | 2008 |
| 464th Ave South | Kent, WA | | 1,990 | 3,979 | 147 | 2,042 | 4,075 | 6,117 | 103 | 2008 |
| 68th Ave South | Kent, WA | (u) | 1,218 | 1,950 | 98 | 1,258 | 2,008 | 3,266 | 59 | 2008 |
| Sound Terminal | Seattle, WA | | 9,139 | 0 | 185 | 9,324 | | 9,324 | | 2008 |
| S Reyes Ave | Rancho Dominguez, CA | | 8,183 | 7,501 | 553 | 8,565 | 7,672 | 16,237 | 164 | 2008 |
| S. Compton Ave | Los Angeles, CA | | 3,800 | 7,330 | 71 | 3,825 | 7,376 | 11,201 | 543 | 2006 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation | | Gross Amount Carried At Close of Period 12/31/08 | | |
|------------------------|--------------------------|---------------------|----------------------|-----------|--|--------|---|-------|--------------------------|
| | | | Initial Cost Land | Buildings | Provision | Land | Improvements | Total | Depreciation 12/31/08 |
| (Dollars in thousands) | | | | | | | | | |
| Compton, CA | | 6,720 | 8,969 | 6,897 | 8,792 | 15,689 | 231 | 2007 | (1) |
| BTS | Louisville, KY | 2,074 | | 9,679 | 2,119 | 9,634 | 11,753 | 413 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 908 | 1,883 | 43 | 912 | 1,922 | 2,834 | 154 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 830 | 2,722 | 167 | 834 | 2,885 | 3,719 | 175 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 937 | 2,455 | 23 | 942 | 2,473 | 3,415 | 206 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 1,107 | 3,111 | 24 | 1,112 | 3,130 | 4,242 | 212 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 947 | 3,079 | 129 | 951 | 3,204 | 4,155 | 197 | 2007 |
| W 15th Ave | Ft.Lauderdale, FL | 1,092 | 3,308 | 347 | 1,097 | 3,650 | 4,747 | 332 | 2007 |
| Container | Medley, FL | 857 | 3,428 | 2,762 | 864 | 6,183 | 7,047 | 175 | 2007 |
| Wauke | | | | | | | | | |
| 23050 Paul Road | Pewaukee, WI | 474 | 2,723 | 1,938 | 485 | 4,650 | 5,135 | 1,693 | 1994 |
| 23255 Paul Road | Pewaukee, WI | 569 | 3,270 | 331 | 573 | 3,597 | 4,170 | 1,210 | 1994 |
| 23293 Roundy | Pewaukee, WI | 412 | 2,837 | 106 | 424 | 2,931 | 3,355 | 1,039 | 1994 |
| Sydney Place | Glendale, WI | 172 | 976 | 352 | 176 | 1,324 | 1,500 | 421 | 1995 |
| South Westridge | New Berlin, WI | 1,630 | 7,058 | 46 | 1,646 | 7,088 | 8,734 | 976 | 2004 |
| W. Vogel | Milwaukee, WI | 506 | 3,199 | 40 | 508 | 3,237 | 3,745 | 735 | 2005 |
| 6th Avenue | Milwaukee, WI | 299 | 1,565 | 99 | 301 | 1,662 | 1,963 | 485 | 2005 |
| aramount Court | Waukesha, WI | 308 | 1,762 | 41 | 311 | 1,800 | 2,111 | 231 | 2005 |
| W. Ryerson Road | New Berlin, WI | 403 | 3,647 | 16 | 405 | 3,661 | 4,066 | 644 | 2005 |
| N9059 Lilly Road | Iomonee Falls, WI | 343 | 1,153 | 248 | 366 | 1,378 | 1,744 | 291 | 2005 |
| Vogel Ave., Bldg | Milwaukee, WI | 301 | 2,150 | | 302 | 2,149 | 2,451 | 425 | 2005 |
| West Glendale | New Berlin, WI | 704 | 1,923 | 442 | 715 | 2,354 | 3,069 | 490 | 2006 |
| 2nd Street | Milwaukee, WI | 101 | 713 | 3 | 101 | 716 | 817 | 143 | 2005 |
| Rebles Drive | Richland Center, WI | 1,577 | 1,018 | (211) | 1,603 | 781 | 2,384 | 488 | 2005 |
| 160th Street | New Berlin, WI | 261 | 672 | 108 | 265 | 776 | 1,041 | 87 | 2007 |
| 160th Street | New Berlin, WI | 221 | 628 | 102 | 225 | 726 | 951 | 82 | 2007 |
| ommerce Drive | New Berlin, WI | 483 | 1,516 | 175 | 491 | 1,683 | 2,174 | 150 | 2007 |
| Whittaker Way | New Berlin, WI | 437 | 1,082 | 83 | 445 | 1,157 | 1,602 | 146 | 2007 |

St. Paul

West 111th Street
267 Washington

Bloomington, MN

(v)

1,358

8,622

4,719

1,499

13,200

14,699

7,340

1994

Edina, MN

129

382

692

182

1,021

1,203

793

1994

325 Washington

Edina, MN

174

391

(74)

193

298

491

53

1994

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| Property Address | Location (City/State) | (a) Encumbrance | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation | | Gross Amount Carried At Close of Period 12/31/08 | | | Accumulated Depreciation Year Depreciated Acquired/ Constructed |
|----------------------------------|--------------------------|--------------------|-------|-----------|--|--------------|---|--------------------------|-------------|--|
| | | | Land | Buildings | Land | Improvements | Total | Depreciation 12/31/08 | Constructed | |
| (Dollars in thousands) | | | | | | | | | | |
| Winnetka E North | Brooklyn Park, MN | | 2,195 | 6,084 | 4,078 | 2,228 | 10,129 | 12,357 | 5,714 | 1994 |
| West 74th Street | Eden Prairie, MN | | 621 | 3,289 | 3,268 | 639 | 6,539 | 7,178 | 4,029 | 1994 |
| Lone Oak Road | Eagan, MN | | 456 | 2,703 | 617 | 456 | 3,320 | 3,776 | 1,152 | 1994 |
| Lone Oak Road | Eagan, MN | | 624 | 3,700 | 621 | 624 | 4,321 | 4,945 | 1,588 | 1994 |
| Nathan Lane | Plymouth, MN | | 749 | 4,461 | 923 | 757 | 5,376 | 6,133 | 1,795 | 1994 |
| W 76th Street | Eden Prairie, MN | | 315 | 1,804 | 438 | 315 | 2,242 | 2,557 | 707 | 1995 |
| Nicollet Ave Wedgewood | Burnsville, MN | | 286 | | 1,731 | 288 | 1,729 | 2,017 | 573 | 1995 |
| | Maple Grove, MN | | 1,466 | 8,342 | 3,259 | 1,466 | 11,601 | 13,067 | 3,707 | 1994 |
| Peavey Road | Chaska, MN | | 277 | 2,261 | 844 | 277 | 3,105 | 3,382 | 969 | 1996 |
| Highway 169 | Plymouth, MN | | 446 | 2,525 | 988 | 740 | 3,219 | 3,959 | 967 | 1996 |
| 7198 Shady Oak | Eden Prairie, MN | | 715 | 4,054 | 1,153 | 736 | 5,186 | 5,922 | 1,478 | 1996 |
| 7546 ington Square | Eden Prairie, MN | | 229 | 1,300 | 741 | 235 | 2,035 | 2,270 | 535 | 1996 |
| 7558 ington Square | Eden Prairie, MN | | 153 | 867 | 178 | 157 | 1,041 | 1,198 | 296 | 1996 |
| 5300 Valley rial Blvd S | Shakopee, MN | | 362 | 2,049 | 1,022 | 371 | 3,062 | 3,433 | 1,108 | 1996 |
| Winnetka Ave. Valley Park | Brooklyn Park, MN | | 1,275 | | 6,849 | 1,343 | 6,781 | 8,124 | 325 | 2007 |
| | Shakopee, MN | | 760 | | 6,362 | 888 | 6,234 | 7,122 | 1,428 | 1999 |
| 80 Kasota e SE | Minneapolis, MN | | 415 | 2,354 | 844 | 434 | 3,179 | 3,613 | 944 | 1998 |
| 2570 Kasota e | St. Paul, MN | | 407 | 2,308 | 972 | 467 | 3,220 | 3,687 | 848 | 1998 |
| West 76th Street | Eden Prairie, MN | | 1,000 | 2,450 | 44 | 1,034 | 2,460 | 3,494 | 367 | 2004 |
| West 76th Street Boone Avenue | Eden Prairie, MN | | 1,000 | 2,709 | 138 | 1,038 | 2,809 | 3,847 | 390 | 2004 |
| | New Hope, MN | (w) | 1,000 | 1,599 | 58 | 1,009 | 1,648 | 2,657 | 550 | 2005 |
| West Highway 5 Dist Ctr) | Burnsville, MN | | 2,517 | 6,069 | (416) | 2,524 | 5,646 | 8,170 | 1,605 | 2005 |
| Park Place | Shakopee, MN | | 1,195 | 4,891 | 15 | 1,198 | 4,903 | 6,101 | 896 | 2005 |

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| | | | | | | | | | |
|-------------------|------------------|-------|-------|-------|-------|--------|--------|-------|------|
| 2th Avenue SE | Shakopee, MN | 1,392 | 8,149 | (18) | 1,395 | 8,128 | 9,523 | 1,082 | 2005 |
| Valley Industrial | Shakopee, MN | 1,296 | 7,157 | (81) | 1,299 | 7,073 | 8,372 | 1,255 | 2005 |
| ard | Shakopee, MN | 590 | | 5,721 | 590 | 5,721 | 6,311 | 1,075 | 1998 |
| 000 III | Shakopee, MN | | | | | | | | |
| 9th Avenue | Greenfield, MN | 1,500 | 8,328 | 1,808 | 1,510 | 10,126 | 11,636 | 1,676 | 2004 |
| ake Hazeltine | Chaska, MN | 714 | 944 | 166 | 729 | 1,095 | 1,824 | 304 | 2006 |
| City West | Eden Prairie, MN | 659 | 3,189 | (311) | 665 | 2,872 | 3,537 | 268 | 2006 |
| ay | Eden Prairie, MN | | | | | | | | |
| Highway 169 | Plymouth, MN | 1,190 | 1,979 | 60 | 1,207 | 2,022 | 3,229 | 344 | 2006 |
| va Street | St. Paul, MN | 2,132 | 3,105 | 90 | 2,175 | 3,152 | 5,327 | 50 | 2008 |

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| Building Address | Location (City/State) | (a) Easements | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried At Close of Period 12/31/08 | | | | | |
|--------------------------------|--------------------------|------------------|------|-----------|---|---|--------------|--------------------------|---|----------------------------------|-----------------|
| | | | Land | Buildings | | Land | Improvements | Building and Total | Accumulated Depreciation 12/31/08 | Year Acquired/ Constructed | Life (Years) |
| (Dollars in thousands) | | | | | | | | | | | |
| 00 10th Ave Nashville | Golden Valley, MN | | 892 | 2,306 | 126 | 902 | 2,422 | 3,324 | 312 | 2007 | (|
| 21 Heil Quaker Boulevard | Nashville, TN | | 413 | 2,383 | 1,687 | 430 | 4,053 | 4,483 | 1,483 | 1995 | (|
| 99 Barry Drive | Portland, TN | | 418 | 2,368 | 164 | 421 | 2,529 | 2,950 | 756 | 1996 | (|
| 50 Barry Drive | Portland, TN | | 941 | 5,333 | 5,946 | 981 | 11,239 | 12,220 | 1,802 | 1996 | (|
| 99 Highway West | Portland, TN | | 564 | 3,196 | 166 | 571 | 3,355 | 3,926 | 1,006 | 1996 | (|
| 50 Elm Hill Pike | Nashville, TN | | 329 | 1,867 | 330 | 332 | 2,194 | 2,526 | 643 | 1997 | (|
| 31 Air Lane Drive | Nashville, TN | | 489 | 2,785 | 288 | 493 | 3,069 | 3,562 | 847 | 1997 | (|
| 40 Cummings Park | Nashville, TN | | 360 | 2,040 | 306 | 365 | 2,341 | 2,706 | 513 | 1999 | (|
| 40 River Hills Drive | Nashville, TN | | 848 | 4,383 | 1,052 | 888 | 5,395 | 6,283 | 1,370 | 2005 | (|
| Royal Park Business Center | | | | | | | | | | | |
| 1 Ellery Ct | Nashville, TN | | 606 | 3,192 | 524 | 616 | 3,706 | 4,322 | 358 | 2007 | (|
| 0 Greene Drive | Greenville, KY | | 294 | 8,570 | 3 | 296 | 8,571 | 8,867 | 784 | 2008 | (|
| Northern New Jersey | | | | | | | | | | | |
| World's Fair Drive | Franklin, NJ | | 483 | 2,735 | 643 | 503 | 3,358 | 3,861 | 1,046 | 1997 | (|
| World's Fair Drive | Franklin, NJ | | 572 | 3,240 | 530 | 593 | 3,749 | 4,342 | 1,145 | 1997 | (|
| World's Fair Drive | Franklin, NJ | | 364 | 2,064 | 656 | 375 | 2,709 | 3,084 | 756 | 1997 | (|
| World's Fair Drive | Franklin, NJ | | 361 | 2,048 | 376 | 377 | 2,408 | 2,785 | 713 | 1997 | (|
| World's Fair Drive | Franklin, NJ | | 347 | 1,968 | 523 | 362 | 2,476 | 2,838 | 761 | 1997 | (|
| World's Fair Drive Lot 13 | Sumerset, NJ | | 9 | | 2,543 | 691 | 1,861 | 2,552 | 396 | 1999 | (|
| Route 46 | Pine Brook, NJ | | 969 | 5,491 | 967 | 978 | 6,449 | 7,427 | 1,424 | 2000 | (|

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| | | | | | | | | | | |
|----------------------|----------------|-------|-------|-------|-------|--------|--------|-------|------|---|
| Route 46 | Pine Brook, NJ | 474 | 2,686 | 431 | 479 | 3,112 | 3,591 | 667 | 2000 | (|
| Route 46 | Pine Brook, NJ | 260 | 1,471 | 198 | 262 | 1,667 | 1,929 | 342 | 2000 | (|
| Chapin Road | Pine Brook, NJ | 956 | 5,415 | 697 | 965 | 6,103 | 7,068 | 1,311 | 2000 | (|
| Chapin Road | Pine Brook, NJ | 960 | 5,440 | 758 | 969 | 6,189 | 7,158 | 1,437 | 2000 | (|
| Hook Mountain oad | Pine Brook, NJ | 1,507 | 8,542 | 2,868 | 1,534 | 11,383 | 12,917 | 2,199 | 2000 | (|
| Hook Mountain oad | Pine Brook, NJ | 389 | 2,206 | 322 | 396 | 2,521 | 2,917 | 545 | 2000 | (|
| Route 46 | Pine Brook, NJ | 396 | 2,244 | 196 | 403 | 2,433 | 2,836 | 537 | 2000 | (|
| Chapin Road | Pine Brook, NJ | 885 | 5,015 | 508 | 901 | 5,507 | 6,408 | 1,168 | 2000 | (|
| Chapin Road | Pine Brook, NJ | 1,134 | 6,426 | 525 | 1,154 | 6,931 | 8,085 | 1,502 | 2000 | (|
| ayreville Lot 3 | Sayreville, NJ | 996 | | 5,332 | 996 | 5,332 | 6,328 | 603 | 2003 | (|
| ayreville Lot 4 | Sayreville, NJ | 944 | | 4,752 | 944 | 4,752 | 5,696 | 887 | 2002 | (|
| 9-319 Pierce reet | Somerset, NJ | 1,300 | 4,628 | 1,069 | 1,309 | 5,688 | 6,997 | 903 | 2004 | (|
| Triangle Blvd | Carlstadt, NJ | 497 | 2,195 | 259 | 532 | 2,419 | 2,951 | 350 | 2005 | (|

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| Property Address | Location (City/State) | (a) Encumbrances | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | Accumulated Depreciation 12/31/08 | Year Acquired/Lease Term | |
|------------------------|--------------------------|---------------------|---------------------|-----------|---|--------------------------------|--------|--------------------------------------|--------------------------|------|
| | | | Land | Buildings | | Building and Land Improvements | Total | | | |
| (Dollars in thousands) | | | | | | | | | | |
| Philadelphia | | | | | | | | | | |
| 240 Welsh Road | Exton, PA | | 154 | 851 | 285 | 170 | 1,120 | 1,290 | 266 | 1998 |
| Welsh Pool | Exton, PA | | 147 | 811 | 243 | 162 | 1,039 | 1,201 | 249 | 1998 |
| Welsh Pool | Exton, PA | | 152 | 842 | 404 | 184 | 1,214 | 1,398 | 299 | 1998 |
| Welsh Pool | Exton, PA | | 149 | 827 | 174 | 173 | 977 | 1,150 | 267 | 1998 |
| Welsh Pool | Exton, PA | | 144 | 796 | 487 | 159 | 1,268 | 1,427 | 297 | 1998 |
| 255 Welsh Road | Exton, PA | | 113 | 626 | 175 | 125 | 789 | 914 | 221 | 1998 |
| 61 Philips | Exton, PA | | 191 | 1,059 | 257 | 229 | 1,278 | 1,507 | 353 | 1998 |
| Philips Road | Exton, PA | | 199 | 1,100 | 238 | 220 | 1,317 | 1,537 | 365 | 1998 |
| McFadden Road | Palmer, PA | | 600 | 1,349 | 56 | 625 | 1,380 | 2,005 | 339 | 2004 |
| Red Lion | Philadelphia, PA | | 950 | 5,916 | (542) | 964 | 5,360 | 6,324 | 947 | 2005 |
| Cascade Drive 1 | Allentown, PA | | 2,133 | 17,562 | 902 | 2,769 | 17,828 | 20,597 | 1,651 | 2007 |
| Cascade Drive 2 | Allentown, PA | | 310 | 2,268 | 117 | 316 | 2,379 | 2,695 | 187 | 2007 |
| Bristol Pike | Levittown, PA | | 1074 | 2,642 | 74 | 1,078 | 2,712 | 3,790 | 164 | 2008 |
| S.78th Street | Philadelphia, PA | | 515 | 1,245 | 71 | 540 | 1,291 | 1,831 | 197 | 2005 |
| Boulevard of Generals | Norristown, PA | | 1200 | 4,800 | 878 | 1,226 | 5,652 | 6,878 | 256 | 2008 |
| Point II | Carlisle, PA | | 1,500 | | 12,370 | 2,341 | 11,529 | 13,870 | 427 | 2007 |
| Wington Land | Harrisburg, PA | | 7,022 | | 57,338 | 7,023 | 57,337 | 64,360 | 455 | 2008 |
| Cross Farm | York, PA | | 4,718 | | 23,553 | 4,715 | 23,556 | 28,271 | 742 | 2007 |
| Phoenix | | | | | | | | | | |
| South Edward | Tempe, AZ | | 390 | 2,160 | 200 | 396 | 2,354 | 2,750 | 559 | 1999 |

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| | | | | | | | | | | |
|--------------|--------------|-----|-------|--------|-----|-------|--------|--------|-----|------|
| 49th Ave | Phoenix, AZ | | 283 | 1,704 | 800 | 283 | 2,504 | 2,787 | 545 | 2002 |
| South Street | Chandler, AZ | | 1,206 | 3,218 | 79 | 1,207 | 3,296 | 4,503 | 471 | 2004 |
| W. Jefferson | Phoenix, AZ | | 926 | 2,195 | 628 | 929 | 2,820 | 3,749 | 708 | 2005 |
| W. Roosevelt | Phoenix, AZ | | 1,613 | 6,451 | 987 | 1,620 | 7,431 | 9,051 | 823 | 2006 |
| West Adams | Phoenix, AZ | | 990 | 2,661 | 146 | 1,033 | 2,764 | 3,797 | 267 | 2006 |
| W Lodge | Tempe, AZ | | 898 | 3,066 | 68 | 914 | 3,118 | 4,032 | 203 | 2007 |
| E Riverview | Phoenix, AZ | | 1293 | 5,950 | 69 | 1,292 | 6,020 | 7,312 | 196 | 2008 |
| Arrowhead A | Phoenix, AZ | | 2563 | 9,388 | 641 | 2,563 | 10,029 | 12,592 | 324 | 2008 |
| Arrowhead B | Phoenix, AZ | | 2709 | 10,970 | 160 | 2,709 | 11,130 | 13,839 | 324 | 2008 |
| W. Buckeye | Phoenix, AZ | (x) | 1675 | 4,514 | 199 | 1,772 | 4,616 | 6,388 | 85 | 2008 |
| 91st Ave) | Tolleson, AZ | | 1904 | 6,805 | 622 | 1,923 | 7,408 | 9,331 | 229 | 2008 |

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| Building Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | | |
|----------------------------|--|---------------------|-------|-----------|---|----------------------|--------------|--------|--------------------------------------|---------------------|
| | | | Land | Buildings | | Land | Improvements | Total | Accumulated Depreciation 12/31/08 | Year Constructed |
| (Dollars in thousands) | | | | | | | | | | |
| Salt Lake City | | | | | | | | | | |
| Lawndale Ave(i) | Salt Lake City, UT | | 2,705 | 15,749 | 2,720 | 2,705 | 18,469 | 21,174 | 5,404 | 1997 |
| 10 West 2320 Ave | West Valley, UT | | 138 | 784 | 184 | 143 | 963 | 1,106 | 290 | 1998 |
| 15 West 2240 Ave | West Valley, UT | | 395 | 2,241 | 474 | 408 | 2,702 | 3,110 | 859 | 1998 |
| 18 West 2240 Ave | West Valley, UT | | 119 | 672 | 160 | 123 | 828 | 951 | 266 | 1998 |
| 15 South 10 West | West Valley, UT | | 198 | 1,120 | 258 | 204 | 1,372 | 1,576 | 478 | 1998 |
| 13 West 2200 Ave | West Valley, UT | | 158 | 896 | 118 | 163 | 1,009 | 1,172 | 287 | 1998 |
| 19 West 2200 Ave | West Valley, UT | | 198 | 1,120 | 95 | 204 | 1,209 | 1,413 | 319 | 1998 |
| 12 West 2240 Ave | West Valley, UT | | 336 | 1,905 | 240 | 347 | 2,134 | 2,481 | 553 | 1998 |
| 19 West 2240 Ave | West Valley, UT | | 217 | 1,232 | 100 | 225 | 1,324 | 1,549 | 368 | 1998 |
| 12 West 2320 Ave | West Valley, UT | | 217 | 1,232 | 77 | 225 | 1,301 | 1,526 | 363 | 1998 |
| 1 Metro Business Center | West Valley, UT Salt Lake City, UT | | 2067 | 0 | 2,519 | 1,083 | 3,503 | 4,586 | 772 | 2000 |
| 13 South 900 W Ave | Salt Lake City, UT | | 886 | 2,995 | 90 | 898 | 3,073 | 3,971 | 628 | 2006 |
| 15-1957 South 10 West | Salt Lake City, UT | | 1,707 | 10,873 | 162 | 1,713 | 11,029 | 12,742 | 910 | 2006 |
| 10 Alexander Street | West Valley, UT | | 376 | 1,670 | | 376 | 1,670 | 2,046 | 104 | 2007 |
| 14 Alexander Street | West Valley, UT | | 864 | 2,771 | 34 | 869 | 2,800 | 3,669 | 177 | 2007 |
| 15 Amelia Court | Salt Lake City, UT | | 615 | 2,461 | 43 | 628 | 2,491 | 3,119 | 99 | 2007 |

| | | | | | | | | | |
|-------------------------------|-----------------|-------|-------|-------|-------|--------|--------|-------|------|
| San Diego | | | | | | | | | |
| 75 Technology ve | San Diego, CA | 2,848 | 8,641 | 42 | 2,859 | 8,672 | 11,531 | 1,044 | 2005 |
| 5 El Camino l | Carlsbad, CA | 1,590 | 6,360 | 7,496 | 1,590 | 13,856 | 15,446 | 745 | 2006 |
| 2 Spectrum e | San Diego, CA | 806 | 3,225 | 429 | 807 | 3,653 | 4,460 | 206 | 2007 |
| 00 Gregg St | Poway, CA | 1,040 | 4,160 | 474 | 1,073 | 4,601 | 5,674 | 322 | 2007 |
| 5 Camino Vida ble | Carlsbad, CA | 1,441 | 1,239 | 453 | 1,446 | 1,687 | 3,133 | 161 | 2006 |
| 5 Camino Vida ble | Carlsbad, CA | 817 | 762 | 111 | 821 | 869 | 1,690 | 131 | 2006 |
| 5 Camino Vida ble | Carlsbad, CA | 562 | 456 | 28 | 565 | 481 | 1,046 | 77 | 2006 |
| 5 Camino Vida ble | Carlsbad, CA | 481 | 365 | 59 | 483 | 422 | 905 | 74 | 2006 |
| 5 Camino Vida ble | Carlsbad, CA | 1,098 | 630 | (16) | 1,102 | 610 | 1,712 | 93 | 2006 |
| 5 Camino Vida ble | Carlsbad, CA | 1,210 | 874 | 154 | 1,214 | 1,024 | 2,238 | 160 | 2006 |
| 1 El Camino l | Carlsbad, CA | 2,885 | 1,931 | 254 | 2,895 | 2,175 | 5,070 | 274 | 2006 |
| Southern New sey | | | | | | | | | |
| pringdale Road Whittendale | Cherry Hill, NJ | 258 | 1,436 | 834 | 258 | 2,270 | 2,528 | 639 | 1998 |
| ve | Moorestown, NJ | 522 | 2,916 | 136 | 522 | 3,052 | 3,574 | 725 | 2000 |
| Whittendale | Moorestown, NJ | 337 | 1,911 | 108 | 343 | 2,013 | 2,356 | 395 | 2001 |
| 1 Airport | Pennsauken, NJ | 160 | 508 | 383 | 163 | 888 | 1,051 | 263 | 2003 |

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| Property Address | Location (City/State) | (a) Encumbrances | (b) | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | | Gross Amount Carried | | | |
|--|--------------------------|---------------------|----------------------|-----------|---|--------------|----------------------|--------------------------------------|---------------|------|
| | | | Initial Cost Land | Buildings | Land | Improvements | Total | Accumulated Depreciation 12/31/08 | Year Depleted | |
| Central Airport Hwy/7015 | Mt. Laurel, NJ | | 610 | 1,847 | 1,215 | 619 | 3,053 | 3,672 | 725 | 2003 |
| and Avenue | Pennsauken, NJ | | 300 | 989 | 735 | 425 | 1,599 | 2,024 | 614 | 2006 |
| Week Road | Hammonton, NJ | (y) | 969 | 8,793 | 1,561 | 979 | 10,344 | 11,323 | 2,150 | 2005 |
| Thomas Busch ial Hwy chlumberger | Delanco, NJ | | 2,125 | 6,504 | (12) | 2,127 | 6,490 | 8,617 | 830 | 2007 |
| | Pennsauken, NJ | | 1,054 | 2,278 | 185 | 1,084 | 2,433 | 3,517 | 353 | 2007 |
| | Moorestown, NJ | | 560 | 2,240 | 745 | 608 | 2,937 | 3,545 | 185 | 2007 |
| is 971 Fost Avenue | Hazelwood, MO | | 431 | 2,479 | 124 | 431 | 2,603 | 3,034 | 909 | 1994 |
| 083 Frost | Hazelwood, MO | | 319 | 1,838 | 2,197 | 319 | 4,035 | 4,354 | 863 | 1994 |
| 10449 Midwest al Blvd | Olivette, MO | | 237 | 1,360 | 427 | 237 | 1,787 | 2,024 | 616 | 1994 |
| Midwest al Boulevard | Olivette, MO | | 193 | 1,119 | 452 | 194 | 1,570 | 1,764 | 676 | 1994 |
| Hanley(d) | Hazelwood, MO | | 405 | 2,295 | 1,322 | 419 | 3,603 | 4,022 | 1,022 | 1996 |
| arson Bldg A | St. Louis, MO | | 246 | 1,359 | 694 | 251 | 2,048 | 2,299 | 357 | 2002 |
| arson Bldg B | St. Louis, MO | | 380 | 2,103 | 1,895 | 388 | 3,990 | 4,378 | 640 | 2002 |
| arson Bldg C | St. Louis, MO | | 303 | 1,680 | 1,211 | 310 | 2,884 | 3,194 | 506 | 2002 |
| arson Bldg D | St. Louis, MO | | 353 | 1,952 | 957 | 360 | 2,902 | 3,262 | 487 | 2002 |
| 357 Hazelwood | Berkeley, MO | | 985 | 6,205 | 913 | 985 | 7,118 | 8,103 | 1,297 | 2003 |
| Rider Trail North | Earth City, MO | | 800 | 2,099 | 729 | 804 | 2,824 | 3,628 | 663 | 2003 |
| 000 Innerbelt(d) | Overland, MO | | 1,590 | 9,026 | 981 | 1,591 | 10,006 | 11,597 | 2,242 | 2004 |
| atty Avenue Gateway | Berkeley, MO | | 687 | 1,947 | 138 | 694 | 2,078 | 2,772 | 771 | 2006 |
| erce Center | Edwardsville, IL | (z) | 1,874 | 31,958 | 1,343 | 1,928 | 33,247 | 35,175 | 2,270 | 2006 |
| omiss Court o Building 601 | St. Louis, MO | | 230 | 681 | 72 | 241 | 742 | 983 | 48 | 2008 |
| ball | O Fallon, MO | | 584 | 2,336 | 674 | 595 | 2,999 | 3,594 | 108 | 2007 |
| shing BTS | Kansas City, MO | | 4,152 | | 13,592 | 4,172 | 13,572 | 17,744 | 75 | 2008 |
| hns Road | Tampa, FL | | 204 | 1,159 | 217 | 257 | 1,323 | 1,580 | 386 | 1997 |

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| | | | | | | | | | |
|---------------|-----------|-----|-------|-----|-----|-------|-------|-----|------|
| hns Road | Tampa, FL | 192 | 1,086 | 341 | 200 | 1,419 | 1,619 | 405 | 1997 |
| hns Road | Tampa, FL | 192 | 1,086 | 165 | 200 | 1,243 | 1,443 | 335 | 1997 |
| hns Road | Tampa, FL | 243 | 1,376 | 175 | 255 | 1,539 | 1,794 | 427 | 1997 |
| Waters Avenue | Tampa, FL | 71 | 402 | 135 | 82 | 526 | 608 | 147 | 1997 |

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| Address | Location (City/State) | (a) Encumbrance | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Accumulated Year 12/31/08 | Depreciation 12/31/08 | Acquired 12/31/08 |
|------------------------|---|--------------------|---------------------|-----------|---|----------------------|--------------|--------|------------------------------|--------------------------|----------------------|
| | | | Land | Buildings | | Land | Improvements | Total | | | |
| (Dollars in thousands) | | | | | | | | | | | |
| Waters Avenue | Tampa, FL | | 307 | 1,742 | 417 | 326 | 2,140 | 2,466 | 599 | 199 | |
| Waters Avenue | Tampa, FL | | 307 | 1,742 | 476 | 326 | 2,199 | 2,525 | 593 | 199 | |
| Waters Avenue | Tampa, FL | | 215 | 871 | 399 | 242 | 1,243 | 1,485 | 321 | 199 | |
| Waters Avenue | Tampa, FL | | 98 | 402 | 162 | 110 | 552 | 662 | 136 | 199 | |
| Waters Avenue | Tampa, FL | | 213 | 1,206 | 185 | 221 | 1,383 | 1,604 | 376 | 199 | |
| Waters Avenue | Tampa, FL | | 59 | 335 | 35 | 62 | 367 | 429 | 101 | 199 | |
| Waters Avenue | Tampa, FL | | 497 | 2,751 | 649 | 560 | 3,337 | 3,897 | 867 | 199 | |
| Waters | Tampa, FL | | 261 | | 1,434 | 265 | 1,430 | 1,695 | 366 | 199 | |
| Waters Avenue | Tampa, FL | | 558 | | 2,302 | 561 | 2,299 | 2,860 | 546 | 199 | |
| George Road | Tampa, FL | | 633 | 3,587 | 674 | 640 | 4,254 | 4,894 | 872 | 200 | |
| s Road | Tampa, FL | (aa) | 180 | 987 | 88 | 186 | 1,069 | 1,255 | 201 | 200 | |
| s Road | Tampa, FL | (aa) | 140 | 730 | 113 | 144 | 839 | 983 | 133 | 200 | |
| s Road | Tampa, FL | (aa) | 220 | 1,160 | 95 | 226 | 1,249 | 1,475 | 214 | 200 | |
| s Road | Tampa, FL | (aa) | 200 | 1,107 | 115 | 205 | 1,217 | 1,422 | 237 | 200 | |
| s Road | Tampa, FL | (aa) | 300 | 1,460 | 114 | 311 | 1,563 | 1,874 | 348 | 200 | |
| s Road | Tampa, FL | (aa) | 270 | 1,363 | 52 | 278 | 1,407 | 1,685 | 168 | 200 | |
| s Road | Tampa, FL | | 210 | 833 | 195 | 216 | 1,022 | 1,238 | 221 | 200 | |
| pa West Blvd | Tampa, FL | | 2,622 | 8,643 | 36 | 2,635 | 8,666 | 11,301 | 1,575 | 200 | |
| Bryan Dairy | Largo, FL | | 1,895 | 5,408 | 565 | 1,909 | 5,959 | 7,868 | 712 | 200 | |
| cher Road | Largo, FL | | 1,657 | 2,768 | 637 | 1,669 | 3,393 | 5,062 | 436 | 200 | |
| Creekside | Clearwater, FL | | 3,702 | 7,338 | 537 | 3,730 | 7,847 | 11,577 | 1,077 | 200 | |
| ckey Road | Largo, FL | | 898 | 2,078 | 410 | 905 | 2,481 | 3,386 | 295 | 200 | |
| am Rd | Brooks Stratford, Ontario Cambridge | | 1,000 | 3,526 | (170) | 1,012 | 3,344 | 4,356 | 734 | 200 | |
| s Street | Ontario, Canada Stratford Ontario, | | 3,128 | 4,958 | 138 | 3,179 | 5,045 | 8,224 | 1,917 | 200 | |
| treet | Canada Ajax Ontario, | | 786 | 557 | (236) | 829 | 278 | 1,107 | 201 | 200 | |
| Street West | Canada | | 7,224 | 13,156 | (585)(ab) | 7,039 | 12,756 | 19,795 | 1,541 | 200 | |

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| | | | | | | | | | |
|------------|------------------|-------|--------|-------|-------|--------|--------|-------|-----|
| le Street | Abilene, TX | 67 | 1,057 | 1,473 | 266 | 2,331 | 2,597 | 1,178 | 199 |
| e Harry | Wichita, KS | 193 | 2,224 | 1,777 | 532 | 3,662 | 4,194 | 2,285 | 199 |
| rick Court | Grand Rapids, MI | 1,721 | 11,433 | 7,571 | 1,721 | 19,004 | 20,725 | 6,546 | 199 |
| Street SE | Grand Rapids, MI | 234 | 1,321 | 97 | 234 | 1,418 | 1,652 | 538 | 199 |
| ware Ave | Des Moines, IA | 277 | 1,609 | 591 | 277 | 2,200 | 2,477 | 524 | 199 |
| ssau Road | Austin, TX | 255 | | 2,186 | 366 | 2,075 | 2,441 | 767 | 199 |

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| Location (City/State) | (a) Encumbrance | (b) Initial Cost | | (c) Costs Capitalized Subsequent to Acquisition or Completion and Valuation Provision | Gross Amount Carried | | | Accumulated Depreciation 12/31/08 |
|--------------------------|--------------------|---------------------|---------------------|---|----------------------|---------------------------------|---------------------|---|
| | | Land | Buildings | | Land | Building and Improvements | Total | |
| Austin, TX | | 248 | | 1,854 | 355 | 1,747 | 2,102 | 3 |
| Austin, TX | | 248 | | 2,186 | 355 | 2,079 | 2,434 | 9 |
| Orlando, FL | | 909 | 4,613 | 208 | 920 | 4,810 | 5,730 | 6 |
| Winchester, VA | | 2,320 | | 10,854 | 2,401 | 10,773 | 13,174 | 4 |
| Horn Lake, MS | | 427 | | 3,756 | 427 | 3,756 | 4,183 | 5 |
| Horn Lake, MS | | | | 868 | 99 | 769 | 868 | 1 |
| San Antonio, TX | | 768 | 3,448 | 22 | 779 | 3,459 | 4,238 | 6 |
| Birmingham, AL | | 303 | 742 | 21 | 310 | 756 | 1,066 | 1 |
| Sumner, IA | | 99 | 2,540 | 20 | 100 | 2,559 | 2,659 | 5 |
| Shreveport, LA | | 99 | 1,263 | 33 | 102 | 1,293 | 1,395 | 2 |
| Omaha, NE | | 1,808 | 8,340 | 15 | 1,809 | 8,354 | 10,163 | 1,7 |
| | | 179,317 | 428 | 6,069(ab) | 178,403 | 7,406 | 185,809 | 2 |
| | | \$ 770,513 | \$ 1,909,351 | \$ 669,308 | \$ 784,161(k) | \$ 2,565,006(k) | \$ 3,349,167 | \$ 524,8 |

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Table of Contents**NOTES:**

- (a) See description of encumbrances in Note 6 to Notes to Consolidated Financial Statements.
- (b) Initial cost for each respective property is tangible purchase price allocated in accordance with SFAS 141.
- (c) Improvements are net of write-off of fully depreciated assets.
- (d) Comprised of two properties.
- (e) Comprised of three properties.
- (f) Comprised of four properties.
- (g) Comprised of five properties.
- (h) Comprised of eight properties.
- (i) Comprised of 28 properties.
- (j) These properties represent developable land and redevelopments that have not been placed in service.
- (k)

| | Amounts Included in Real Estate Held for Sale | Amounts Within Net Investment in Real Estate | Gross Amount Carried At Close of Period December 31, 2008 |
|--|--|---|--|
| Land | \$ 7,170 | \$ 776,991 | \$ 784,161 |
| Buildings & Improvements | 13,556 | 2,551,450 | 2,565,006 |
| Accumulated Depreciation | (1,757) | (523,108) | (524,865) |
| Subtotal | 18,969 | 2,805,333 | 2,824,302 |
| Construction in Progress | 406 | 57,156 | 57,562 |
| Net Investment in Real Estate | 19,375 | 2,862,489 | 2,881,864 |
| Leasing Commissions, Net, Deferred Leasing Intangibles, Net and Deferred Rent Receivable, Net | 1,742 | | |
| Total at December 31, 2008 | \$ 21,117 | | |

* Amounts exclude \$90,342 of above market and other deferred leasing intangibles, net.

(l) Depreciation is computed based upon the following estimated lives:

| | |
|---|---------------|
| Buildings and Improvements | 8 to 50 years |
| Tenant Improvements, Leasehold Improvements | Life of lease |

- (m) This property collateralizes a \$2.5 million mortgage loan which matures on May 1, 2016.
- (n) This property collateralizes a \$14.1 million mortgage loan which matures on December 1, 2010.
- (o) This property collateralizes a \$4.9 million mortgage loan which matures on December 1, 2019.
- (p) This property collateralizes a \$1.2 million mortgage loan which matures on January 1, 2013.
- (q) These properties collateralize a \$0.5 million mortgage loan which matures on September 1, 2009.
- (r) This property collateralizes a \$2.3 million mortgage loan which matures on January 1, 2012.
- (s) This property collateralizes a \$1.5 million mortgage loan which matures on June 1, 2014.
- (t) This property collateralizes a \$2.4 million mortgage loan which matures on July 1, 2018.
- (u) This property collateralizes a \$1.0 million mortgage loan which matures on July 1, 2018.
- (v) This property collateralizes a \$4.8 million mortgage loan which matures on December 1, 2019.
- (w) This property collateralizes a \$1.7 million mortgage loan which matures on September 30, 2024.

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- (x) This property collateralizes a \$4.3 million mortgage loan which matures on June 1, 2018.
- (y) This property collateralizes a \$6.0 million mortgage loan which matures on March 1, 2011.
- (z) This property collateralizes a \$13.5 million mortgage loan and a \$11.5 million mortgage loan which both mature on January 1, 2014.
- (aa) These properties collateralize a \$5.2 million mortgage loan which matures on July 1, 2009.
- (ab) Includes foreign currency translation adjustments.

At December 31, 2008, the aggregate cost of land and buildings and equipment for federal income tax purpose was approximately \$3.2 billion (excluding construction in progress.)

The changes in total real estate assets, including real estate held for sale, for the three years ended December 31, 2008 are as follows:

| | 2008 | 2007 | 2006 |
|---------------------------------------|-------------------------------|--------------|--------------|
| | (Dollars in thousands) | | |
| Balance, Beginning of Year | \$ 3,365,500 | \$ 3,331,382 | \$ 3,278,740 |
| Acquisition of Real Estate Assets | 319,431 | 440,664 | 551,860 |
| Construction Costs and Improvements | 186,997 | 237,135 | 211,711 |
| Disposition of Real Estate Assets | (429,106) | (619,785) | (693,159) |
| Write-off of Fully Depreciated Assets | (36,093) | (23,896) | (17,770) |
| Balance, End of Year | \$ 3,406,729 | \$ 3,365,500 | \$ 3,331,382 |

The changes in accumulated depreciation, including accumulated depreciation for real estate held for sale, for the three years ended December 31, 2008 are as follows:

| | 2008 | 2007 | 2006 |
|---------------------------------------|-------------|-------------|-------------|
| Balance, Beginning of Year | \$ 512,781 | \$ 473,882 | \$ 412,039 |
| Depreciation for Year | 114,795 | 121,714 | 121,347 |
| Disposition of Assets | (66,618) | (58,919) | (41,734) |
| Write-off of Fully Depreciated Assets | (36,093) | (23,896) | (17,770) |
| Balance, End of Year | \$ 524,865 | \$ 512,781 | \$ 473,882 |

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST INDUSTRIAL REALTY TRUST, INC.

By: /s/ Bruce W. Duncan

Bruce W. Duncan
 President, Chief Executive Officer and Director
 (Principal Executive Officer)

Date: March 2, 2009

By: /s/ Scott A. Musil

Scott A. Musil
 Chief Financial and Accounting Officer
 (Principal Financial and Accounting Officer)

Date: March 2, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|--|--|---------------|
| /s/ W. Edwin Tyler W. Edwin Tyler | Chairman of the Board of Directors | March 2, 2009 |
| /s/ Bruce W. Duncan Bruce W. Duncan | President, Chief Executive Officer and Director | March 2, 2009 |
| John Brenninkmeijer | Director | March 2, 2009 |
| /s/ Michael G. Damone Michael G. Damone | Director of Strategic Planning and Director | March 2, 2009 |
| Kevin W. Lynch | Director | March 2, 2009 |

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| | | |
|----------------------|----------|---------------|
| /s/ John E. Rau | Director | March 2, 2009 |
| John E. Rau | | |
| /s/ Jay H. Shidler | Director | March 2, 2009 |
| Jay H. Shidler | | |
| /s/ Robert J. Slater | Director | March 2, 2009 |
| Robert J. Slater | | |
| /s/ J. Steven Wilson | Director | March 2, 2009 |
| J. Steven Wilson | | |

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