



## First Industrial Reports Strong Third Quarter Results

October 21, 1999

### First Industrial Reports Strong Third Quarter Results

Delivery on Key 1999 Goals Ahead of Schedule; INDL and IIS Strategies Drive Company's Profitable Growth

Q3 FFO of \$0.85 per fully diluted share up 12% year over year

Rental rates increased 8% and same-store NOI grew 4%

Sold \$192 million of assets year to date, ahead of the \$150 million full-year target, producing a \$25 million gain and a 13% unleveraged IRR

Reduced debt by \$64 million from previous quarter and increased fixed charge coverage ratio to 2.4x from 2.2x in Q3 98

Development pipeline stands at \$240 million, of which \$161 million is currently under construction and 66% pre-leased; additionally, another \$46 million was placed in service during the first nine months

Entered Los Angeles market with a \$64 million acquisition

CHICAGO, October 21, 1999 – First Industrial Realty Trust, Inc. (NYSE: FR), a leading industrial real estate investment trust (REIT), announced results for the third quarter ended September 30, 1999. Funds from Operations (FFO) for the third quarter 1999 were \$0.85 per share on a fully diluted basis, totaling \$38.5 million, up 11.8% from \$0.76 per share or a total of \$34.0 million for the third quarter of 1998. Revenues for third quarter 1999 increased 1.9% to \$94.1 million, compared to \$92.3 million for the same period in 1998. Net operating income (NOI) grew 7.6% to \$70.8 million compared to \$65.8 million for the same period in the previous year. This marks the twelfth consecutive quarter that First Industrial has posted double-digit FFO growth.

"I'm pleased with our operational results," said First Industrial President and CEO Michael W. Brennan. "Apart from producing strong earnings growth, we upgraded our portfolio by strategically reinvesting sales proceeds into new developments. In addition, sales proceeds were used to reduce debt by \$64.4 million.

"By the end of the third quarter, we have already met the majority of our goals for the entire year:

Capital self-sufficiency and portfolio quality improvements were achieved through strategic sales.

Balance sheet and fixed-charge coverage improvements were achieved. Debt was reduced by \$64.4 million, and our fixed-charge coverage ratio improved to 2.4x from 2.2x in the third quarter 1998.

Investment standards were toughened, with the emphasis placed squarely on value-added developments and acquisitions.

Operating costs, on all levels, were reduced. Property management G&A decreased to 2.8% of revenues from 3.9% a year ago. Corporate G&A decreased to 3.7% from 3.8% a year ago.

Co-investment with The Carlyle Group was used to advance the 'INDL' strategy with our expansion into the Los Angeles market.

Additive revenue opportunities, through the First Services division, delivered \$1.9 million in year-to-date revenues and expense savings, on pace to exceed the \$2.0 million 1999 goal.

"We attribute our success to the 'INDL' strategy, which dedicates our resources to the industrial sector and seeks to achieve operating distinction through a national presence, a diversified portfolio, and full-service, local management. We have developed a new tactical capability called Integrated Industrial Solutions?, which has already proven vital in growing our development pipeline and enhancing portfolio performance," Brennan concluded.

First Industrial sold 2.6 million square feet of property in the third quarter for \$108.3 million, bringing year-to-date sales to \$192.3 million, which resulted in a \$25.3 million gain, a 13.3% unleveraged IRR and a 9.2% cap rate. Nearly 90% of the Company's properties are unencumbered by mortgages – a key structural feature and competitive advantage allowing First Industrial to successfully implement its aggressive asset management program. Funded by asset sales and fueled by the IIS? tactical capability, the Company placed in service \$20.6 million of development comprising 507,100 square feet in the third quarter at an initial yield of 10.8% and an occupancy of 95.8%. Total development placed in service year to date was \$46.3 million, comprising 1.1 million square feet at a yield of 10.7% with a 97.5% occupancy. The Company currently has 6.3 million square feet in the development pipeline representing \$240.4 million, which includes \$161.2 million currently under construction.

Also from sale proceeds the Company reduced its debt by \$64.4 million from the previous quarter, and increased its fixed charge coverage ratio to 2.4x from 2.2x in the third quarter 1998.

The highlight of First Industrial's acquisition activity in the third quarter was the entry into the Los Angeles market with a \$63.9 million acquisition of 1.2 million square feet in a joint venture with The Carlyle Group. The acquisition represents a move into the nation's second largest industrial market with strategically located in-fill properties offering excellent access to transportation corridors, airports and central business districts. This portfolio was acquired below replacement cost with rents currently 20% below market.

Total on-balance-sheet acquisition activity for the quarter was \$8.0 million, with an anticipated first-year yield of 10.6% and an unleveraged IRR of 13.2%. Acquisition activity year to date was \$33.3 million, comprising 863,910 square feet at an anticipated first-year yield of 10.2% and an

unleveraged IRR of 12.3%. Year to date, acquired properties have an average age of 8.6 years.

Occupancy in the third quarter was 94.8%. During the third quarter, combined rent increases for new leases and tenant renewals averaged 8.1%, totaling 3.1 million square feet. Rent increases for new leases averaged 10.6%, representing 1.3 million square feet, and rent increases for tenant renewals averaged 6.9% for the third quarter, representing 1.8 million square feet. Same-store NOI grew 4.4%. Tenant retention remained strong at 68.2%. The average age of the portfolio is 15.2 years, consistent with the industry average.

**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.

**Company Information** First Industrial Realty Trust, Inc., one of the nation's largest providers of industrial real estate, owns, operates and manages 74 million square feet of industrial facilities. The Company's strategy is to create shareholder value through the efficient operation of its national franchise, which is diversified across facility type, geographic location and customer base. First Industrial focuses on superior localized customer service and value-added investments.

A schedule of selected financial information is attached.

First Industrial will host a quarter-end conference call on Friday, October 22nd, 1999, at 11 a.m. CDT, 12 p.m. EDT. The call-in number is (973) 633-1010 and the passcode is "First Industrial." The conference call will also be available live at [www.firstindustrial.com](http://www.firstindustrial.com) under the "Investor Relations" section. Replay will be available both telephonically and on the Web site.

For a copy of the Company's third quarter 1999 supplemental information report, please contact:

Cynthia Standley, Senior Administrative Assistant - Communications First Industrial Realty Trust, Inc. 311 South Wacker Drive, Suite 4000 Chicago, IL 60606 Phone: (312) 344-4339 – Facsimile: (312) 922-9851

Selected Financial Data Third Quarter Results