



First Industrial Realty Trust Reports Fourth Quarter and Full-Year 2002 Results

February 13, 2003

- Company Achieves 19.4% Unleveraged Internal Rate of Return on 2002 Sales
- Corporate Customer Base Expands
- Announces Expensing of Options

CHICAGO, Feb. 12 /PRNewswire-FirstCall/ -- First Industrial Realty Trust, Inc. (NYSE: FR), the nation's largest provider of diversified industrial real estate, announced results for the fourth quarter and full year ended December 31, 2002. Fully-diluted earnings per share, including income from discontinued operations and before extraordinary items (EPS), was \$0.64, compared to \$0.31 for the same quarter in 2001, representing an increase of 106.5 percent. Earnings in the quarter were \$24.9 million, compared to \$12.1 million for the same quarter in 2001. For the year ended December 31, 2002, EPS decreased 3.9 percent to \$2.46 from \$2.56.

"The large and liquid industrial real estate market provides enormous opportunity for us to create value through development, redevelopment, opportunistic acquisitions and through complex corporate real estate supply-chain activities," said Mike Brennan, president and chief executive officer. "Our national platform of diverse industrial facilities managed by local managers makes us uniquely capable of capitalizing on these opportunities, and our success at doing so enabled us to produce solid results in a challenging environment. Recognizing the value of this infrastructure and our full-service capabilities, in 2002 our corporate customers awarded us a record volume of new business in the form of build-to-suits, acquisition opportunities and new leasing opportunities."

The highlights of the Company's results are listed below:

Portfolio Performance

- Leased 3.8 million square feet during the quarter and 21.1 million square feet for the year.
- Actual cash-on-cash rental increases were 0.2% for the quarter and 2.8% for the year.
- Same property net operating income (NOI) growth was -1.2% for the quarter and -1.7% for the year. Including lease termination fees, same property NOI would increase to 6.1% for the quarter.
- Occupancy was 89.5% at year end.
- Tenant retention was 63.4% for the quarter and 66.2% for the year.
- Concluded a lease cancellation agreement with Amazon.com for an aggregate \$11.6 million on its 800,000 square-foot facility in the Atlanta market. First Industrial received an initial payment of \$4.1 million related to the first phase of the termination of their space in the fourth quarter of 2002, and expects to receive the \$7.5 million balance related to the final phase of the termination of their space in the first quarter of 2003. In addition, First Industrial entered into a restoration agreement with Amazon for \$3.6 million to cover Amazon's obligation to restore the condition of the building by removing all remaining equipment. First Industrial received this payment in the first quarter of 2003.

Investment Performance

- For the quarter, acquired \$67.8 million of property, comprising 1.5 million square feet, and placed in service \$24.7 million of new developments, comprising 707,181 square feet, with an expected aggregate first-year stabilized yield of approximately 11.9%. For the year, acquired \$237.4 million of property, comprising 5.7 million square feet, and placed in service \$116.8 million of new developments, comprising 3.2 million square feet, with an expected aggregate first-year stabilized yield of approximately 10.9%.
- During the fourth quarter, repurchased 1,091,500 shares of common stock at a weighted average price of approximately \$27.02 per share.
- For the quarter, sold 41 properties and 5 parcels of land for \$149.8 million at a weighted average 9.3% capitalization (cap) rate and an average 19.6% unleveraged internal rate of return (IRR). For the year, sold 113 properties and 10 parcels of land for \$473.5 million at an average 9.0% cap rate and an average 19.1% unleveraged IRR.
- In 2002, sold \$127.3 million of stabilized development properties into its institutional fund with the Kuwait Finance House (KFH), increasing the fund's capitalization to \$200 million.
- For the quarter, generated IIS(TM) income of \$9.9 million, comprised of \$2.0 million from merchant development/redevelopment, \$7.6 million from single tenant/user sales and \$0.3 million from land sales. For the year, generated IIS(TM) income of \$41.7 million, comprised of \$26.5 million from merchant development/redevelopment, \$13.0 million from single tenant/user sales and \$2.2 million from land sales.
- Integrated Industrial Solutions (IIS(TM)) profits increased 6.8% for the quarter and 10.6% for the year.
- Substantially completed its geographic repositioning with the fourth quarter sale of the majority of its Grand Rapids properties. In 2000, the Company identified eight exit markets for divestment and six core markets (Los Angeles, Chicago, Northern New Jersey, Dallas, Atlanta and Denver) for increased investment. Since 2000, the Company decreased its investment in the exit markets by \$416.2 million. At year end, Chicago was First Industrial's largest market, with 5.2 million square feet in service.

- The pipeline of properties that the Company expects to sell grew to \$664 million at year end, from \$500 million at the beginning of the year.

"Over the past four years, we have succeeded in our mission to create value as evidenced by achieving an average 17.5% unleveraged IRR on total sales of over \$1.5 billion of industrial real estate," continued Brennan. "Our investment capability is a core competency that has enabled us to create value for shareholders, above that which comes from the cash flows of our portfolio. The infrastructure we have built and relationships we have developed from serving the needs of our corporate customers will continue to benefit shareholders in the years to come. We are pleased to have done additional business in 2002 with customers such as Ford Motor Company, General Motors, Maytag, Caterpillar and Motorola."

Strong Financial Position

- Fixed-charge coverage is 2.5 times and interest coverage is 3.0 times.
- Unencumbered assets represent 96.2% of total assets at year end.
- The weighted average maturity of permanent debt is 12 years, one of the longest in the REIT industry.
- At year-end, 100% of the company's permanent debt is fixed rate.
- FFO payout ratio was 74.6% and FAD payout ratio was 89.6% for the year.

Supplemental Reporting Measure

Funds from operations (FFO) per share/unit decreased 4.2 percent to \$0.92 per share/unit on a fully-diluted basis, compared to \$0.96 per share/unit on a fully-diluted basis for the same quarter in 2001. FFO totaled \$42.2 million for the quarter compared to \$44.2 million for the fourth quarter 2001. For the year ended December 31, 2002, FFO per share/unit decreased 8.3 percent to \$3.64 from \$3.97. FFO equals net income, excluding gains/losses from debt restructuring and sales of depreciated property (other than net economic gains/losses from sales of properties related to the Company's Integrated Industrial Solutions(TM) activities), plus depreciation and amortization (other than amortization of deferred financing costs and interest rate protection agreements), and after adjustments for unconsolidated partnerships and joint ventures.

Prospective FFO Calculation

Beginning January 1, 2003, First Industrial will calculate FFO to be equal to net income, plus depreciation/amortization of real estate, minus accumulated depreciation/amortization on real estate sold.

Commenting on the Company's revised calculation of FFO, Mr. Brennan stated, "Our goal is to make FFO a simpler, clearer and more comprehensive measure of the Company's performance. Under this new definition, FFO will be closer to GAAP EPS, and will include bottom-line economic gains/losses from all the Company's investments, thus fully capturing the Company's business: portfolio operations and investment activities."

Company to Begin Expensing Options

Beginning in the first quarter of 2003, First Industrial will expense the fair value of stock options granted under the Company's stock option plan. Accordingly, the Company will recognize expense over the option vesting period for all options granted on January 1, 2003 or later. In 2003, the Company anticipates the full-year expense to be less than \$0.01 per share.

Corporate Governance

As an indication of the strong and long-standing corporate governance practices of First Industrial, Institutional Shareholder Services recently rated First Industrial as outperforming 89.1% of the companies in the Russell 3000, and 90.2% of the companies in the real estate group as measured by its Corporate Governance Quotient. Commenting on corporate governance, Mr. Brennan stated, "Since First Industrial's formation over 9 years ago, we have instituted and maintained strong corporate governance principals and business ethics and provided a high level of disclosure to investors. Our detailed Supplemental Information Package, which we initiated over 8 years ago, was among the first, and remains among the most comprehensive, in the industry."

Highlights of the Company's strong corporate governance principals include:

- A majority of the Company's directors (6 out of 9) are independent.
- All of the Company's audit committee members are independent.
- All of the Company's compensation committee members are independent.
- All of the Company's nominating/corporate governance committee members are independent.
- The offices of chairman of the board and chief executive officer are held and function separately.
- Non-management board members hold meetings in addition to the board's regularly scheduled quarterly meetings.
- All equity compensation plans must be approved by the Company's shareholders.
- The Company has never made loans to officers or directors.
- The Company will include the following on its web site:
 - Corporate Governance Guidelines
 - Audit Committee Charter
 - Compensation Committee Charter

- Nominating Committee Charter
- Code of Business Conduct and Ethics

Outlook for 2003

Brennan continued, "We have positioned the Company to take advantage of the many value creation opportunities available in today's environment, however, we do not foresee a significant improvement in real estate fundamentals in 2003. Our strategy is to continue to seek to maximize portfolio returns by taking advantage of the strong demand for ownership of industrial properties by investors, selling assets at low cap rates for reinvestment into higher yielding properties.

"We are maintaining an estimated 2003 EPS range of \$2.00 to \$2.20. This estimate assumes flat same property NOI growth in 2003. Sales volume in 2003 is assumed to be approximately \$400 million to \$500 million with a 9% to 10% average cap rate, with book gains from property sales/fees of between \$60 million and \$65 million. Investment volume assumptions for 2003, which include both new developments and acquisitions, are approximately \$400 million to \$500 million with a 10% to 11% average cap rate. We assume no significant changes in our balance sheet structure.

"We expect to deliver FFO per share in the range of \$3.55 to \$3.75 for 2003, with an estimated range of between \$0.85 to \$0.89 for the first quarter. We estimate that our capital recycling program will contribute between \$50 million and \$55 million in FFO in 2003."

Brennan continued, "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 2003. However, I 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."

Company Information

First Industrial Realty Trust, Inc., the nation's largest provider of diversified industrial real estate, serves every aspect of Corporate America's industrial real estate needs, including customized supply chain solutions, through its unique I-N-D-L operating platform, which utilizes a pure Industrial focus and National scope to provide Diverse facility types, while offering Local, full-service management and expertise. Building, buying, selling, leasing and managing industrial property in major markets nationwide, First Industrial develops long-term relationships with corporate real estate directors, tenants and brokers to better serve customers with creative, flexible industrial real estate solutions.

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: 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 levels, competition, supply and demand for industrial properties in the Company's 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. 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.

A schedule of selected financial information is attached.

First Industrial will host a quarterly conference call at 10:00 a.m. Central time, 11:00 a.m. Eastern time, on Thursday, February 13, 2003. The call-in number is (800) 865-4460 and the passcode is "First Industrial." The conference call will also be webcast live on First Industrial's web site, <http://www.firstindustrial.com>, under the "Investor Relations" tab. The webcast will be available on the Company's web site for approximately one week following the call.

The company's fourth quarter supplemental information can be viewed on First Industrial's website, <http://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:

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FIRST INDUSTRIAL REALTY TRUST, INC.

Selected Financial Data

(In thousands, except for per share/unit and property data)

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2002	2001	2002	2001
Statement of Operations and FFO Data:				
Total Operating Revenues	\$94,551	\$94,707	\$371,601	\$389,210

Property Expenses	(27,705)	(27,882)	(111,932)	(111,262)
Net Operating Income	66,846	66,825	259,669	277,948
Equity in FFO of				
Joint Ventures (a)	361	66	1,501	1,043
IIS Services Income	9,933	9,303	41,675	37,679
Write-Off of Technology				
Investment	--	--	--	(666)
General & Administrative				
Expense	(5,282)	(4,138)	(17,009)	(15,241)
EBITDA	71,858	72,056	285,836	300,763
Interest Expense	(23,873)	(19,858)	(90,387)	(82,580)
Dividends on Preferred Stock	(5,044)	(7,231)	(23,432)	(30,001)
Amortization of Deferred				
Financing Costs	(461)	(452)	(1,925)	(1,809)
Depreciation and Other				
Amortization	(21,335)	(24,168)	(78,777)	(76,266)
Equity in Depreciation and				
Other Amortization of				
Joint Ventures (a)	(1,033)	(1,608)	(1,038)	(1,834)
Gain on Sale of Property	9,226	5,015	23,754	20,614
Income Allocable to				
Minority Interest	(4,423)	(2,113)	(16,926)	(16,715)
Extraordinary Loss (b)	--	--	(888)	(10,309)
Valuation Allowance (c)	--	(9,500)	--	(9,500)
Net Income Available to				
Common Stockholders	24,915	12,141	96,217	92,363
Add: Extraordinary Loss (b),				
net of Minority Interest	--	--	754	8,712
Net Income Available				
to Common Stockholders				
Before Extraordinary				
Loss (b)	24,915	12,141	96,971	101,075
Add: Real Estate				
Depreciation and Other				
Amortization	21,041	23,853	77,393	75,042
Less: Gain on Sale of				
Property	(9,226)	(5,015)	(23,754)	(20,614)
Add: Equity in Depreciation				
and Other Amortization				
of Joint Ventures (a)	1,033	1,608	1,038	1,834
Add: Income Allocable to				
Minority Interest	4,423	2,113	16,926	16,715
Add: Minority Interest				
Allocable to Extraordinary				
Loss (b)	--	--	134	1,597
Add: Valuation Allowance (c)	--	9,500	--	9,500
Funds From				
Operations ("FFO")	\$42,186	\$44,200	\$168,708	\$185,149
Net Income Available to				
Common Stockholders				
Before Extraordinary Loss (b)	24,915	12,141	96,971	101,075
Less: Gain on Sale of				
Property from				
Discontinued Operations	(22,451)	--	(54,657)	--
Less: Net Operating Income				
from Discontinued Operations	(2,433)	(6,937)	(16,988)	(27,722)
Add: Depreciation and				
Amortization from				
Discontinued Operations	694	4,460	4,583	7,959
Add: Minority Interest				
Allocable to Discontinued				
Operations	3,619	373	10,046	3,030
Net Income Available to				
Common Stockholders Before				
Discontinued Operations (d)				

and Extraordinary Loss	4,344	10,037	39,955	84,342
Additional Information for				
Funds Available for				
Distribution ("FAD"):				
Straight-Line Rental Income	\$589	\$804	\$2,132	\$3,548
Non-Incremental Capital				
Expenditures	\$12,128	\$6,798	\$34,586	\$25,105
Restricted Stock				
Amortization	\$1,314	\$1,154	\$5,159	\$5,635
Weighted Avg. Number of				
Shares/Units Outstanding-				
Basic	45,860	46,022	46,165	46,382
Weighted Avg. Number of				
Shares/Units Outstanding-				
Diluted	45,921	46,171	46,367	46,660
Weighted Avg. Number of Shares				
Outstanding- Basic	39,007	39,037	39,251	39,274
Weighted Avg. Number of Shares				
Outstanding- Diluted	39,069	39,186	39,453	39,552
Per Share/Unit Data:				
FFO:				
- Basic	\$0.92	\$0.96	\$3.65	\$3.99
- Diluted	\$0.92	\$0.96	\$3.64	\$3.97
Net Income Available to				
Common Stockholders Before				
Discontinued Operations				
and Extraordinary Loss				
Per Weighted Average				
Common Share Outstanding:				
- Basic	\$0.11	\$0.26	\$1.02	\$2.15
- Diluted	\$0.11	\$0.26	\$1.01	\$2.13
Net Income Available to				
Common Stockholders Before				
Extraordinary Loss Per				
Weighted Average Common				
Share Outstanding:				
- Basic	\$0.64	\$0.31	\$2.47	\$2.57
- Diluted	\$0.64	\$0.31	\$2.46	\$2.56
Net Income Available to				
Common Stockholders per				
Weighted Average Common				
Share Outstanding:				
- Basic	\$0.64	\$0.31	\$2.45	\$2.35
- Diluted	\$0.64	\$0.31	\$2.44	\$2.34
Dividends/Distributions	\$0.6850	\$0.6800	\$2.7250	\$2.6525
FFO Payout Ratio	74.5%	70.8%	74.6%	66.4%
FAD Payout Ratio	99.6%	81.2%	89.6%	74.5%

Balance Sheet Data (end of period):

Real Estate Before			
Accumulated			
Depreciation	\$2,697,269	\$2,714,927	
Real Estate Held			
For Sale, Net	7,040	30,750	
Total Assets	2,629,973	2,621,400	
Debt	1,442,149	1,318,450	
Total Liabilities	1,575,586	1,447,361	
Stockholders' Equity			
and Minority Interest	\$1,054,387	\$1,174,039	

Property Data (end of period):

Total Properties	908	918
Total Gross Leasable Area		
(in sq ft)	59,979,894	64,002,809
Occupancy	89.5%	91.4%

(a) Represents the Company's share of FFO and depreciation and other amortization from three real estate joint ventures in which it owns minority equity interests.

(b) Represents an extraordinary loss from the early retirement of debt.

(c) Represents a valuation allowance primarily on certain exit market properties.

(d) In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"). FAS 144 requires that the operations and gain (loss) on sale of all properties sold subsequent to December 31, 2001 that were not held for sale at December 31, 2001 and properties that were classified as held for sale subsequent to December 31, 2001 be presented in discontinued operations. FAS 144 also requires that prior periods be restated.

(e) This press release presents funds from operations ("FFO") which is REIT industry financial measure that is not calculated in accordance with generally accepted accounting principles ("GAAP"). Certain amounts in the selected financial data table (the "Table") reflect adjustments made to GAAP amounts to conform to the calculation of FFO by the Company. These adjustments include discontinued operations, expenses allocable to IIS services income and net economic gains/losses from IIS property sales. Total revenues in the Table include revenues from discontinued operations in the amount \$3,373, \$9,497, \$25,036 and \$37,970 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively. Total property expenses in the Table exclude expenses allocable to IIS Services income in the amount of \$862, \$747, \$3,103 and \$3,352 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively. Total property expenses also include expenses from discontinued operations in the amount of \$940, \$2,562, \$8,048 and \$10,248 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively. General and administrative expense in the Table excludes expenses allocable to IIS services income in the amount of \$546, \$776, \$2,601 and \$3,368 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and December 31, 2001, respectively. IIS services income in the Table includes net economic gains/losses from IIS property sales in the amount of \$11,341, \$10,826, \$47,379 and \$43,733 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively. IIS Services income also includes overhead expenses (property expenses and general and administrative expenses allocable to IIS services income) in the amount of \$1,408, \$1,523, \$5,704 and \$6,054 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively. Gain on sale of real estate in the Table includes gain on sale of real estate from discontinued operations in the amount of \$22,451 and \$54,657 for the three months ended December 31, 2002 and the twelve months ended December 31, 2002, respectively. Gain on sale of real estate also excludes net economic gains from IIS property sales in the amount of \$11,341, \$10,826, \$47,379 and \$43,733 for the three months ended December 31, 2002 and 2001 and the twelve months ended December 31, 2002 and 2001, respectively.

SOURCE First Industrial Realty Trust, Inc.

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