



First Industrial Reports 11.1% FFO per Share Increase in Second Quarter 2001 - Integrated Industrial Solutions™ Pipeline Grows to \$450 Million

July 25, 2001

CHICAGO, July 25, 2001 - First Industrial Realty Trust, Inc. (NYSE: FR), the nation's largest provider of diversified industrial real estate, announced results for the second quarter ended June 30, 2001. Funds from operations (FFO) for the second quarter were \$1.00 per share/unit on a fully diluted basis totaling \$47.0 million, compared to \$0.90 per share/unit on a fully diluted basis totaling \$41.5 million for the second quarter of 2000, representing a per share increase in FFO of 11.1%. Earnings per share (EPS) before extraordinary items for the second quarter were \$0.75 on a fully diluted basis totaling \$29.7 million, compared to \$0.58 on a fully diluted basis totaling \$22.4 million for the second quarter of 2000, representing an increase of 29.3%. In the second quarter, the company wrote off 100% of its only investment in a technology venture, resulting in a charge to FFO per share/unit and EPS of \$0.014. Excluding this one-time write off, FFO per share/unit increased 13.3% to \$1.02 per share/unit, and EPS increased 32.8% to \$0.77.

"First Industrial is committed to its plan that emphasizes both stability and growth," said Mike Brennan, President and Chief Executive Officer. "Our diversified portfolio and the people that manage it provide us a foundation of strength, and our corporate services program, Integrated Industrial Solutions™ (IISTM), provides us a platform for expansion that is unmatched in the industry. This will enable First Industrial to meet our customers' needs while producing strong earnings growth and return on assets."

The highlights of the company's second quarter are listed below:

Strong Portfolio Performance

- Same property net operating income (NOI) for the quarter grew 3.1%.
- Actual cash-on-cash rental increases were 8.0% for the quarter.
- Occupancy was 93.2% and tenant retention was 68.5%.

Profitable Capital Recycling and Strategic Reinvestment

- For the quarter, sold 42 properties and several parcels of land for \$165.5 million at an average 9.4% capitalization (cap) rate and an average 12.5% unleveraged internal rate of return (IRR). Year to date, sold 63 properties and several parcels of land for \$226.4 million at an average 9.3% cap rate and an average 14.8% IRR.
- For the quarter, placed in service \$26.2 million of new developments comprising 748,093 square feet, and acquired \$41.6 million of property, comprising 973,871 square feet, with an aggregate stabilized yield of approximately 10.5%. Year to date, placed in service \$36.2 million of new developments comprising 950,093 square feet, and acquired \$110.2 million of property, comprising 2.4 million square feet, with an aggregate stabilized yield of approximately 10.4%.
- Development under construction at the end of the quarter stands at \$289.0 million with an expected yield of 10.8%.

Enhancing Franchise Value Through the Company's Corporate Services Program

- The IISTM™ pipeline volume, which includes development services, existing-building services and land services, exceeds \$450 million.
- Generated IISTM™ income of \$9.1 million for the quarter, composed of \$6.2 million from existing building services, \$1.6 million from development services, and \$1.3 million from land services. Year to date, generated IISTM™ income of \$17.6 million, composed of \$11.7 million from existing building services, \$4.5 million from development services, and \$1.4 million from land services.
- IISTM™ sales constituted \$91.4 million of the \$165.5 million in total sales and generated a 17.5% IRR.

Strengthened Financial Position

- FFO payout ratio improved to 65.1% in the quarter from 68.7% one year ago.
- Improved fixed-charge coverage to 2.6 times from 2.4 times one year ago, and improved interest coverage to 3.6 times from 3.5 times one year ago.
- Achieved return on assets of 11.0%. Continued to execute on the company's self-funding strategy.

Outlook for 2001 and 2002

Brennan continued, "In the second half of 2001, we will continue to focus on aggressively managing our portfolio while reaching out to provide real estate services to Corporate America. We will, as always, be leveraging our I-N-D-L infrastructure, which constitutes a pure Industrial focus, a National platform, Diversified industrial facilities and capabilities, and a Local presence in each market. Additionally, we will continue to enhance our corporate real estate services program and maintain our self-funding strategy."

"We are comfortable with 2001 FFO per share estimates of \$4.05 to \$4.07. These estimates assume 2001 same property NOI growth of 3% to 4%. Our IISTM income assumption for the year is \$39 million to \$43 million. Sales volume in 2001 is assumed to be approximately \$500 million to \$600 million."

million with a 9% to 10% average cap rate. Investment volume assumptions for 2001, which include both new developments and acquisitions, are approximately \$500 million to \$600 million with a 10%-11% average cap rate. We assume no significant changes in relative G&A or capital expenditures, nor do we assume any significant changes in our balance sheet structure. Assuming between \$50 million and \$55 million in book gains from property sales, we anticipate EPS before extraordinary items to be between \$2.70 and \$2.80 for 2001.

"For 2002, we are comfortable with FFO per share estimates of \$4.40 to \$4.45. These estimates assume 2002 same property NOI growth of 3% to 4%. Our IISTM income assumption for the year is \$48 million to \$53 million. Sales volume in 2002 is assumed to be approximately \$600 million with a 9% to 10% average cap rate. Investment volume assumptions for 2002, which include both new developments and acquisitions, are approximately \$600 million with a 10% to 11% average cap rate. We assume no significant changes in relative G&A or capital expenditures, nor do we assume any significant changes in our balance sheet structure. Assuming between \$60 million and \$65 million in book gains from property sales, we anticipate EPS before extraordinary items to be between \$3.10 and \$3.20 for 2002.

"A number of factors could impact our ability to deliver results in line with our assumptions, such as interest rates, the overall economy, the supply and demand of industrial real estate, the timing and yields for divestment and investment, and numerous other variables. There can be no assurance that First Industrial can achieve such results for 2001 or 2002, or meet its aspirations for sector-leading performance. However, I strongly believe that First Industrial has the proper strategic and tactical design to deliver such results. We believe our I-N-D-L infrastructure - with its offensive and defensive characteristics - will continue to support our efforts and prove its value."

Brennan concluded, "First Industrial has proven itself in every aspect of its business. We possess a competitive advantage over our peers, offer a comprehensive service for Corporate America's diverse industrial real estate needs, and are the only company that has I-N-D-L."

Company Information

First Industrial Realty Trust, Inc., the nation's largest provider of diversified industrial real estate, currently owns, operates and manages 80 million square feet of industrial facilities, including developments in progress. First Industrial's I-N-D-L operating strategy uses its pure Industrial focus and its National platform to serve the Diverse facility needs of customers, while offering the expertise of full-service, Local management.

Forward-Looking Information

This press release contains forward-looking information about the Company. A number of factors could cause the Company's actual results to differ materially from those anticipated, including changes in the general economic climate, the supply of and demand for industrial properties in the Company's markets, potential environmental liabilities, interest rate levels, the availability of financing, slippage in development or lease-up schedules, tenant credit risks and higher-than-expected costs. For further information on these and other factors that could impact the Company and the statements contained herein, reference should be made to the Company's filings with the Securities and Exchange Commission.

[Click to view the schedule of selected financial information.](#)

First Industrial will host a quarterly conference call at 10 a.m. central time, 11 a.m. eastern time, on Thursday, July 26th, 2001. The call-in number is (888) 335-6680 and the passcode is "First Industrial." The conference call will also be available live on First Industrial's web site, www.firstindustrial.com, under the "Investor Relations" tab. Replay will also be available on the web site.

The company's second quarter supplemental information can be viewed by the end of this week on First Industrial's website, www.firstindustrial.com, under the "Financials" tab. For a hard copy of the company's quarterly supplemental information report or other investor materials, please contact:

Karen Henderson
First Industrial Realty Trust, Inc.
311 South Wacker Drive, Suite 4000
Chicago, IL 60606
Phone: (312) 344-4335 - Facsimile: (312) 922-9851