

FIRST INDUSTRIAL REALTY TRUST INC
Form 10-Q
July 29, 2016

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 June 30, 2016

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, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

First Industrial Realty Trust, Inc.:

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

First Industrial, L.P.:

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

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 July 28, 2016, 116,862,408 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 June 30, 2016 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 June 30, 2016, the Company owned an approximate 96.5% common general partnership interest in the Operating Partnership. The remaining approximate 3.5% 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 3.5% equity interest in the Operating Partnership held by entities other than the Company are 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, though 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 Exhibits 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.

FIRST INDUSTRIAL REALTY TRUST, INC. AND FIRST INDUSTRIAL, L.P.
 FORM 10-Q
 FOR THE PERIOD ENDED JUNE 30, 2016
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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015
	(Unaudited)	
	(In thousands except share and per share data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	\$ 790,435	\$ 745,912
Buildings and Improvements	2,506,179	2,511,737
Construction in Progress	31,705	36,319
Less: Accumulated Depreciation	(789,873) (791,330
Net Investment in Real Estate	2,538,446	2,502,638
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$0 and \$1,171	—	2,510
Cash and Cash Equivalents	4,376	3,987
Restricted Cash	11,892	23,005
Tenant Accounts Receivable, Net	4,028	5,612
Deferred Rent Receivable, Net	65,028	62,335
Deferred Leasing Intangibles, Net	31,810	33,326
Prepaid Expenses and Other Assets, Net	72,618	76,395
Total Assets	\$ 2,728,198	\$ 2,709,808
LIABILITIES AND EQUITY		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net	\$ 502,838	\$ 561,241
Senior Unsecured Notes, Net	204,891	364,457
Unsecured Term Loans, Net	456,304	455,970
Unsecured Credit Facility	148,000	52,500
Accounts Payable, Accrued Expenses and Other Liabilities	93,751	93,699
Deferred Leasing Intangibles, Net	11,111	11,841
Rents Received in Advance and Security Deposits	40,032	40,153
Dividends and Distributions Payable	23,284	14,812
Total Liabilities	1,480,211	1,594,673
Commitments and Contingencies	—	—
Equity:		
First Industrial Realty Trust Inc.'s Stockholders' Equity:		
Common Stock (\$0.01 par value, 150,000,000 shares authorized and 116,862,842 and 111,027,225 shares issued and outstanding)	1,169	1,111
Additional Paid-in-Capital	1,881,240	1,756,415
Distributions in Excess of Accumulated Earnings	(652,553) (674,759
Accumulated Other Comprehensive Loss	(26,487) (9,667
Total First Industrial Realty Trust, Inc.'s Stockholders' Equity	1,203,369	1,073,100
Noncontrolling Interest	44,618	42,035

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Total Equity	1,247,987	1,115,135
Total Liabilities and Equity	\$ 2,728,198	\$ 2,709,808

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

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FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(In thousands except per share data)			
Revenues:				
Rental Income	\$72,271	\$69,886	\$144,023	\$138,096
Tenant Recoveries and Other Income	20,744	20,603	42,459	42,359
Total Revenues	93,015	90,489	186,482	180,455
Expenses:				
Property Expenses	26,875	27,827	55,242	57,618
General and Administrative	6,433	6,160	14,107	13,126
Acquisition Costs	155	319	219	319
Depreciation and Other Amortization	28,725	28,044	59,853	56,350
Total Expenses	62,188	62,350	129,421	127,413
Other Income (Expense):				
Gain on Sale of Real Estate	36,775	2,197	44,026	10,127
Interest Expense	(14,589)	(16,363)	(30,848)	(33,005)
Amortization of Deferred Financing Costs	(782)	(764)	(1,655)	(1,510)
Mark-to-Market and Settlement Gain (Loss) on Interest Rate Protection Agreements	—	1,444	—	(11,546)
Total Other Income (Expense)	21,404	(13,486)	11,523	(35,934)
Income from Continuing Operations Before Equity in (Loss) Income of Joint Ventures and Income Tax Provision	52,231	14,653	68,584	17,108
Equity in (Loss) Income of Joint Ventures	—	(4)	—	67
Income Tax Provision	(123)	(81)	(181)	(141)
Net Income	52,108	14,568	68,403	17,034
Less: Net Income Attributable to the Noncontrolling Interest	(1,879)	(556)	(2,486)	(649)
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	\$50,229	\$14,012	\$65,917	\$16,385
Basic and Diluted Earnings Per Share:				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	\$0.43	\$0.13	\$0.58	\$0.15
Dividends/Distributions Per Share	\$0.1900	\$0.1275	\$0.3800	\$0.2550
Weighted Average Shares Outstanding - Basic	116,191	110,348	113,492	110,329
Weighted Average Shares Outstanding - Diluted	116,558	110,683	113,771	110,679
The accompanying notes are an integral part of the consolidated financial statements.				

FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(In thousands)			
Net Income	\$52,108	\$14,568	\$68,403	\$17,034
Mark-to-Market (Loss) Gain on Interest Rate Protection Agreements	(5,120)	2,658	(17,616)	(6,788)
Reclassification of Fair Value of Interest Rate Protection Agreements (See Note 10)	—	—	—	12,990
Amortization of Interest Rate Protection Agreements	96	131	198	262
Foreign Currency Translation Adjustment	—	—	—	15
Comprehensive Income	47,084	17,357	50,985	23,513
Comprehensive Income Attributable to Noncontrolling Interest	(1,707)	(662)	(1,852)	(895)
Comprehensive Income Attributable to First Industrial Realty Trust, Inc.	\$45,377	\$16,695	\$49,133	\$22,618

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

FIRST INDUSTRIAL REALTY TRUST, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in- Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	(Unaudited)					
	(In thousands)					
Balance as of December 31, 2015	\$1,111	\$1,756,415	\$ (674,759)	\$ (9,667)	\$ 42,035	\$1,115,135
Issuance of Common Stock, Net of Issuance Costs	56	124,528	—	—	—	124,584
Stock Based Compensation Activity	2	2,624	(213)	—	—	2,413
Conversion of Limited Partner Units to Common Stock	—	107	—	—	(107)	—
Reallocation—Additional Paid in Capital	—	(2,434)	—	—	2,434	—
Common Stock Dividends and Unit Distributions	—	—	(43,498)	—	(1,632)	(45,130)
Net Income	—	—	65,917	—	2,486	68,403
Other Comprehensive Loss	—	—	—	(16,820)	(598)	(17,418)
Balance as of June 30, 2016	\$1,169	\$1,881,240	\$ (652,553)	\$ (26,487)	\$ 44,618	\$1,247,987

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

FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2016 (Unaudited) (In thousands)	Six Months Ended June 30, 2015 (Unaudited) (In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$68,403	\$17,034
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	49,084	46,315
Amortization of Deferred Financing Costs	1,655	1,510
Other Amortization	14,892	14,349
Provision for Bad Debt	491	600
Equity in Income of Joint Ventures	—	(67)
Gain on Sale of Real Estate	(44,026)	(10,127)
Mark-to-Market Loss on Interest Rate Protection Agreements	—	11,546
Decrease in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	1,371	1,120
Increase in Deferred Rent Receivable	(3,303)	(3,931)
Decrease in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(13,889)	(3,647)
Payments of Discounts Associated with Retirement of Debt	(554)	—
Net Cash Provided by Operating Activities	74,124	74,702
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Real Estate	(71,223)	(26,474)
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(67,176)	(55,157)
Net Proceeds from Sales of Investments in Real Estate	96,849	41,211
Contributions to and Investments in Joint Ventures	—	(13)
Distributions from Joint Ventures	—	126
Settlement of Interest Rate Protection Agreements	—	(11,546)
Repayments of Notes Receivable	—	2,720
Decrease in Escrows	12,457	781
Net Cash Used in Investing Activities	(29,093)	(48,352)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing and Equity Issuance Costs	(375)	(2,152)
Proceeds from the Issuance of Common Stock, Net of Underwriter's Discount	124,936	—
Repurchase and Retirement of Restricted Stock	(5,230)	(2,101)
Common Stock Dividends and Unit Distributions Paid	(36,658)	(26,460)
Repayments on Mortgage Loans Payable	(63,690)	(5,996)
Repayments of Senior Unsecured Notes	(159,125)	—
Proceeds from Unsecured Credit Facility	343,000	76,000
Repayments on Unsecured Credit Facility	(247,500)	(70,000)
Net Cash Used in Financing Activities	(44,642)	(30,709)
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(14)
Net Increase (Decrease) in Cash and Cash Equivalents	389	(4,359)
Cash and Cash Equivalents, Beginning of Year	3,987	9,500

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Cash and Cash Equivalents, End of Year	\$4,376	\$5,127
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SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:

Interest Expense Capitalized in Connection with Development Activity	\$1,319	\$1,025
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Common Stock Dividends and Unit Distributions Payable	\$23,284	\$14,970
Exchange of Limited Partnership Units for Common Stock:		
Noncontrolling Interest	\$(107)	\$(100)
Additional Paid-in-Capital	107	100
Total	\$—	\$—
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$5,127	\$295
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$25,518	\$16,863
Write-off of Fully Depreciated Assets	\$(25,543)	\$(20,146)

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

FIRST INDUSTRIAL, L.P.
CONSOLIDATED BALANCE SHEETS

	June 30, 2016	December 31, 2015
	(Unaudited)(In thousands except Unit data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	\$ 790,435	\$ 745,912
Buildings and Improvements	2,506,179	2,511,737
Construction in Progress	31,705	36,319
Less: Accumulated Depreciation	(789,873) (791,330
Net Investment in Real Estate	2,538,446	2,502,638
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$0 and \$1,171	—	2,510
Cash and Cash Equivalents	4,376	3,987
Restricted Cash	11,892	23,005
Tenant Accounts Receivable, Net	4,028	5,612
Deferred Rent Receivable, Net	65,028	62,335
Deferred Leasing Intangibles, Net	31,810	33,326
Prepaid Expenses and Other Assets, Net	83,174	87,110
Total Assets	\$ 2,738,754	\$ 2,720,523
LIABILITIES AND PARTNERS' CAPITAL		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net	\$ 502,838	\$ 561,241
Senior Unsecured Notes, Net	204,891	364,457
Unsecured Term Loans, Net	456,304	455,970
Unsecured Credit Facility	148,000	52,500
Accounts Payable, Accrued Expenses and Other Liabilities	93,751	93,699
Deferred Leasing Intangibles, Net	11,111	11,841
Rents Received in Advance and Security Deposits	40,032	40,153
Distributions Payable	23,284	14,812
Total Liabilities	1,480,211	1,594,673
Commitments and Contingencies	—	—
Partners' Capital:		
First Industrial, L.P.'s Partners' Capital:		
General Partner Units (116,862,842 and 111,027,225 units outstanding)	1,203,477	1,054,028
Limited Partners Units (4,295,010 and 4,305,707 units outstanding)	81,516	80,769
Accumulated Other Comprehensive Loss	(27,461) (10,043
Total First Industrial L.P.'s Partners' Capital	1,257,532	1,124,754
Noncontrolling Interest	1,011	1,096
Total Partners' Capital	1,258,543	1,125,850
Total Liabilities and Partners' Capital	\$ 2,738,754	\$ 2,720,523
The accompanying notes are an integral part of the consolidated financial statements.		

FIRST INDUSTRIAL L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(In thousands except per Unit data)			
Revenues:				
Rental Income	\$72,271	\$69,886	144,023	\$138,096
Tenant Recoveries and Other Income	20,744	20,603	42,459	42,359
Total Revenues	93,015	90,489	186,482	180,455
Expenses:				
Property Expenses	26,875	27,827	55,242	57,618
General and Administrative	6,433	6,062	14,107	13,011
Acquisition Costs	155	319	219	319
Depreciation and Other Amortization	28,725	28,044	59,853	56,350
Total Expenses	62,188	62,252	129,421	127,298
Other Income (Expense):				
Gain on Sale of Real Estate	36,775	2,197	44,026	10,127
Interest Expense	(14,589)	(16,363)	(30,848)	(33,005)
Amortization of Deferred Financing Costs	(782)	(764)	(1,655)	(1,510)
Mark-to-Market and Settlement Gain (Loss) on Interest Rate Protection Agreements	—	1,444	—	(11,546)
Total Other Income (Expense)	21,404	(13,486)	11,523	(35,934)
Income from Continuing Operations Before Equity in (Loss) Income of Joint Ventures and Income Tax Provision	52,231	14,751	68,584	17,223
Equity in (Loss) Income of Joint Ventures	—	(4)	—	67
Income Tax Provision	(123)	(81)	(181)	(141)
Net Income	52,108	14,666	68,403	17,149
Less: Net Income Attributable to the Noncontrolling Interest	(60)	(22)	(74)	(48)
Net Income Available to Unitholders and Participating Securities	\$52,048	\$14,644	\$68,329	\$17,101
Basic and Diluted Earnings Per Unit:				
Net Income Available to Unitholders	\$0.43	\$0.13	\$0.58	\$0.15
Distributions Per Unit	\$0.1900	\$0.1275	\$0.3800	\$0.2550
Weighted Average Units Outstanding - Basic	120,486	114,712	117,791	114,697
Weighted Average Units Outstanding - Diluted	120,853	115,047	118,070	115,047

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

FIRST INDUSTRIAL L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30, 2016 (Unaudited)	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	(In thousands)			
Net Income	\$52,108	\$14,666	\$68,403	\$17,149
Mark-to-Market (Loss) Gain on Interest Rate Protection Agreements	(5,120)	2,658	(17,616)	(6,788)
Reclassification of Fair Value of Interest Rate Protection Agreements (See Note 10)	—	—	—	12,990
Amortization of Interest Rate Protection Agreements	96	131	198	262
Foreign Currency Translation Adjustment	—	—	—	(26)
Comprehensive Income	\$47,084	\$17,455	\$50,985	\$23,587
Comprehensive Income Attributable to Noncontrolling Interest	(60)	(22)	(74)	(48)
Comprehensive Income Attributable to Unitholders	\$47,024	\$17,433	\$50,911	\$23,539

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

FIRST INDUSTRIAL, L.P.

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	General Partner Units	Limited Partner Units	Accumulated Other Comprehensive Loss	Noncontrolling Interest	Total
	(Unaudited)				
	(In thousands)				
Balance as of December 31, 2015	\$1,054,028	\$80,769	\$ (10,043)	\$ 1,096	\$1,125,850
Contribution of General Partner Units, Net of Issuance Costs	124,584	—	—	—	124,584
Stock Based Compensation Activity	2,413	—	—	—	2,413
Conversion of Limited Partner Units to General Partner Units	107	(107)	—	—	—
Unit Distributions	(43,498)	(1,632)	—	—	(45,130)
Contributions from Noncontrolling Interest	—	—	—	15	15
Distributions to Noncontrolling Interest	—	—	—	(174)	(174)
Net Income	65,843	2,486	—	74	68,403
Other Comprehensive Loss	—	—	(17,418)	—	(17,418)
Balance as of June 30, 2016	\$1,203,477	\$81,516	\$ (27,461)	\$ 1,011	\$1,258,543

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

FIRST INDUSTRIAL, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2016 (Unaudited) (In thousands)	Six Months Ended June 30, 2015 (Unaudited) (In thousands)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$68,403	\$17,149
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	49,084	46,315
Amortization of Deferred Financing Costs	1,655	1,510
Other Amortization	14,892	14,349
Provision for Bad Debt	491	600
Equity in Income of Joint Ventures	—	(67)
Gain on Sale of Real Estate	(44,026)	(10,127)
Mark-to-Market Loss on Interest Rate Protection Agreements	—	11,546
Decrease in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	1,530	489
Increase in Deferred Rent Receivable	(3,303)	(3,931)
Decrease in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	(13,889)	(3,633)
Payments of Discounts Associated with Retirement of Debt	(554)	—
Net Cash Provided by Operating Activities	74,283	74,200
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions of Real Estate	(71,223)	(26,474)
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(67,176)	(55,157)
Net Proceeds from Sales of Investments in Real Estate	96,849	41,211
Contributions to and Investments in Joint Ventures	—	(13)
Distributions from Joint Ventures	—	126
Settlement of Interest Rate Protection Agreements	—	(11,546)
Repayments of Notes Receivable	—	2,720
Decrease in Escrows	12,457	1,306
Net Cash Used in Investing Activities	(29,093)	(47,827)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Financing and Equity Issuance Costs	(375)	(2,152)
Contribution of General Partner Units	124,936	—
Repurchase and Retirement of Restricted Units	(5,230)	(2,101)
Unit Distributions Paid	(36,658)	(26,460)
Contributions from Noncontrolling Interests	15	10
Distributions to Noncontrolling Interests	(174)	(36)
Repayments on Mortgage Loans Payable	(63,690)	(5,996)
Repayments of Senior Unsecured Notes	(159,125)	—
Proceeds from Unsecured Credit Facility	343,000	76,000
Repayments on Unsecured Credit Facility	(247,500)	(70,000)
Net Cash Used in Financing Activities	(44,801)	(30,735)
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	(14)

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Net Increase (Decrease) in Cash and Cash Equivalents	389	(4,362)
Cash and Cash Equivalents, Beginning of Year	3,987	9,485
Cash and Cash Equivalents, End of Year	\$4,376	\$5,109

SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:

Interest Expense Capitalized in Connection with Development Activity	\$1,319	\$1,025
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
General and Limited Partner Unit Distributions Payable	\$23,284	\$14,970
Exchange of Limited Partner Units for General Partner Units:		
Limited Partner Units	\$(107)	\$(100)
General Partner Units	107	100
Total	\$—	\$—
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$5,127	\$295
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$25,518	\$16,863
Write-off of Fully Depreciated Assets	\$(25,543)	\$(20,146)

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/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. 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 96.5% ownership interest ("General Partner Units") at June 30, 2016. 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 3.5% ("Limited Partner Units" and together with the General Partner Units, the "Units") at June 30, 2016 represents the aggregate partnership interest held by the limited partners thereof.

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 June 30, 2016, we owned 562 industrial properties located in 24 states, containing an aggregate of approximately 62.9 million square feet of gross leasable area ("GLA"). Of the 562 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, 2015 ("2015 Form 10-K") and should be read in conjunction with such consolidated financial statements and related notes. The 2015 year end consolidated balance sheet data included in this Form 10-Q filing was derived from the audited consolidated financial statements in our 2015 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