

FIRST INDUSTRIAL REALTY TRUST INC  
Form 10-Q  
April 26, 2018

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

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

or

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.)  
333-21873 (First Industrial, L.P.)

FIRST INDUSTRIAL REALTY TRUST, INC.

FIRST INDUSTRIAL, L.P.

(Exact name of Registrant as specified in its Charter)

Maryland (First Industrial Realty Trust, Inc.)	36-3935116 (First Industrial Realty Trust, Inc.)
Delaware ( First Industrial, L.P.)	36-3924586 (First Industrial, L.P.)
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

311 S. Wacker Drive, Suite 3900, Chicago, Illinois (Address of principal executive offices)	60606 (Zip Code)
(312) 344-4300 (Registrant's telephone number, including area code)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (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.

First Industrial Realty Trust, Inc. Yes  No

First Industrial, L.P. Yes  No

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

First Industrial Realty Trust, Inc. Yes  No

First Industrial, L.P. Yes  No

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

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First Industrial Realty Trust, Inc.:

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

First Industrial, L.P.:

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

First Industrial Realty Trust, Inc. Yes  No

First Industrial, L.P. Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

First Industrial Realty Trust, Inc. Yes  No

First Industrial, L.P. Yes  No

At April 26, 2018, 120,560,079 shares of First Industrial Realty Trust, Inc.'s Common Stock, \$0.01 par value, were outstanding.

## EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the period ended March 31, 2018 of First Industrial Realty Trust, Inc., a Maryland corporation (the "Company"), and First Industrial, L.P., a Delaware limited partnership (the "Operating Partnership"). Unless stated otherwise or the context otherwise requires, the terms "we," "our" and "us" refer to the Company and its subsidiaries, including the Operating Partnership and its consolidated subsidiaries. The Company is a real estate investment trust and the general partner of the Operating Partnership. At March 31, 2018, the Company owned an approximate 97.1% common general partnership interest in the Operating Partnership. The remaining approximate 2.9% common limited partnership interests in the Operating Partnership are owned by certain limited partners. As the sole general partner of the Operating Partnership, the Company exercises exclusive and complete discretion over the Operating Partnership's day-to-day management and control and can cause it to enter into certain major transactions, including acquisitions, dispositions and refinancings. The management of the Company consists of the same members as the management of the Operating Partnership.

The Company and the Operating Partnership are managed and operated as one enterprise. The financial results of the Operating Partnership are consolidated into the financial statements of the Company. The Company has no significant assets other than its investment in the Operating Partnership. Substantially all of the Company's assets are held by, and its operations are conducted through, the Operating Partnership and its subsidiaries. Therefore, the assets and liabilities of the Company and the Operating Partnership are substantially the same.

We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how the Company and the Operating Partnership operate as an interrelated, consolidated company. The main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership are:

**Stockholders' Equity, Noncontrolling Interest and Partners' Capital.** The 2.9% equity interest in the Operating Partnership held by entities other than the Company is classified within partners' capital in the Operating Partnership's financial statements and as a noncontrolling interest in the Company's financial statements.

**Relationship to Other Real Estate Partnerships.** The Company's operations are conducted primarily through the Operating Partnership and its subsidiaries, although operations are also conducted through eight other limited partnerships, which are referred to as the "Other Real Estate Partnerships." The Operating Partnership is a limited partner, holding at least a 99% interest, and the Company is a general partner, holding at least a .01% general partnership interest through eight separate wholly-owned corporations, in each of the Other Real Estate Partnerships. The Other Real Estate Partnerships are variable interest entities that both the Company and the Operating Partnership consolidate. The Company's direct general partnership interest in the Other Real Estate Partnerships is reflected as noncontrolling interest within the Operating Partnership's financial statements.

**Relationship to Service Subsidiary.** The Company has a direct wholly-owned subsidiary that does not own any real estate but provides services to various other entities owned by the Company. Since the Operating Partnership does not have an ownership interest in this entity, its operations are reflected in the consolidated results of the Company but not the Operating Partnership. Also, this entity owes certain amounts to the Operating Partnership, for which a receivable is included on the Operating Partnership's balance sheet but is eliminated on the Company's consolidated balance sheet, since both this entity and the Operating Partnership are fully consolidated by the Company.

We believe combining the Company's and Operating Partnership's quarterly reports into this single report results in the following benefits:

- enhances investors' understanding of the Company and the Operating Partnership by enabling them to view the business as a whole and in the same manner as management views and operates the business;
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports; and
- eliminates duplicative disclosures and provides a more streamlined and readable presentation for our investors to review since a substantial portion of the Company's disclosure applies to both the Company and the Operating Partnership.

To help investors understand the differences between the Company and the Operating Partnership, this report provides the following separate disclosures for each of the Company and the Operating Partnership:

- consolidated financial statements;

a single set of consolidated notes to such financial statements that includes separate discussions of each entity's stockholders' equity or partners' capital, as applicable; and  
a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes distinct information related to each entity.

This report also includes separate Part I, Item 4, Controls and Procedures sections and separate Exhibit 31 and 32 certifications for the Company and the Operating Partnership in order to establish that the requisite certifications have been made and that the Company and the Operating Partnership are both compliant with Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

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FIRST INDUSTRIAL REALTY TRUST, INC. AND FIRST INDUSTRIAL, L.P.  
 FORM 10-Q  
 FOR THE PERIOD ENDED MARCH 31, 2018  
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## PART I: FINANCIAL INFORMATION

## Item 1. Financial Statements

## FIRST INDUSTRIAL REALTY TRUST, INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$879,051	\$864,813
Buildings and Improvements	2,507,087	2,521,457
Construction in Progress	157,667	109,475
Less: Accumulated Depreciation	(788,234 )	(789,919 )
Net Investment in Real Estate	2,755,571	2,705,826
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$9,384 and \$0	16,725	—
Cash and Cash Equivalents	19,782	21,146
Restricted Cash	48,579	25,336
Tenant Accounts Receivable, Net	5,770	4,873
Deferred Rent Receivable, Net	70,386	70,254
Deferred Leasing Intangibles, Net	31,350	30,481
Prepaid Expenses and Other Assets, Net	96,432	83,146
Total Assets	\$3,044,595	\$2,941,062
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net	\$301,661	\$450,056
Senior Unsecured Notes, Net	544,204	246,673
Unsecured Term Loans, Net	456,016	455,768
Unsecured Credit Facility	100,000	144,500
Accounts Payable, Accrued Expenses and Other Liabilities	70,997	86,532
Deferred Leasing Intangibles, Net	10,734	10,355
Rents Received in Advance and Security Deposits	45,961	44,285
Dividends and Distributions Payable	27,558	27,016
Total Liabilities	1,557,131	1,465,185
Commitments and Contingencies	—	—
Equity:		
First Industrial Realty Trust Inc.'s Stockholders' Equity:		
Common Stock (\$0.01 par value, 225,000,000 shares authorized and 120,557,079 and 119,883,180 shares issued and outstanding)	1,206	1,199
Additional Paid-in-Capital	1,970,717	1,967,110
Distributions in Excess of Accumulated Earnings	(535,169 )	(541,847 )
Accumulated Other Comprehensive Income	7,704	1,338
Total First Industrial Realty Trust, Inc.'s Stockholders' Equity	1,444,458	1,427,800
Noncontrolling Interest	43,006	48,077
Total Equity	1,487,464	1,475,877

Total Liabilities and Equity

\$3,044,595 \$2,941,062

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

INDUSTRIAL REALTY TRUST, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited; in thousands, except per share data)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Revenues:		
Rental Income	\$75,180	\$74,918
Tenant Recoveries and Other Income	24,591	22,465
Total Revenues	99,771	97,383
Expenses:		
Property Expenses	29,411	28,486
General and Administrative	8,143	8,033
Impairment of Real Estate	2,756	—
Depreciation and Other Amortization	28,315	28,494
Total Expenses	68,625	65,013
Other Income (Expense):		
Gain on Sale of Real Estate	20,089	8,009
Interest Expense	(12,791 )	(14,369 )
Amortization of Debt Issuance Costs	(855 )	(778 )
Loss from Retirement of Debt	(39 )	(1,653 )
Total Other Income (Expense)	6,404	(8,791 )
Income from Operations Before Income Tax Provision	37,550	23,579
Income Tax Provision	(86 )	(88 )
Net Income	37,464	23,491
Less: Net Income Attributable to the Noncontrolling Interest	(1,172 )	(782 )
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	\$36,292	\$22,709
Basic and Diluted Earnings Per Share:		
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	\$0.30	\$0.19
Dividends/Distributions Per Share	\$0.2175	\$0.2100
Weighted Average Shares Outstanding - Basic	119,846	116,837
Weighted Average Shares Outstanding - Diluted	120,211	117,261

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



FIRST INDUSTRIAL REALTY TRUST, INC.  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net Income	\$37,464	\$23,491
Mark-to-Market Gain on Interest Rate Protection Agreements	6,525	2,178
Amortization of Interest Rate Protection Agreements	24	96
Comprehensive Income	44,013	25,765
Comprehensive Income Attributable to Noncontrolling Interest	(1,378 )	(858 )
Comprehensive Income Attributable to First Industrial Realty Trust, Inc.	\$42,635	\$24,907

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

## FIRST INDUSTRIAL REALTY TRUST, INC.

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited; in thousands)

	Common Stock	Additional Paid-in- Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
Balance as of December 31, 2017	\$ 1,199	\$ 1,967,110	\$ (541,847 )	\$ 1,338	\$ 48,077	\$ 1,475,877
Net Income	—	—	36,292	—	1,172	37,464
Other Comprehensive Income	—	—	—	6,366	183	6,549
Stock Based Compensation Activity	3	(1,106 )	(3,282 )	—	—	(4,385 )
Common Stock Dividends and Unit Distributions	—	—	(26,332 )	—	(775 )	(27,107 )
Conversion of Limited Partner Units to Common Stock	4	5,005	—	—	(5,009 )	—
Retirement of Limited Partner Units	—	—	—	—	(934 )	(934 )
Reallocation - Additional Paid-in-Capital	—	(292 )	—	—	292	—
Balance as of March 31, 2018	\$ 1,206	\$ 1,970,717	\$ (535,169 )	\$ 7,704	\$ 43,006	\$ 1,487,464

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

FIRST INDUSTRIAL REALTY TRUST, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$37,464	\$23,491
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	22,953	23,200
Amortization of Debt Issuance Costs	855	778
Other Amortization, including Stock Based Compensation	6,626	8,112
Impairment of Real Estate	2,756	—
Provision for Bad Debt	88	75
Gain on Sale of Real Estate	(20,089 )	(8,009 )
Loss from Retirement of Debt	39	1,653
Increase in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	(6,706 )	(4,147 )
Increase in Deferred Rent Receivable, Net	(713 )	(1,494 )
Decrease in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(6,249 )	(3,571 )
Net Cash Provided by Operating Activities	37,024	40,088
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Real Estate	(49,865 )	(15,074 )
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(63,994 )	(34,910 )
Net Proceeds from Sales of Investments in Real Estate	41,691	19,916
Other Investing Activity	(3,053 )	(1,700 )
Net Cash Used in Investing Activities	(75,221 )	(31,768 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Financing and Equity Issuance Costs	(2,676 )	(13 )
Repurchase and Retirement of Restricted Stock	(6,020 )	(2,401 )
Common Stock Dividends and Unit Distributions Paid	(26,565 )	(23,017 )
Repayments on Mortgage Loans Payable	(160,163 )	(38,896 )
Payments of Prepayment Penalties Associated with Retirement of Debt	—	(1,453 )
Proceeds from Senior Unsecured Notes	300,000	—
Proceeds from Unsecured Credit Facility	162,000	85,000
Repayments on Unsecured Credit Facility	(206,500 )	(22,500 )
Net Cash Provided by (Used in) Financing Activities	60,076	(3,280 )
Net Increase in Cash, Cash Equivalents and Restricted Cash	21,879	5,040
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	46,482	21,461
Cash, Cash Equivalents and Restricted Cash, End of Period	\$68,361	\$26,501

FIRST INDUSTRIAL REALTY TRUST, INC.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
 (Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:</b>		
Interest Expense Capitalized in Connection with Development Activity	\$1,602	\$1,027
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities:</b>		
Common Stock Dividends and Unit Distributions Payable	\$27,558	\$25,977
Exchange of Limited Partnership Units for Common Stock:		
Noncontrolling Interest	\$(5,009 )	\$—
Common Stock	4	—
Additional Paid-in-Capital	5,005	—
Total	\$—	\$—
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$11,724	\$—
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$32,006	\$22,186
Write-off of Fully Depreciated Assets	\$(13,663)	\$(7,023 )

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

FIRST INDUSTRIAL, L.P.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except Unit data)

	March 31, 2018 (Unaudited)	December 31, 2017
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$879,051	\$864,813
Buildings and Improvements	2,507,087	2,521,457
Construction in Progress	157,667	109,475
Less: Accumulated Depreciation	(788,234 )	(789,919 )
Net Investment in Real Estate (including \$268,442 and \$270,708 related to consolidated variable interest entities, see Note 5)	2,755,571	2,705,826
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$9,384 and \$0	16,725	—
Cash and Cash Equivalents	19,782	21,146
Restricted Cash	48,579	25,336
Tenant Accounts Receivable, Net	5,770	4,873
Deferred Rent Receivable, Net	70,386	70,254
Deferred Leasing Intangibles, Net	31,350	30,481
Prepaid Expenses and Other Assets, Net	106,645	93,264
<b>Total Assets</b>	<b>\$3,054,808</b>	<b>\$2,951,180</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net (including \$20,833 and \$61,256 related to consolidated variable interest entities, see Note 5)	\$301,661	\$450,056
Senior Unsecured Notes, Net	544,204	246,673
Unsecured Term Loans, Net	456,016	455,768
Unsecured Credit Facility	100,000	144,500
Accounts Payable, Accrued Expenses and Other Liabilities	70,997	86,532
Deferred Leasing Intangibles, Net	10,734	10,355
Rents Received in Advance and Security Deposits	45,961	44,285
Distributions Payable	27,558	27,016
<b>Total Liabilities</b>	<b>1,557,131</b>	<b>1,465,185</b>
Commitments and Contingencies	—	—
Partners' Capital:		
First Industrial, L.P.'s Partners' Capital:		
General Partner Units (120,557,079 and 119,883,180 units outstanding)	1,412,146	1,401,583
Limited Partners Units (3,564,107 and 4,008,221 units outstanding)	76,705	82,251
Accumulated Other Comprehensive Income	7,931	1,382
<b>Total First Industrial L.P.'s Partners' Capital</b>	<b>1,496,782</b>	<b>1,485,216</b>
Noncontrolling Interest	895	779
<b>Total Partners' Capital</b>	<b>1,497,677</b>	<b>1,485,995</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$3,054,808</b>	<b>\$2,951,180</b>

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



FIRST INDUSTRIAL L.P.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited; in thousands, except per Unit data)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Revenues:		
Rental Income	75,180	\$74,918
Tenant Recoveries and Other Income	24,591	22,465
Total Revenues	99,771	97,383
Expenses:		
Property Expenses	29,411	28,486
General and Administrative	8,143	8,033
Impairment of Real Estate	2,756	—
Depreciation and Other Amortization	28,315	28,494
Total Expenses	68,625	65,013
Other Income (Expense):		
Gain on Sale of Real Estate	20,089	8,009
Interest Expense	(12,791 )	(14,369 )
Amortization of Debt Issuance Costs	(855 )	(778 )
Loss from Retirement of Debt	(39 )	(1,653 )
Total Other Income (Expense)	6,404	(8,791 )
Income from Operations Before Income Tax Provision	37,550	23,579
Income Tax Provision	(86 )	(88 )
Net Income	37,464	23,491
Less: Net Income Attributable to the Noncontrolling Interest	(21 )	(27 )
Net Income Available to Unitholders and Participating Securities	\$37,443	\$23,464
Basic and Diluted Earnings Per Unit:		
Net Income Available to Unitholders	\$0.30	\$0.19
Distributions Per Unit	\$0.2175	\$0.2100
Weighted Average Units Outstanding - Basic	123,729	120,877
Weighted Average Units Outstanding - Diluted	124,094	121,301

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

FIRST INDUSTRIAL L.P.  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net Income	\$37,464	\$23,491
Mark-to-Market Gain on Interest Rate Protection Agreements	6,525	2,178
Amortization of Interest Rate Protection Agreements	24	96
Comprehensive Income	\$44,013	\$25,765
Comprehensive Income Attributable to Noncontrolling Interest	(21 )	(27 )
Comprehensive Income Attributable to Unitholders	\$43,992	\$25,738

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



## FIRST INDUSTRIAL, L.P.

## CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

(Unaudited; in thousands)

	General Partner Units	Limited Partner Units	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance as of December 31, 2017	\$1,401,583	\$82,251	\$ 1,382	\$ 779	\$1,485,995
Net Income	36,271	1,172	—	21	37,464
Other Comprehensive Income	—	—	6,549	—	6,549
Stock Based Compensation Activity	(4,385 )	—	—	—	(4,385 )
Unit Distributions	(26,332 )	(775 )	—	—	(27,107 )
Conversion of Limited Partner Units to General Partner Units	5,009	(5,009 )	—	—	—
Retirement of Limited Partner Units	—	(934 )	—	—	(934 )
Contributions from Noncontrolling Interest	—	—	—	116	116
Distributions to Noncontrolling Interest	—	—	—	(21 )	(21 )
Balance as of March 31, 2018	\$1,412,146	\$76,705	\$ 7,931	\$ 895	\$1,497,677

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

FIRST INDUSTRIAL, L.P.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$37,464	\$23,491
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	22,953	23,200
Amortization of Debt Issuance Costs	855	778
Other Amortization, including Stock Based Compensation	6,626	8,112
Impairment of Real Estate	2,756	—
Provision for Bad Debt	88	75
Gain on Sale of Real Estate	(20,089 )	(8,009 )
Loss from Retirement of Debt	39	1,653
Increase in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	(6,801 )	(4,137 )
Increase in Deferred Rent Receivable, Net	(713 )	(1,494 )
Decrease in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(6,249 )	(3,571 )
Net Cash Provided by Operating Activities	36,929	40,098
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Real Estate	(49,865 )	(15,074 )
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(63,994 )	(34,910 )
Net Proceeds from Sales of Investments in Real Estate	41,691	19,916
Other Investing Activity	(3,053 )	(1,700 )
Net Cash Used in Investing Activities	(75,221 )	(31,768 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Financing and Equity Issuance Costs	(2,676 )	(13 )
Repurchase and Retirement of Restricted Units	(6,020 )	(2,401 )
Unit Distributions Paid	(26,565 )	(23,017 )
Contributions from Noncontrolling Interests	116	7
Distributions to Noncontrolling Interests	(21 )	(17 )
Repayments on Mortgage Loans Payable	(160,163)	(38,896 )
Payments of Prepayment Penalties Associated with Retirement of Debt	—	(1,453 )
Proceeds from Senior Unsecured Notes	300,000	—
Proceeds from Unsecured Credit Facility	162,000	85,000
Repayments on Unsecured Credit Facility	(206,500)	(22,500 )
Net Cash Provided by (Used in) Financing Activities	60,171	(3,290 )
Net Increase in Cash, Cash Equivalents and Restricted Cash	21,879	5,040
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	46,482	21,461
Cash, Cash Equivalents and Restricted Cash, End of Period	\$68,361	\$26,501



FIRST INDUSTRIAL, L.P.  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)  
 (Unaudited; in thousands)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:</b>		
Interest Expense Capitalized in Connection with Development Activity	\$1,602	\$1,027
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
General and Limited Partner Unit Distributions Payable	\$27,558	\$25,977
Exchange of Limited Partner Units for General Partner Units:		
Limited Partner Units	\$(5,009 )	\$—
General Partner Units	5,009	—
Total	\$—	\$—
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$11,724	\$—
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$32,006	\$22,186
Write-off of Fully Depreciated Assets	\$(13,663)	\$(7,023 )
The accompanying notes are an integral part of the consolidated financial statements.		

FIRST INDUSTRIAL REALTY TRUST, INC. AND FIRST INDUSTRIAL, L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited; dollars in thousands, except per share and Unit data)

1. Organization

First Industrial Realty Trust, Inc. (the "Company") is a self-administered and fully integrated real estate company which owns, manages, acquires, sells, develops and redevelops industrial real estate. The Company is a Maryland corporation organized on August 10, 1993 and a real estate investment trust ("REIT") as defined in the Internal Revenue Code of 1986 (the "Code"). Unless stated otherwise or the context otherwise requires, the terms "we," "our" and "us" refer to the Company and its subsidiaries, including its operating partnership, First Industrial, L.P. (the "Operating Partnership"), and its consolidated subsidiaries.

We began operations on July 1, 1994. The Company's operations are conducted primarily through the Operating Partnership, of which the Company is the sole general partner (the "General Partner"), with an approximate 97.1% ownership interest ("General Partner Units") at March 31, 2018. The Operating Partnership also conducts operations through eight other limited partnerships (the "Other Real Estate Partnerships"), numerous limited liability companies ("LLCs") and certain taxable REIT subsidiaries ("TRSs"), the operating data of which, together with that of the Operating Partnership, is consolidated with that of the Company as presented herein. The Operating Partnership holds at least a 99% limited partnership interest in each of the Other Real Estate Partnerships. The general partners of the Other Real Estate Partnerships are separate corporations, wholly-owned by the Company, each with at least a .01% general partnership interest in the Other Real Estate Partnerships. The Company does not have any significant assets or liabilities other than its investment in the Operating Partnership and its 100% ownership interest in the general partners of the Other Real Estate Partnerships. Noncontrolling interest in the Operating Partnership of approximately 2.9% at March 31, 2018 represents the aggregate partnership interest held by the limited partners thereof ("Limited Partner Units" and together with the General Partner Units, the "Units").

Profits, losses and distributions of the Operating Partnership, the LLCs, the Other Real Estate Partnerships and the TRSs are allocated to the general partner and the limited partners, the members or the shareholders, as applicable, of such entities in accordance with the provisions contained within their respective organizational documents.

As of March 31, 2018, we owned 485 industrial properties located in 21 states, containing an aggregate of approximately 60.1 million square feet of gross leasable area ("GLA"). Of the 485 properties owned on a consolidated basis, none of them are directly owned by the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended December 31, 2017 ("2017 Form 10-K") and should be read in conjunction with such consolidated financial statements and related notes. The 2017 year end consolidated balance sheet data included in this Form 10-Q filing was derived from the audited consolidated financial statements in our 2017 Form 10-K, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The following notes to these interim consolidated financial statements highlight significant changes to the notes included in the December 31, 2017 audited consolidated financial statements included in our 2017 Form 10-K and present interim disclosures as required by the Securities and Exchange Commission.

Use of Estimates

In order to conform with GAAP, in preparation of our consolidated financial statements we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of March 31, 2018 and December 31, 2017, and the reported amounts of revenues and expenses for the three months ended March 31, 2018 and 2017. Actual results could differ from those estimates. In our opinion, the accompanying unaudited interim consolidated financial statements reflect all adjustments necessary for a fair statement of our financial position as of March 31, 2018 and December 31, 2017, the results of our operations and comprehensive income for each of the three months ended March 31, 2018 and 2017, and our cash flows for each of the three months ended March 31, 2018 and 2017. All adjustments are of a normal recurring nature.



Recent Accounting Pronouncements

Recent Accounting Standards Adopted

In May 2014, the Financial Accounting Standards Board ("the FASB") issued Accounting Standards Updates ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 requires entities to recognize revenue when they transfer promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017. We adopted the new standard effective January 1, 2018. The adoption of the standard did not impact our financial position or results of operations.

In August 2016 and November 2016, the FASB issued new ASUs impacting the statement of cash flows. ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" intends to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted both standards on January 1, 2018. The adoption of these standards modified our presentation of certain activities within the Consolidated Statements of Cash Flows. Restricted cash is comprised of gross proceeds from the sales of certain industrial properties that are held by intermediary agents to be used for tax-deferred, like-kind exchange transactions under Section 1031 of the Code. For the three month ended March 31, 2018 and 2017, \$48,579 and \$7,503 of restricted cash was included in "Cash, Cash Equivalents and Restricted Cash" in our Consolidated Statements of Cash Flows. Additionally, as a result of the adoption of the standards we reclassified \$1,453 of prepayment penalties in connection with the payoff of certain mortgage loans from operating activities to financing activities for the three months ended March 31, 2017.

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within our Consolidated Balance Sheets to amounts reported within our Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017:

	2018	2017
Cash and Cash Equivalents	19,782	18,998
Restricted Cash	48,579	7,503
Total Cash, Cash Equivalents and Restricted Cash	68,361	26,501

### Recent Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which amends the existing accounting standards for lease accounting and sets out the principles for the recognition, measurement, presentation and disclosure of leases. ASU 2016-02 will require lessees, at lease commencement to record a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and record a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. We are a lessee on a limited number of ground and office leases and expect to record a right-of-use asset and lease liability for these leases upon adoption of this standard. We are the lessor on a significant number of leases, however, we believe that ASU 2016-02 will have minimal impact to our financial condition or results of operations as such leases will be accounted for in a similar method to existing GAAP standards with the underlying leased asset being reported and recognized as a real estate asset and rental income being recognized on a straight line basis over the lease term. The most significant changes ASU 2016-02 will have to lessor accounting will be the requirement that lessors expense certain initial direct costs that are not incremental in negotiating a lease as incurred. Under existing GAAP standards, certain of these costs are capitalizable. ASU 2016-02 requires the use of a modified retrospective approach for all leases existing at, or entered into after, the beginning of the earliest period presented in the consolidated financial statements, with certain practical expedients available. If practical expedients are elected, we would not be required to reassess (1) whether an expired or existing contract meets the definition of a lease; (2) the lease classification for expired or existing leases; and (3) whether costs previously capitalized as initial direct costs would continue to be amortized. We continue to monitor FASB activity with respect to possible amendments to ASU 2016-02, particularly the FASB's recent vote to provide an optional practical expedient to lessors that would remove the requirement for lessors to separate lease and non-lease components when the timing and pattern of transfer of the non-lease components and the lease component are the same and, when the stand-alone lease component would be classified as an operating lease if account for separately. Should such amendment be finalized, we expect to elect the practical expedient. We will adopt ASU 2016-02 on January 1, 2019 and anticipate electing the practical expedients. We will continue to refine our evaluation and finalize our implementation plan throughout 2018.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeting Improvements to Accounting for Hedging Activities" ("ASU 2017-12"). ASU 2017-12 is intended to better align financial reporting for hedging activities with the economic objectives of those activities. As a result of the transition guidance, cumulative ineffectiveness that has been previously recognized on cash flow and net investment hedges that are still outstanding and designated as of the date of adoption will be adjusted and removed from beginning retained earnings and placed in accumulated other comprehensive income. ASU 2017-12 is effective for annual periods beginning after December 15, 2018. We continue to assess all the potential impacts of ASU 2017-12, however, we do not expect the adoption to have an impact on our financial condition or results of operations.

### 3. Investment in Real Estate

#### Acquisitions

During the three months ended March 31, 2018, we acquired five industrial properties comprised of approximately 0.4 million square feet of GLA and one land parcel. We considered these properties asset acquisitions and therefore capitalized acquisition costs to the basis of the acquired assets. The following table summarizes the amounts recognized for each major class of asset and liability for the industrial properties and land parcels acquired during the three months ended March 31, 2018:

	Purchase Price
Land	\$24,146
Building and Improvements	34,474
Other Assets (leasing commissions)	526
In-Place Leases	2,483
Above Market Leases	73
Below Market Leases	(737 )
Total Purchase Price <sup>(A)</sup>	\$60,965



Assumed Mortgage Loan (Note 4)	(11,654 )
Total Net Assets Acquired	\$49,311

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<sup>(A)</sup> Excludes closing costs incurred in conjunction with the acquisition of the industrial properties and the land parcel. The revenue and net income associated with the acquisition of the industrial properties, since their respective acquisition dates, are not significant for the three months ended March 31, 2018.

Real Estate Held for Sale

As of March 31, 2018, we had 19 industrial properties comprised of approximately 0.5 million square feet of GLA held for sale.

Sales

During the three months ended March 31, 2018, we sold eight industrial properties comprised of approximately 0.5 million square feet of GLA and one land parcel. Gross proceeds from the sales of these industrial properties were \$42,390. The gain on sale of real estate was \$20,089.

Impairment Charges

The impairment charges of \$2,756 recorded during the three months ended March 31, 2018 were due to marketing one industrial property and one land parcel for sale and our assessment of the likelihood and timing of a potential sale transaction.

The following table presents information about our real estate assets that were measured at fair value on a non-recurring basis and for which impairment charges were recorded during the three months ended March 31, 2018. The table also indicates the fair value hierarchy of the valuation techniques we used to determine such fair value.

Fair Value Measurements on a Non-Recurring Basis Using:

Description	At March 31, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Impairment for the Three Months Ended
Real estate assets	\$6,416	—	—	\$ 6,416	\$ 2,756

The following table presents quantitative information about the significant unobservable inputs we used to determine fair value of non-recurring items at March 31, 2018.

Quantitative Information about Level 3 Fair Value Measurements:

Description	Fair Value	Valuation Technique	Unobservable Inputs	Range
Impairment of one industrial property comprising approximately 0.1 million square feet of GLA and one land parcel	\$6,416	Contracted Price	(A)	N/A

(A) The fair value for both the industrial property and the land parcel was based upon the value included in a third party purchase contract, which was subject to our corroboration for reasonableness.

## 4. Indebtedness

The following table discloses certain information regarding our indebtedness:

	Outstanding Balance at		Interest Rate at March 31, 2018	Effective Interest Rate at Issuance	Maturity Date
	March 31, 2018	December 31, 2017			
Mortgage Loans Payable, Gross	\$ 303,093	\$ 451,602	4.03% – 8.26%	3.82% – 8.26%	July 2019 – August 2028
Unamortized Debt Issuance Costs	(1,644 )	(1,806 )			
Unamortized Premiums	212	260			
Mortgage Loans Payable, Net	\$ 301,661	\$ 450,056			
Senior Unsecured Notes, Gross					
2027 Notes	6,070	6,070	7.15%	7.11%	5/15/2027
2028 Notes	31,901	31,901	7.60%	8.13%	7/15/2028
2032 Notes	10,600	10,600	7.75%	7.87%	4/15/2032
2027 Private Placement Notes	125,000	125,000	4.30%	4.30%	4/20/2027
2028 Private Placement Notes	150,000	—	3.86%	3.86%	2/15/2028
2029 Private Placement Notes	75,000	75,000	4.40%	4.40%	4/20/2029
2030 Private Placement Notes	150,000	—	3.96%	3.96%	2/15/2030
Subtotal	\$ 548,571	\$ 248,571			
Unamortized Debt Issuance Costs	(4,285 )	(1,814 )			
Unamortized Discounts	(82 )	(84 )			
Senior Unsecured Notes, Net	\$ 544,204				