



# First Industrial Realty Trust Investor Presentation

Citi 2014 Global Property CEO Conference | March 2014



## Safe Harbor

This presentation may contain 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 for 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,” “plan,” “anticipate,” “estimate,” “project,” “seek,” “target,” “potential,” “focus,” “may,” “should” 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 materially adverse effect on our operations and future prospects include, but are not limited to: changes in national, international, regional and local economic conditions generally and real estate markets specifically; changes in legislation/regulation (including changes to laws governing the taxation of real estate investment trusts) and actions of regulatory authorities; our ability to qualify and maintain our status as a real estate investment trust; the availability and attractiveness of financing (including both public and private capital) to us and to our potential counterparties; the availability and attractiveness of terms of additional debt repurchases; interest rates; our credit agency ratings; our ability to comply with applicable financial covenants; competition; changes in supply and demand for industrial properties (including land, the supply and demand for which is inherently more volatile than other types of industrial property) in the Company’s current and proposed market areas; difficulties in consummating acquisitions and dispositions; risks related to our investments in properties through joint ventures; environmental liabilities; slippages in development or lease-up schedules; tenant creditworthiness; higher-than-expected costs; changes in asset valuations and related impairment charges; changes in general accounting principles, policies and guidelines applicable to real estate investment trusts; international business risks; and those additional factors described under the “Risk Factors” and elsewhere in the Company’s annual report on Form 10-K for the year ended December 31, 2012 and in the Company’s subsequent Exchange Act reports. We caution you not to place undue reliance on forward-looking statements, which reflect our outlook only and speak only as of the date of this press release or the dates indicated in the statements. We assume no obligation to update or supplement forward-looking statements. 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.

# Broad Platform and Presence



**FR's Largest Market**  
Pro-forma > 12% of rental income assuming lease-up of First Dominguez, First Bandini, First 36, & First Figueroa

**Size and Diversification**  
63 Million Square Feet  
Top Tenant ≈ 2.8% of Income  
Top 20: 21.8%

# Where We've Been...

## 2009 – 2010

- Addressed liquidity and maturities
- Redefined strategy
- Rationalized G&A
- Set the stage for portfolio refinement



Minneapolis, MN (285,000 SF – Acquired 2010)

# Where We've Been...

## 2011 – YE 2013

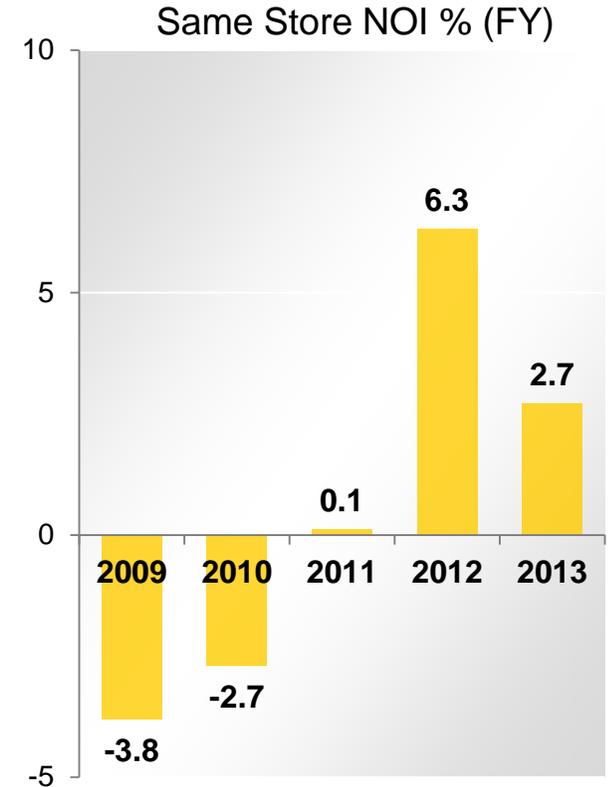
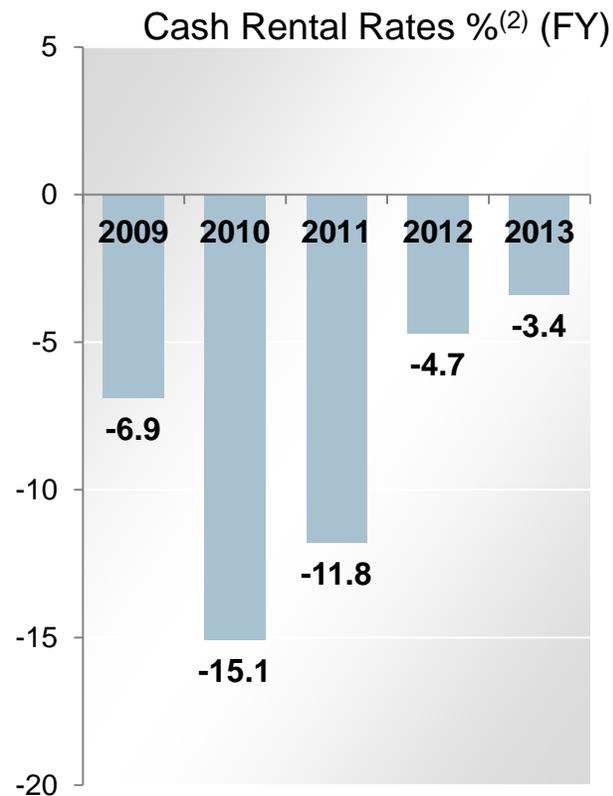
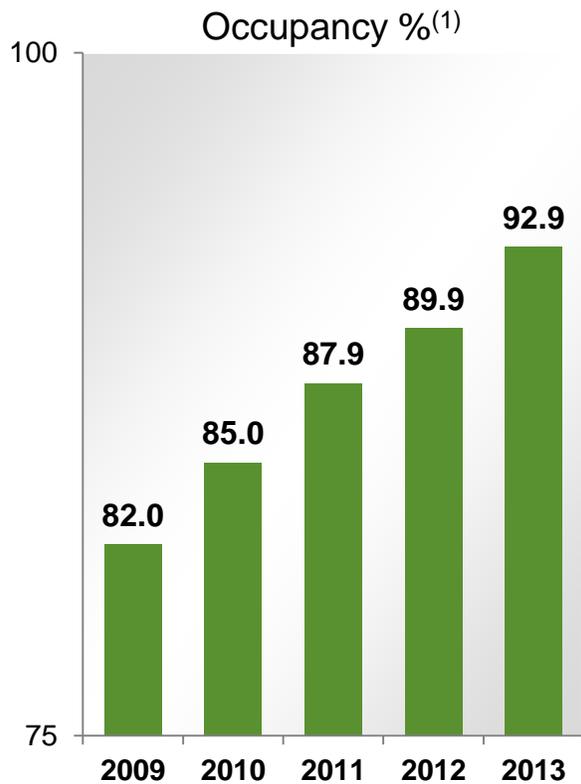
- Drove occupancy and NOI  
*Occupancy increased 790 bps since YE 2010*
- Strengthened balance sheet
- Implemented “Addition by Subtraction”
- Initiated selective growth
- Re-initiated common dividend



Central PA (390,000 SF – Acquired 2012)

# Where We've Been...

## Key Portfolio Cash Flow Metrics

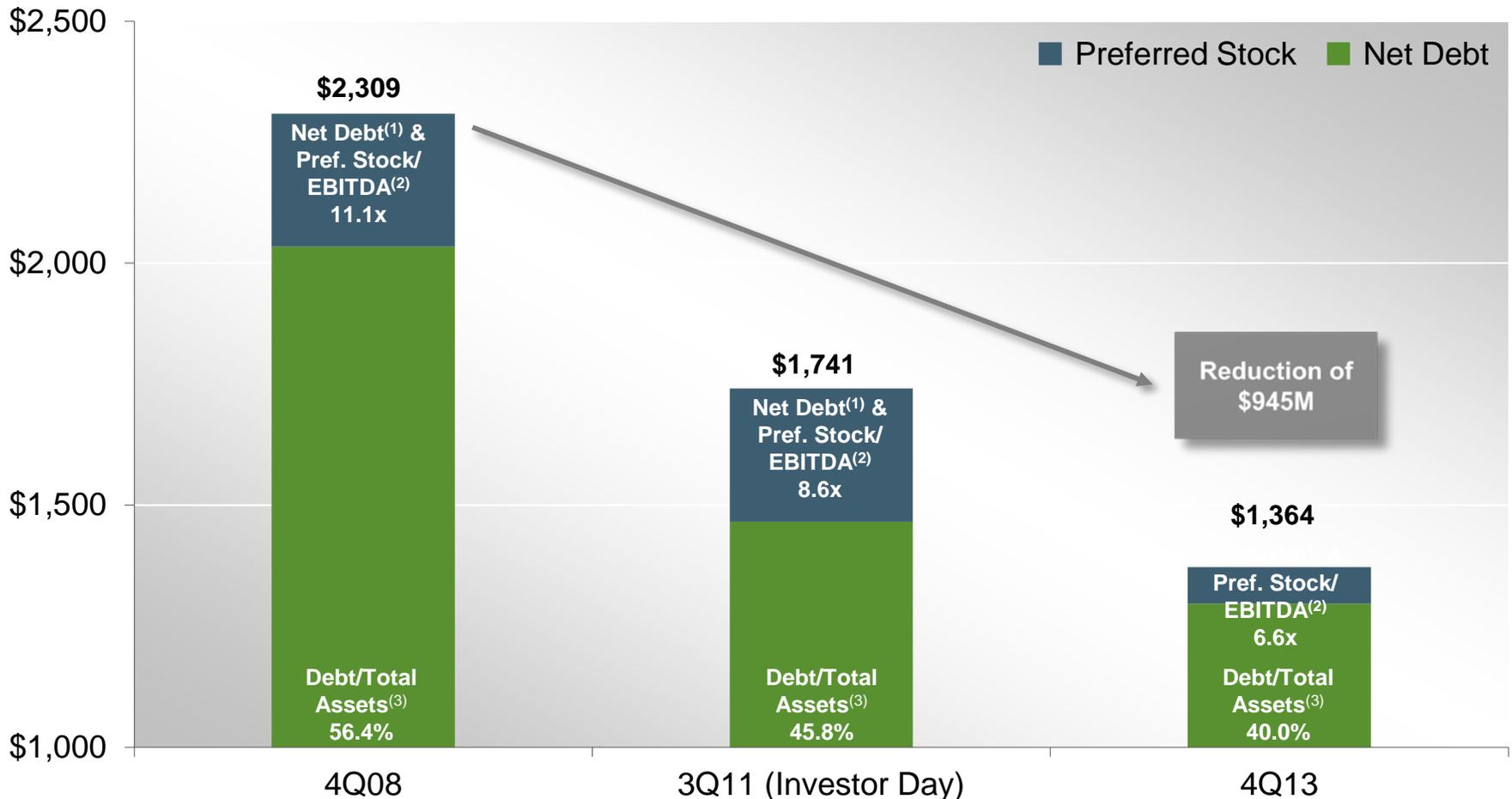


Our key metrics have recovered, but still have room to grow.

(1) Period End  
(2) Period Average

# Where We've Been... Capital Management Progress

(millions)



**Current target range: (Debt + Preferred) to EBITDA ratio of 6x to 7x.**

(1) Net Debt = Debt net of cash.  
 (2) EBITDA adjusted for one-time items.  
 (3) Per unsecured note indentures.

# Upgrading the Portfolio

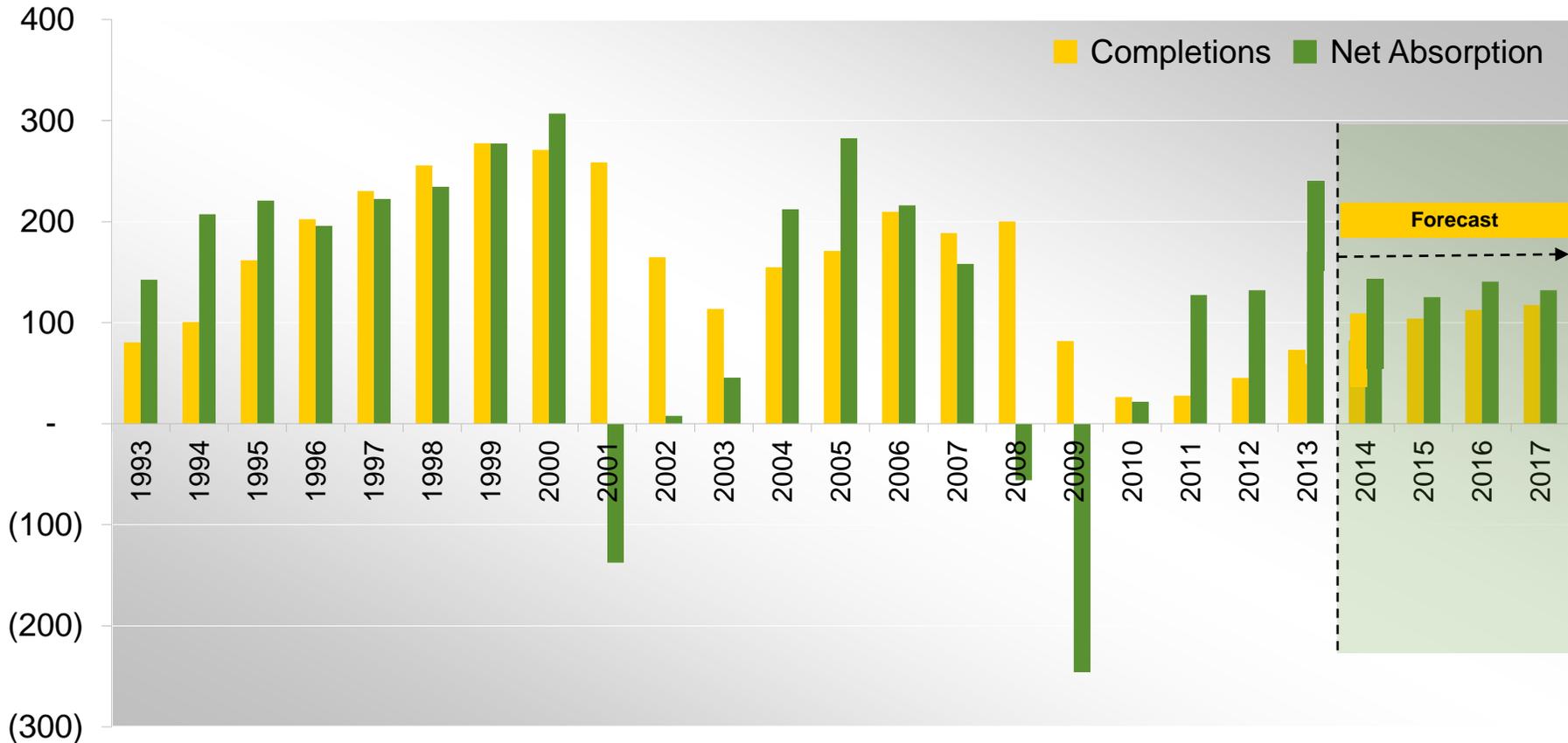
FR Portfolio – Assets Book Value  
\$2.9B (3Q10)

			GAAP Yield/ LTM Sales Cap Rate
+ Investments 2010+	= \$337M <sup>(1)</sup>	➔ 12% Increase	6.7%
- Dispositions 4Q10+	= \$325M	➔ 11% Decrease	6.0%
<b>Total Portfolio Change</b>	<b>\$662M</b>	<b>= 23% Net Change</b>	

<sup>(1)</sup> Through 4Q13. Reflects full development cost of First 36 and First Figueroa. Reflects land acquisition costs for First Nandina and First Northwest developments.

# Favorable Industry Fundamentals

U.S. Industrial Real Estate Annual Completions/Net Absorption (MSF)



**Positive net absorption continues to outpace new supply and should drive rental rates higher.**

# Where We're Going...

## Strategy for Success



### Leasing and Operations Management

- Drive to  $\pm 95\%$  by YE 2015
- Grow Rents
- Normalize TI/LC/CapEx
- Customer Service Focus

### Capital Management

- Conservative and Flexible Balance Sheet
- Return to Investment Grade
- Optimize Cost of Capital

### Portfolio Management

- Selective Acquisitions
- Targeted Development Opportunities
- Addition by Subtraction

Grow dividend consistent with sustainable cash flow,  
close the value gap to public peers and replacement cost.

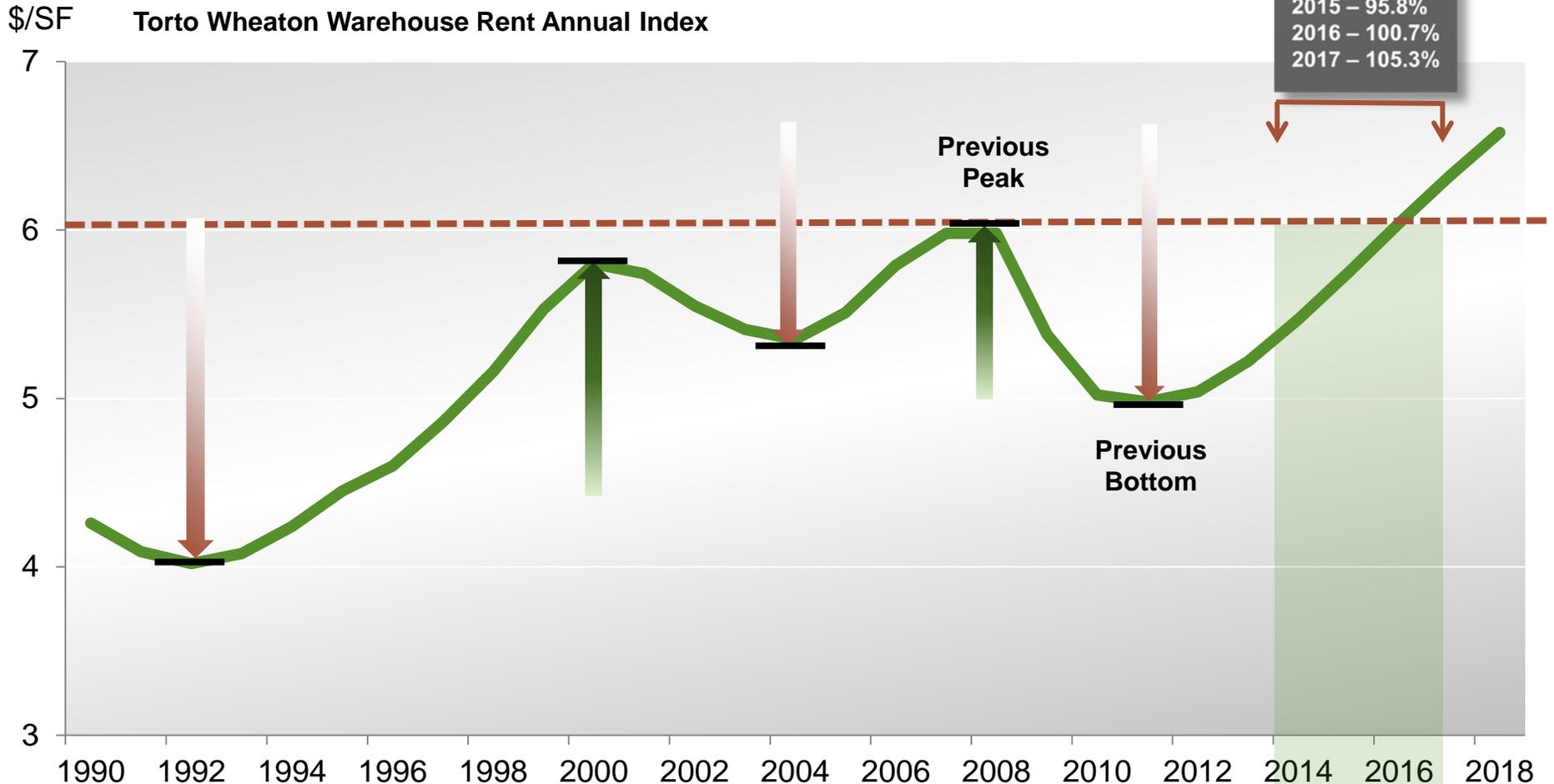
## FR Recent Actions

- Increased common dividend by 20.6% to \$0.1025 per share/unit for 1Q14
- Closed on a \$200M 7-year term loan with an initial rate of LIBOR plus 175 bps
  - Used swaps to effectively fix rate at 4.04%
- Received investment grading from Standard & Poor's on unsecured notes
- Announced retirement of all \$50M Series F Preferred Stock and all \$25M Series G Preferred Stock

# Areas for Potential Cash Flow Growth

- Balance sheet
- Small tenant occupancy
- Rental rate bumps on existing leases and growth in market rents
- TI/LC/Cap Ex
- Key bulk warehouse lease-up opportunities
- Future development and acquisitions

# U.S. Market Rent Recovery



Previous peak rents achieved in 2008, projected to regain that level in 2016.

# Drive to ±95%! Ten Key Bulk Opportunities

Per Investor Day November 2013

Market	Property	Vacant SF as of 9/30/13	Vacant SF as of 12/31/13
Los Angeles	First Dominguez Gateway Center	213,544	0
Chicago	9501 Nevada	118,670	118,670
Atlanta	596 Bonnie Valentine	212,525	106,525
Central & Eastern PA	18212 Shawley	150,000	150,000
Central & Eastern PA	200 Cascade	127,400	127,400
Central & Eastern PA	301 Railroad	139,960	51,815
Atlanta	3060 South Park	159,193	159,193
Phoenix	9180 Buckeye	98,230	18,350
Miami	6891 Northwest 74 <sup>th</sup>	72,304	72,304
St. Louis	8921-8957 Frost	<u>80,000</u>	<u>80,000</u>
<b>TOTAL</b>		<b>1,371,826SF</b>	<b>884,257 SF</b>

# First Bandini Logistics Center • Southern California Development



Summary	
Square Feet:	489,000
Estimated Investment:	\$54M
Estimated GAAP Yield:	6.5%
Completed:	4Q13
Potential NOI Impact:	\$3.5M

# First Logistics Center @ I-83 • Central Pennsylvania Development



Summary	
Square Feet:	708,000
Estimated Investment:	\$34M
Estimated GAAP Yield:	8.4%
Completed:	4Q13
Potential NOI Impact:	\$2.9M

# 4100 Rock Creek • Chicago Acquisition – In Lease-Up



## Summary

Square Feet:	509,216
Initial Investment:	\$20.5M
Estimated GAAP Yield:	6.6%
Potential NOI Impact:	\$1.4M

# I-94 Distribution Center • Chicago

## Acquisition – 100% Leased



Summary	
Square Feet:	626,784
Investment:	\$26.3M
In-Place GAAP Yield:	6.7%
NOI Impact:	\$1.9M

# First Northwest Commerce Center • Houston Planned Development Start – 1H 2014



## Summary

Square Feet:	350,000
Estimated Investment:	\$20M
Estimated GAAP Yield:	8.0%
Targeted Completion Date:	1Q15
Potential NOI Impact:	\$1.6M

# First Pinnacle Industrial Center • Dallas Planned Development Start – 1H 2014



Summary	
Square Feet:	598,000
Estimated Investment <sup>(1)</sup> :	\$26M
Estimated GAAP Yield <sup>(1)</sup> :	7.5%
Targeted Completion Date:	1Q15
Potential NOI Impact:	\$1.9M

(1) Incremental investment \$23M, yield 8.3%

## 2014 Guidance Summary <sup>(1)</sup>

- FFO per share: \$1.12 to \$1.22
  - Includes \$0.01 net impact of losses on retirement of debt and preferred stock and a one-time restoration fee of \$0.02
- Average quarter-end in-service occupancy: 92.5% to 93.5%
  - 2013 average quarter-end: 91.2%
- Same-store NOI (cash basis): +3% to +5% for full year
  - Excludes one-time restoration fee
- JV FFO: Approximately \$0.4 million; reflects two 1Q14 asset sales
- G&A expense: \$23 million to \$24 million

(1) Per press release dated February 25, 2013. Reflects payoff of ≈ \$44 Million of secured debt, WA interest rate of 6.8%; includes the incremental costs related to three developments in process and planned development starts in Dallas and Houston in 2014. Expected capitalized interest related to these developments is \$0.01 per share. Guidance includes the impact of the 100% leased Minneapolis acquisition completed in 1Q14. Guidance does not include the impact of any other future debt repurchases prior to maturity or future debt issuances, future property sales or investments, future impairment gains or losses, NAREIT-compliant gains or losses, or issuance of additional equity, which the Company may elect to do, depending on market conditions.

(2)

## FR Value Propositions

- Opportunity to deliver AFFO growth of as much as 70% to 90% by YE 2017
- Valuation discount relative to:
  - Peers
  - Sales comparables
  - Replacement cost

Team and strategy in place to realize the value within our current portfolio.



# Q&A

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