



# REIT Week NAREIT's Investor Forum

June 2015



## Safe Harbor

This presentation may contain 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 statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on certain assumptions and describe future plans, strategies and expectations of the Company, and are generally identifiable by use of the words "believe," "expect," "intend," "plan," "anticipate," "estimate," "project," "seek," "target," "potential," "focus," "may," "should" or similar words. Although we believe the expectations reflected in forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. 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) in the Company's current and potential market areas; difficulties in identifying and consummating acquisitions and dispositions; our ability to manage the integration of properties we acquire; environmental liabilities; delays 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; 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, 2014 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.

# Why FR?

## Tested Leadership and Platform

- **Focused strategy:** Deliver sustainable cash flow growth through leasing and disciplined portfolio and capital management
- **Local market expertise** for management, leasing, acquisitions, development and sales
- **Track record** of industry-leading customer service

## Strong Capital Structure

- **Net debt to EBITDA ratio** of 6.1x as of 1Q15<sup>(1)</sup>
- **Fixed Charge Coverage** of 2.59x for TTM March 31, 2015
- **New \$625M line of credit** with 4+1 year term
- **Investment grade** rated on unsecured debt by all three agencies

## Diversified, In-fill Portfolio

- **64.6 million square feet** owned and under construction as of 3/31/15
- **Nation's top industrial markets**
- **Top tenant = 2.8%** of rental income; **Top 20 tenants = 21.4%**
- **94.3% occupied** as of 3/31/15, up 190 bps versus 1Q14

## Favorable Industrial Fundamentals

- **1Q15 was the 20<sup>th</sup> consecutive quarter** of positive net absorption
- **GDP growth** drives tenant demand
- **New supply** still below historical levels
- **FR cash rental rate spreads** positive 5 consecutive quarters; **GAAP = 13 consecutive**

## Cash Flow Growth Opportunity – Potential Drivers

- **Drive occupancy to 95%** by year-end 2015
- **Rental rate escalations** and rate growth
- **Lower capital costs**
- **Lower TI/LC/Cap Ex**
- **Future development/acquisitions**

<sup>(1)</sup> Normalizing G&A, excluding one-time impact of hedge settlement.

# Broad Platform and Presence

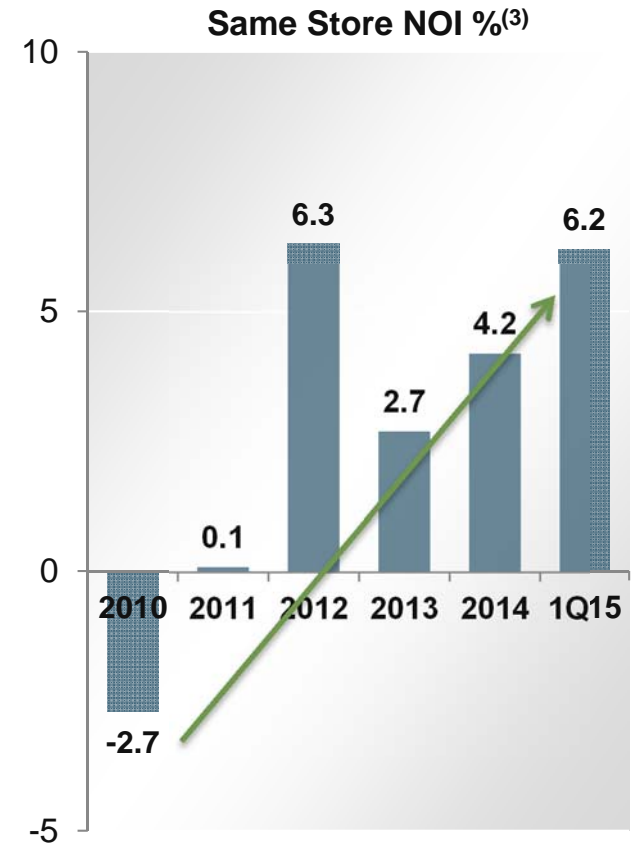
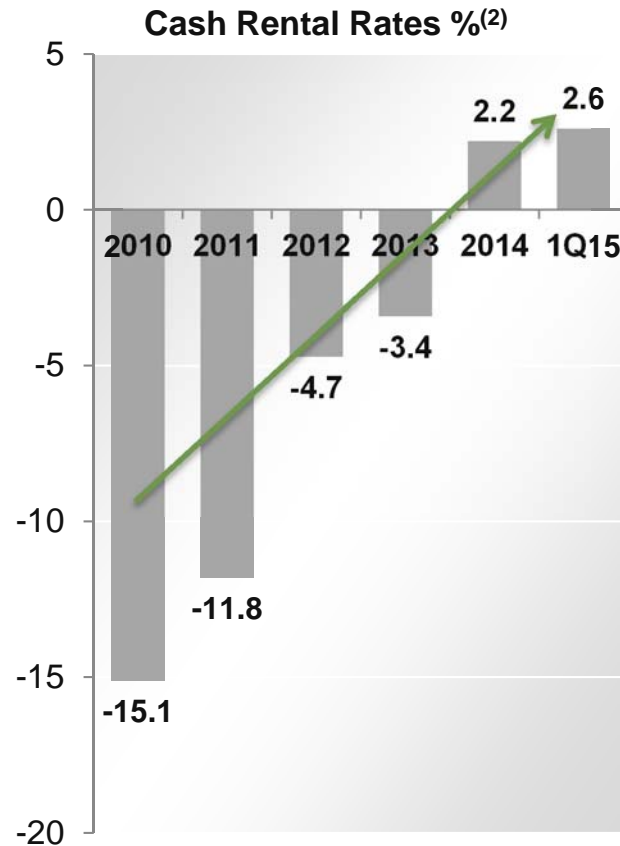
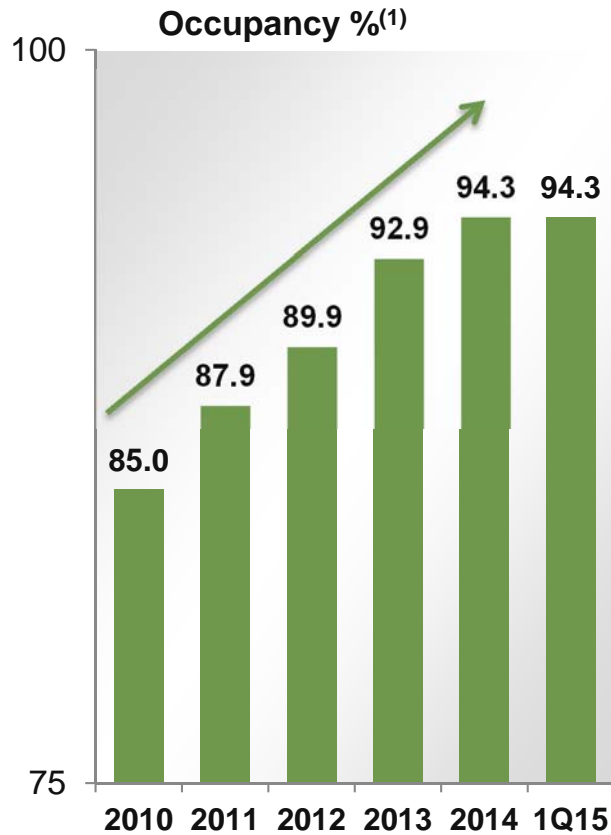


**Allocating new capital to higher growth markets/submarkets  
Southern California is largest market – and growing**

<sup>(1)</sup> Top five markets based on percentage of rental income as of March 31, 2015.



# Key Portfolio Cash Flow Metrics



Reflects FR execution and improved market fundamentals

(1) Period End.

(2) Period Average.

(3) End of year population. Excludes one-time restoration fee in 2014. Also, before lease termination fees.

## New Development – Completed or In Process

| Name                                   | Market        | SF               | Total Investment | \$/SF       | Estimated Yield (GAAP) | % Leased   | Estimated Completion |
|----------------------------------------|---------------|------------------|------------------|-------------|------------------------|------------|----------------------|
| First 36 Logistics Center              | S. California | 555,670          | \$31.6M          | \$57        | 6.9%                   | 0%         | Completed 2Q14       |
| First Northwest Commerce Center        | Houston       | 351,672          | \$19.7M          | \$56        | 8.1%                   | 78%        | Completed 4Q14       |
| Interstate North Business Park II      | Minneapolis   | 142,290          | \$10.7M          | \$75        | 7.3%                   | 50%        | Completed 4Q14       |
| First Pinnacle Industrial Center       | Dallas        | 598,445          | \$25.7M          | \$43        | 7.5%                   | 87%        | 2Q15                 |
| First Arlington Commerce Center @ I-20 | Dallas        | 153,187          | \$9.5M           | \$62        | 6.4%                   | 41%        | 2Q15                 |
| First 33 Commerce Center               | Eastern PA    | 584,760          | \$43.8M          | \$75        | 6.4%                   | 0%         | 4Q15                 |
| First Park @ Ocean Ranch               | S. California | 237,276          | \$27.5M          | \$116       | 6.7%                   | 0%         | 4Q15                 |
| First Park Tolleson                    | Arizona       | 386,100          | \$21.1M          | \$55        | 7.8%                   | 44%        | 1Q16                 |
| <b>Subtotal/Average</b>                |               | <b>3,009,400</b> | <b>\$189.6M</b>  | <b>\$63</b> | <b>7.0%</b>            | <b>36%</b> |                      |

# First 36 Logistics Center @ Moreno Valley

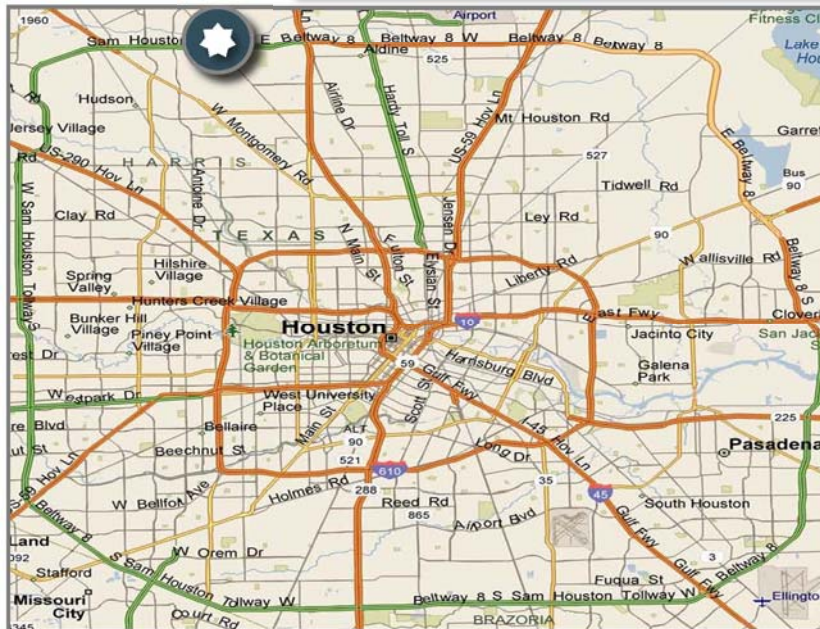


| Summary                          |                   |
|----------------------------------|-------------------|
| Square Feet:                     | 555,670           |
| Investment:                      | \$31.6M / \$57/SF |
| Estimated Yield <sup>(1)</sup> : | 6.9%              |
| Completed:                       | 2Q14              |

(1) Estimated yield based on first year stabilized NOI over GAAP investment basis.



# First Northwest Commerce Center



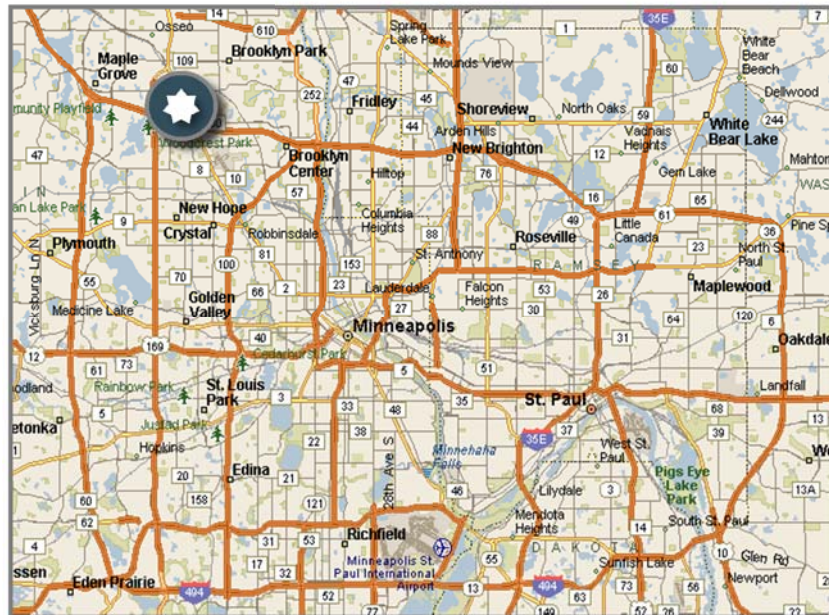
## Summary

|                                  |                   |
|----------------------------------|-------------------|
| Square Feet:                     | 351,672           |
| Estimated Investment:            | \$19.7M / \$56/SF |
| Estimated Yield <sup>(1)</sup> : | 8.1%              |
| Completed:                       | 4Q14              |

(1) Estimated yield based on first year stabilized NOI over GAAP investment basis.



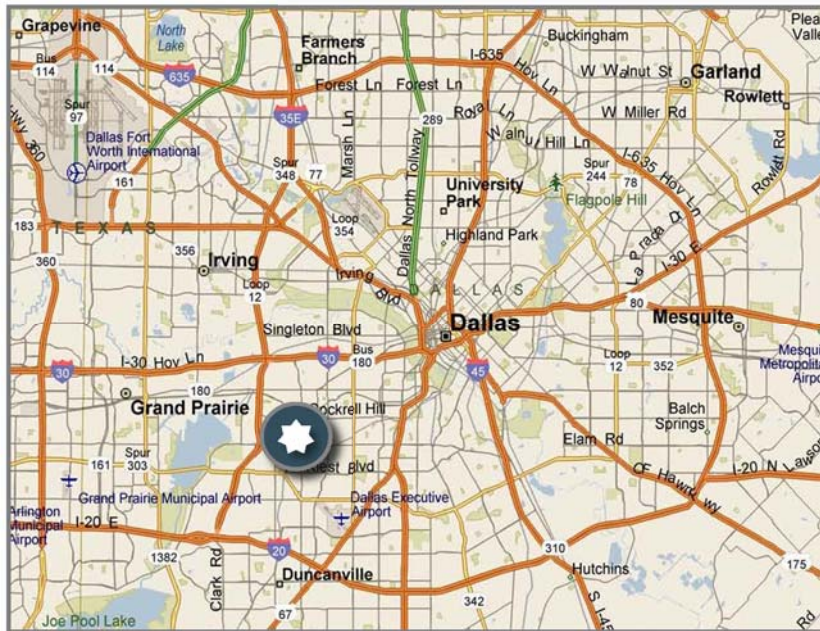
# Interstate North Business Park II



| Summary                          |                   |
|----------------------------------|-------------------|
| Square Feet:                     | 142,290           |
| Estimated Investment:            | \$10.7M / \$75/SF |
| Estimated Yield <sup>(1)</sup> : | 7.3%              |
| Completed:                       | 4Q14              |

<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis.

# First Pinnacle Industrial Center

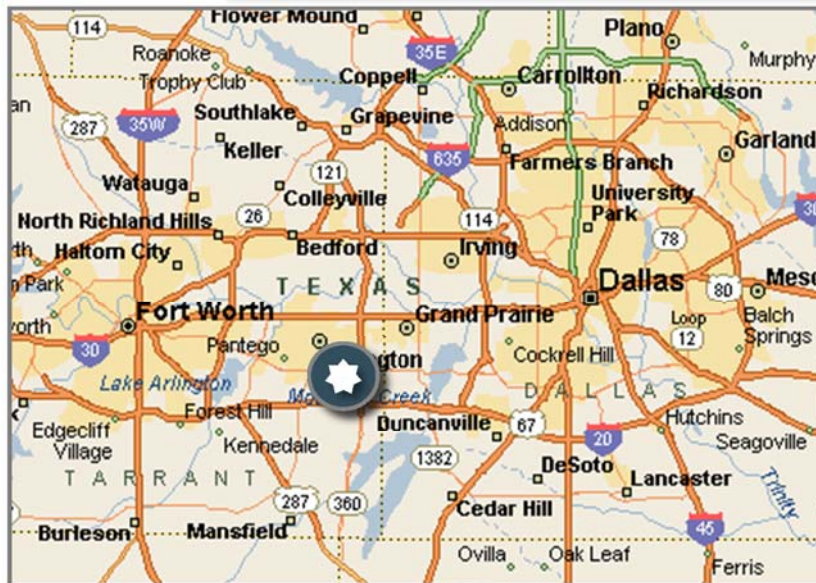


| Summary                          |                   |
|----------------------------------|-------------------|
| Square Feet:                     | 598,445           |
| Estimated Investment:            | \$25.7M / \$43/SF |
| Estimated Yield <sup>(1)</sup> : | 7.5%              |
| Completion By:                   | 2Q15              |

<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis. Two building project (376,601 SF and 221,844 SF).



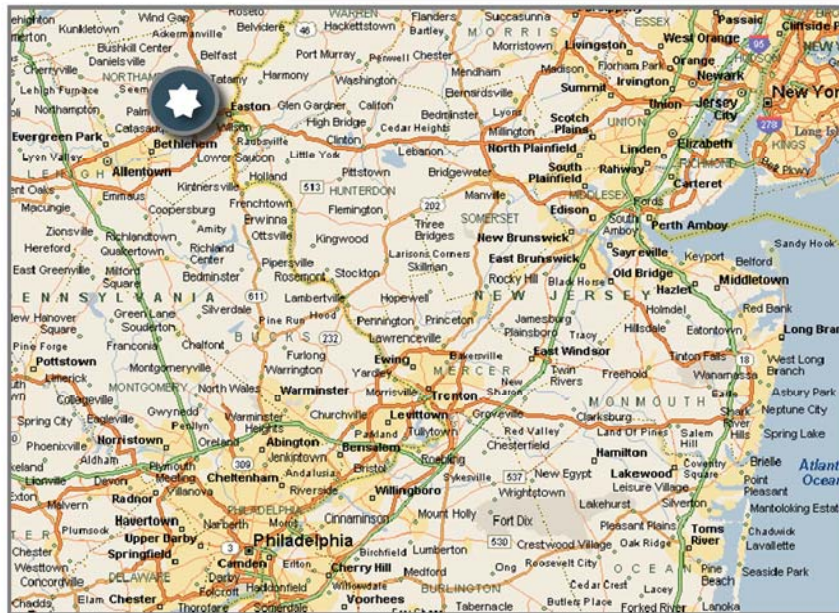
# First Arlington Commerce Center @ I-20



| Summary                          |                  |
|----------------------------------|------------------|
| Square Feet:                     | 153,187          |
| Estimated Investment:            | \$9.5M / \$62/SF |
| Estimated Yield <sup>(1)</sup> : | 6.4%             |
| Completion By:                   | 2Q15             |

<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis.

# First 33 Commerce Center



## Summary

Square Feet: 584,760

Estimated Investment: \$43.8M / \$75/SF

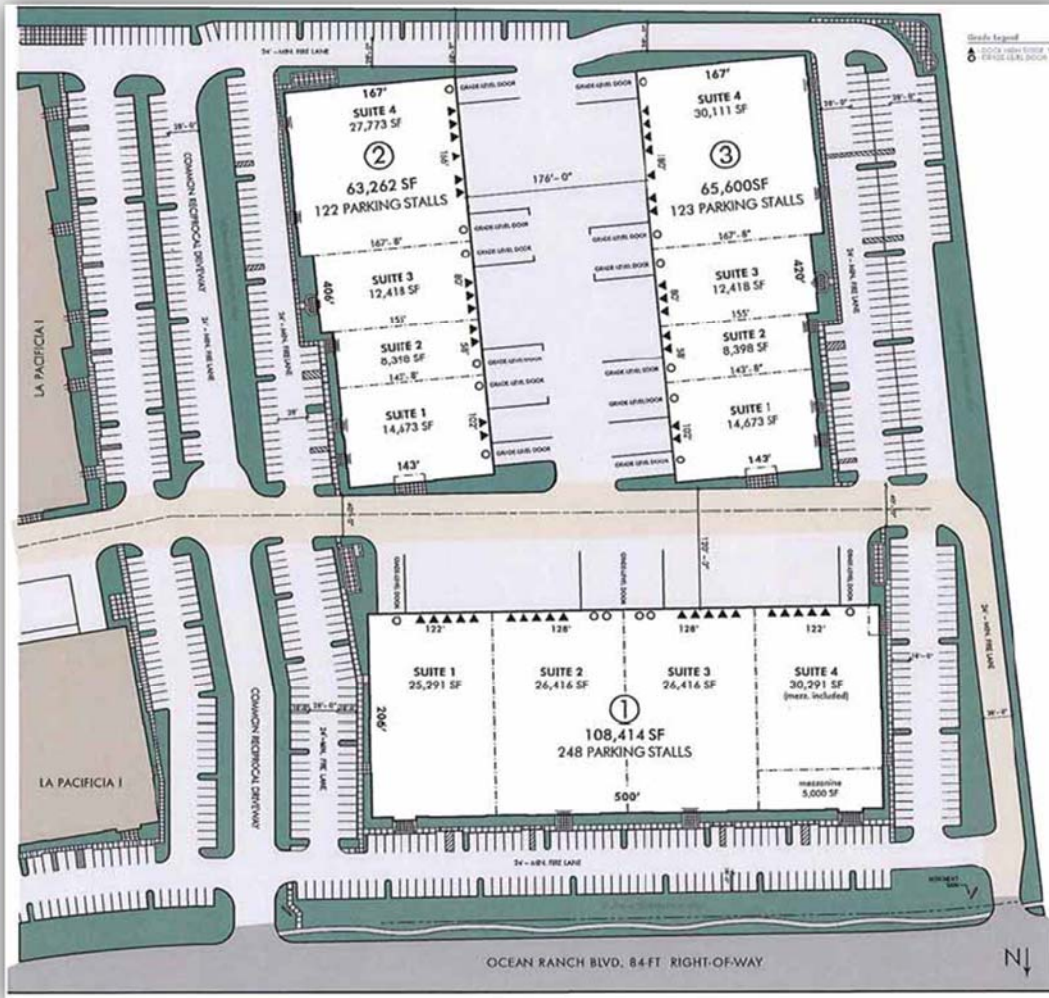
Estimated Yield<sup>(1)</sup>: 6.4%

Completion By: 4Q15

<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis. Two building project (341,400 SF and 243,360 SF).



# First Park @ Ocean Ranch



## Summary

|                                  |                    |
|----------------------------------|--------------------|
| Square Feet:                     | 237,276            |
| Estimated Investment:            | \$27.5M / \$116/SF |
| Estimated Yield <sup>(1)</sup> : | 6.7%               |
| Completion By:                   | 4Q15               |

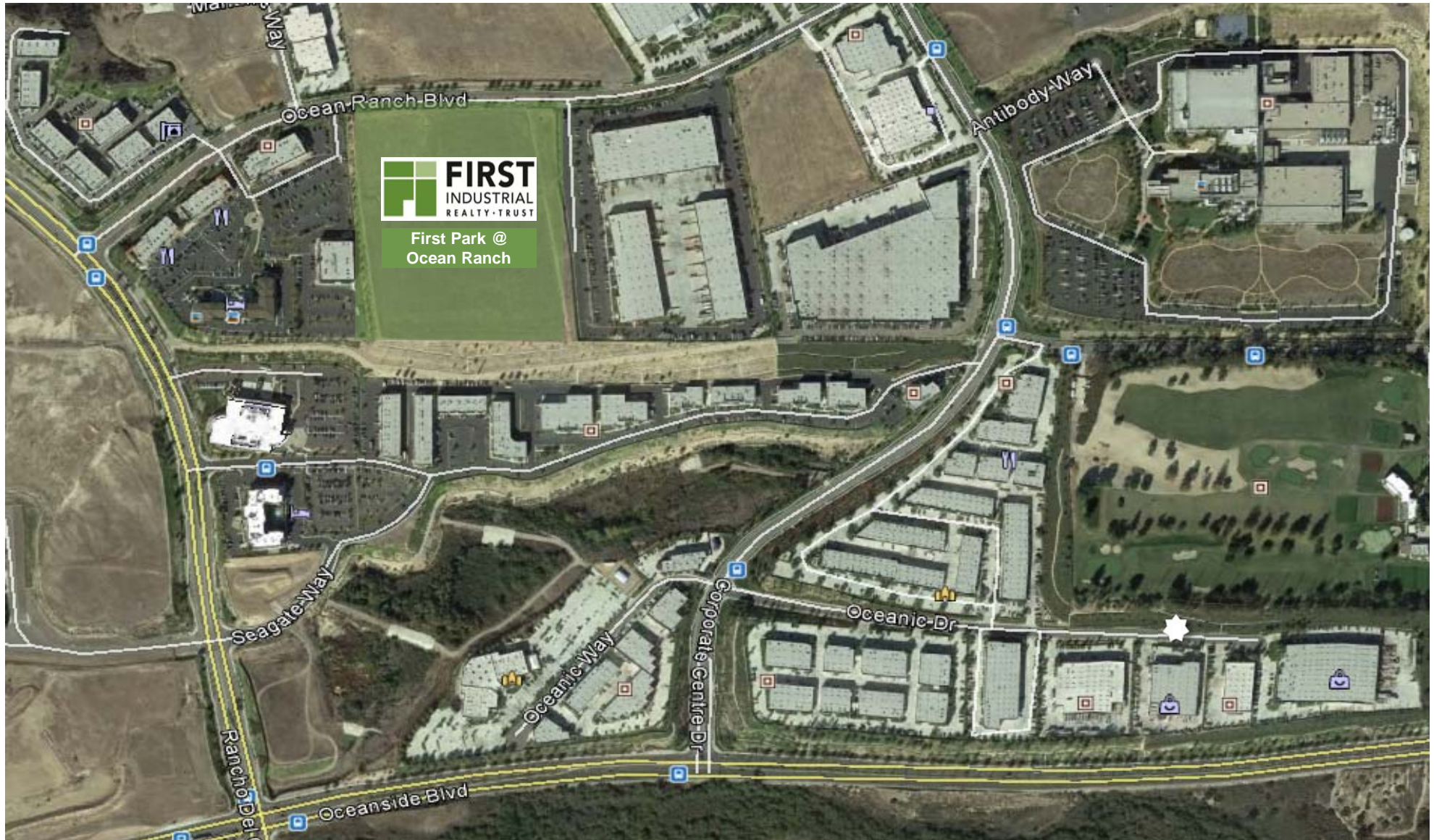


<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis.



# First Park @ Ocean Ranch

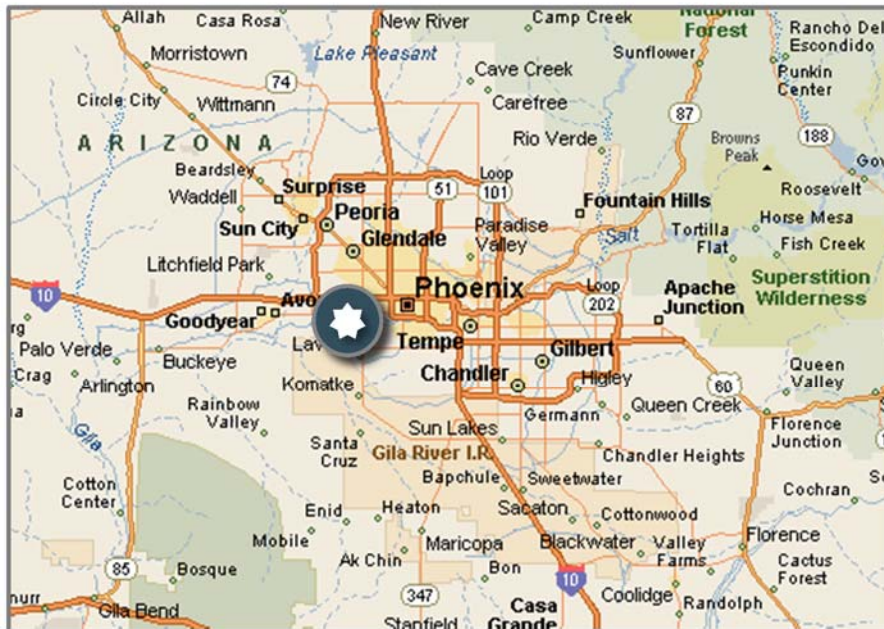
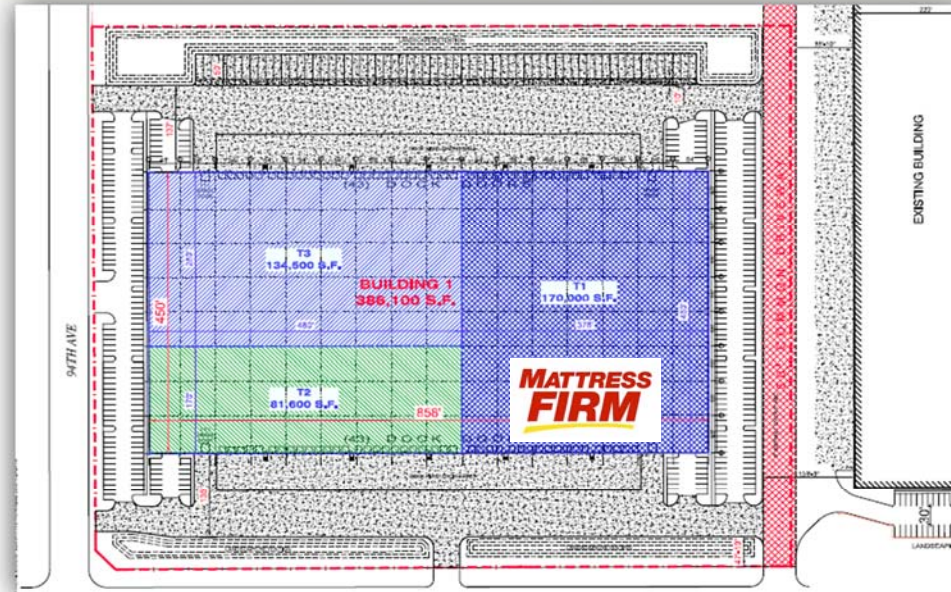
## 1Q15 Start – Total of 237,000 SF, 3 Buildings<sup>(1)</sup>



<sup>(1)</sup> Estimated yield of 6.7% based on first year stabilized NOI over GAAP investment basis; targeted completion of 4Q15.



# First Park Tolleson



## Summary

|                                  |                   |
|----------------------------------|-------------------|
| Square Feet:                     | 386,100           |
| Estimated Investment:            | \$21.1M / \$55/SF |
| Estimated Yield <sup>(1)</sup> : | 7.8%              |
| Occupancy <sup>(1)</sup> :       | 44%               |
| Completion Date:                 | 1Q16              |

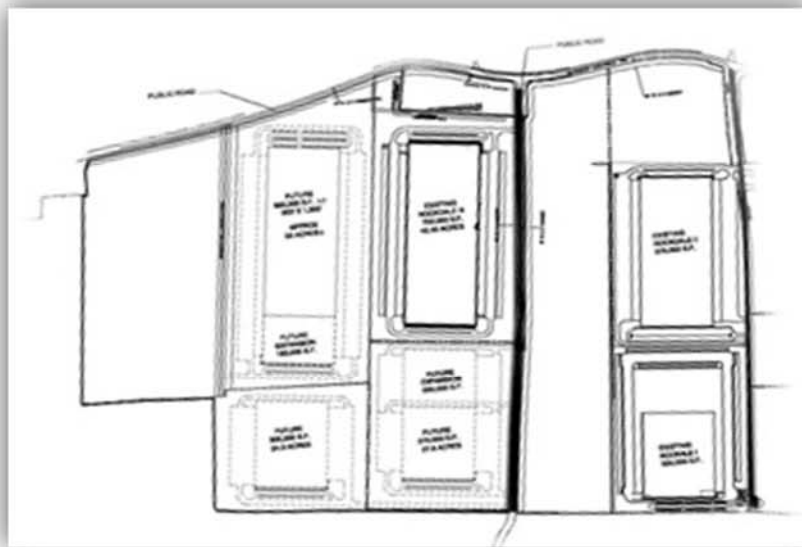
<sup>(1)</sup> Estimated yield based on first year stabilized NOI over GAAP investment basis.

# Development Pipeline

| Key Sites                           | Market            | Developable SF (K) |
|-------------------------------------|-------------------|--------------------|
| Rockdale Land                       | Nashville, TN     | 1,500              |
| First Nandina Logistics Center      | Inland Empire, CA | 1,450              |
| Stockton Land                       | Stockton, CA      | 1,200              |
| Oakley Distribution Center          | Atlanta, GA       | 924                |
| Covington Land                      | Gouldsboro, PA    | 502                |
| First Grand Parkway Commerce Center | Houston, TX       | 828                |
| First San Michelle Logistics Center | Inland Empire, CA | 189                |
| <b>Totals</b>                       |                   | <b>6,593</b>       |



# Rockdale Land Nashville, TN – up to 1.5 MSF





# First Nandina Logistics Center Inland Empire, CA - Up to 1.45 MSF



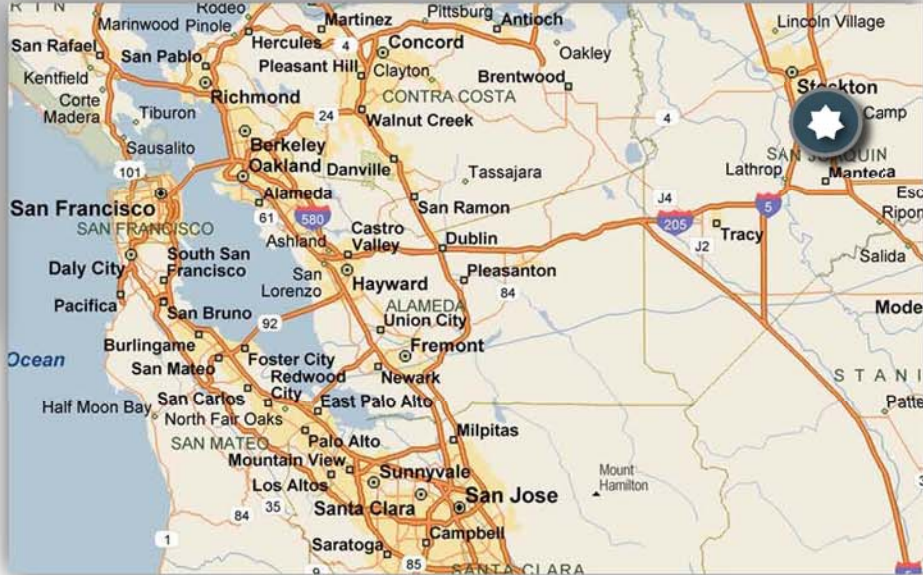
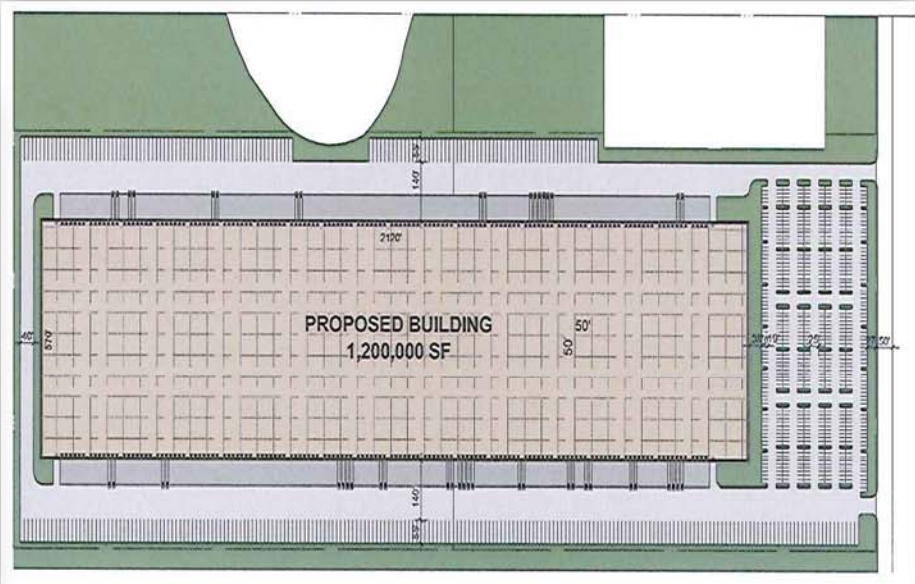


# First Nandina Logistics Center



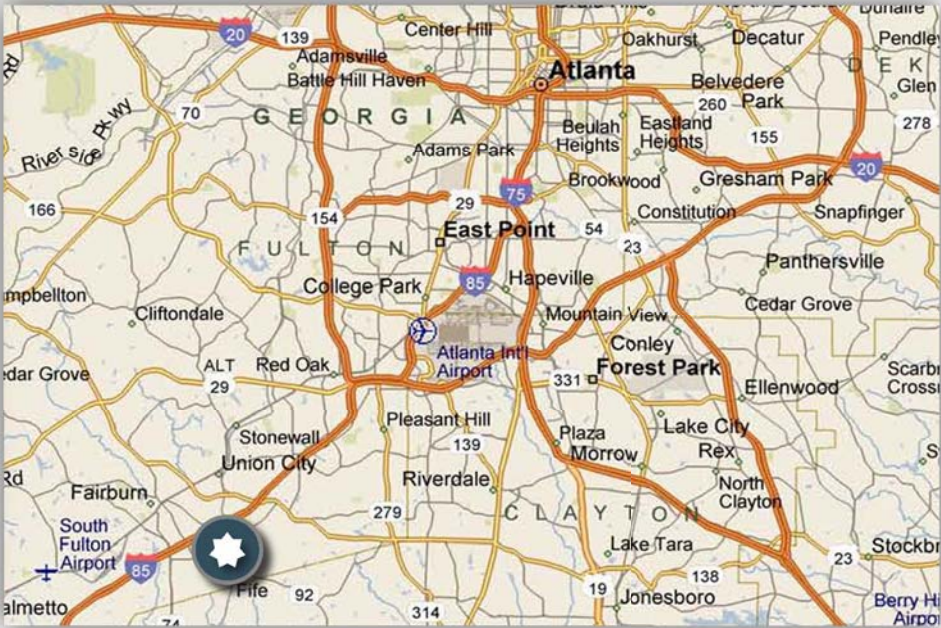


# Stockton Land Stockton, CA – 1.2 MSF



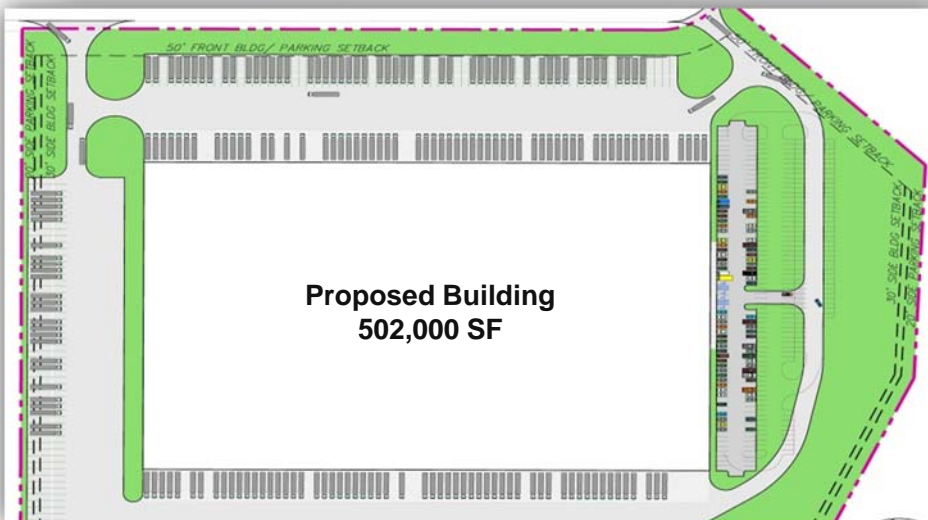


# Oakley Distribution Center Atlanta, GA – 924,000 SF



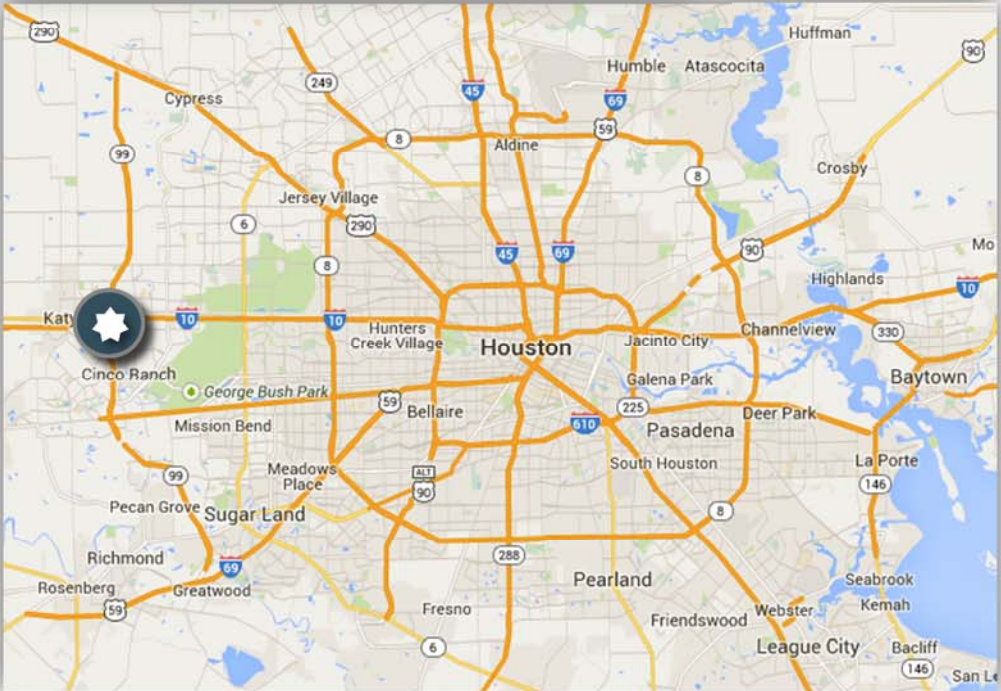
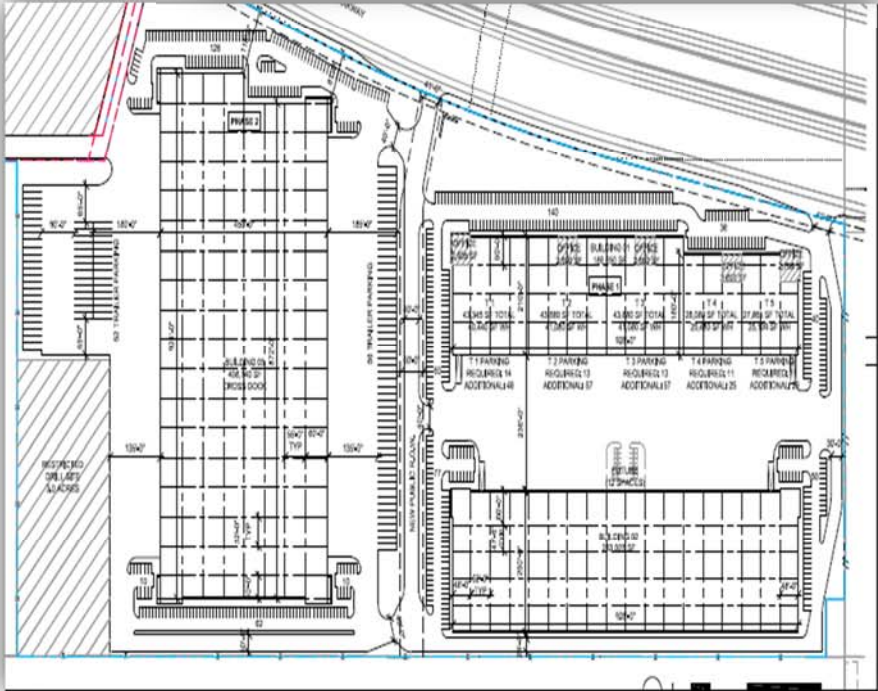


# Covington Land Covington, PA – 502,000 SF



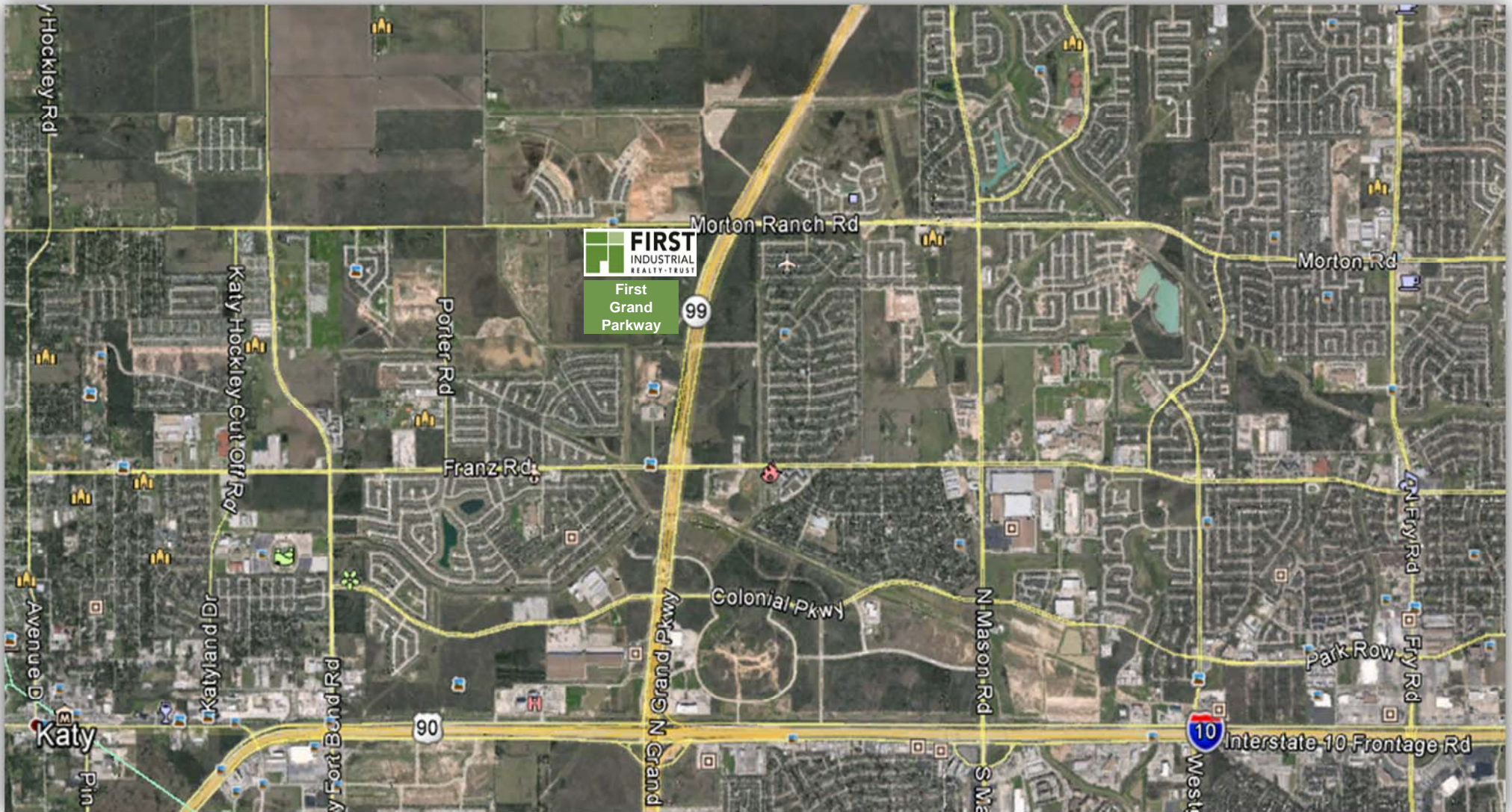


# First Grand Parkway Commerce Center Houston, TX – Up to 828,000 SF





# First Grand Parkway Commerce Center





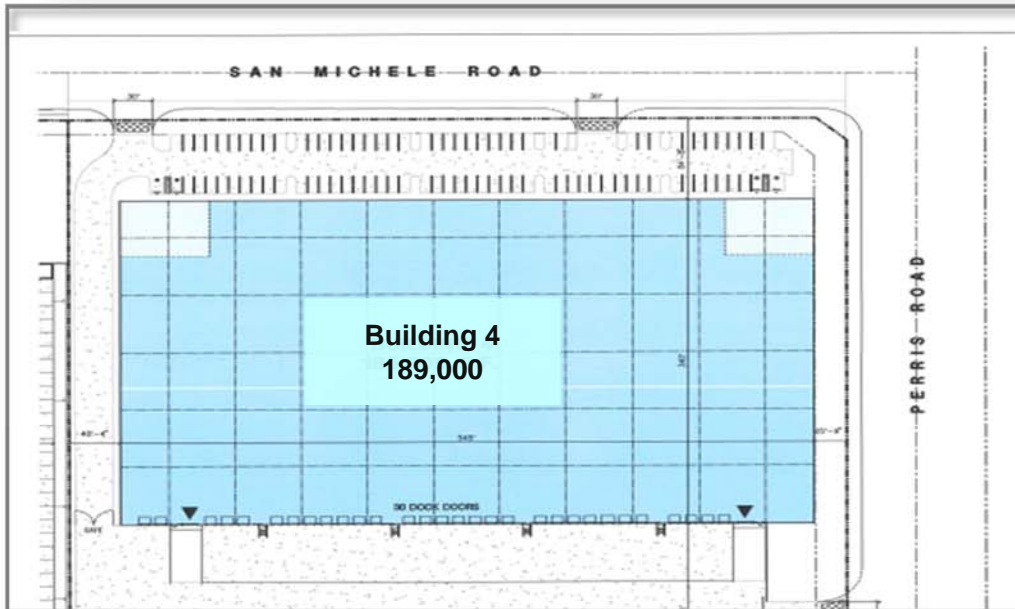
# First San Michelle Logistics Center Inland Empire, CA – 189,000 SF



Enlarged East Elevation



Enlarged North Elevation





# First San Michelle Logistics Center



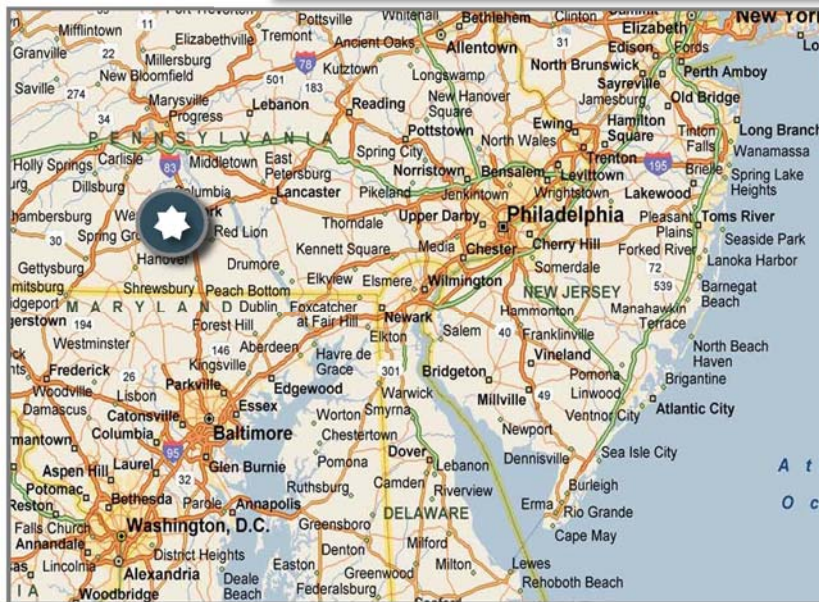
## 2014 Placed In Service Developments

| Name                                | Market        | Total Investment | SF               | \$/SF       | Estimated Yield (GAAP) | % Occupancy |
|-------------------------------------|---------------|------------------|------------------|-------------|------------------------|-------------|
| First Logistics Center @ I-83       | Central PA    | \$35.3M          | 708,000          | \$50        | 8.4%                   | 100%        |
| First Bandini Logistics Center      | S. California | \$55.0M          | 489,038          | \$112       | 6.1%                   | 100%        |
| Rust-Oleum Expansion <sup>(1)</sup> | Chicago       | \$8.4M           | 250,243          | \$34        | 6.7%                   | 100%        |
| First Figueroa Logistics Center     | S. California | \$8.5M           | 43,485           | \$196       | 4.0%                   | 100%        |
| Interstate North – Building 1       | Minneapolis   | \$7.6M           | 96,787           | \$79        | 9.4%                   | 100%        |
| <b>Subtotal/Average</b>             |               | <b>\$114.8M</b>  | <b>1,587,553</b> | <b>\$73</b> | <b>6.9%</b>            | <b>100%</b> |

<sup>(1)</sup> Total investment excludes land basis.



# First Logistics Center @ I-83



## Summary

|                     |                   |
|---------------------|-------------------|
| Square Feet:        | 708,000           |
| Investment:         | \$35.3M / \$50/SF |
| Estimated Yield:    | 8.4%              |
| Completed / Leased: | 4Q13 / 3Q14       |

# First Bandini Logistics Center



| Summary             |                    |
|---------------------|--------------------|
| Square Feet:        | 489,038            |
| Investment:         | \$55.0M / \$112/SF |
| Estimated Yield:    | 6.1%               |
| Completed / Leased: | 4Q13 / 4Q14        |



# Rust-Oleum Expansion



## Summary

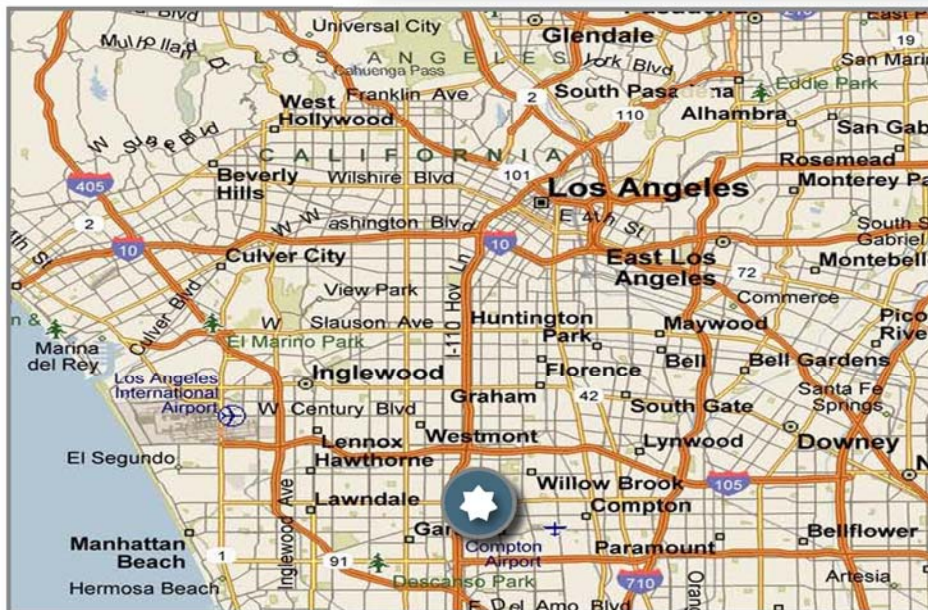
Square Feet: 250,243

Investment: \$8.4M / \$34/SF

Estimated Yield: 6.7%

Completed / Leased: 2Q14 / 2Q14

# First Figueroa Logistics Center

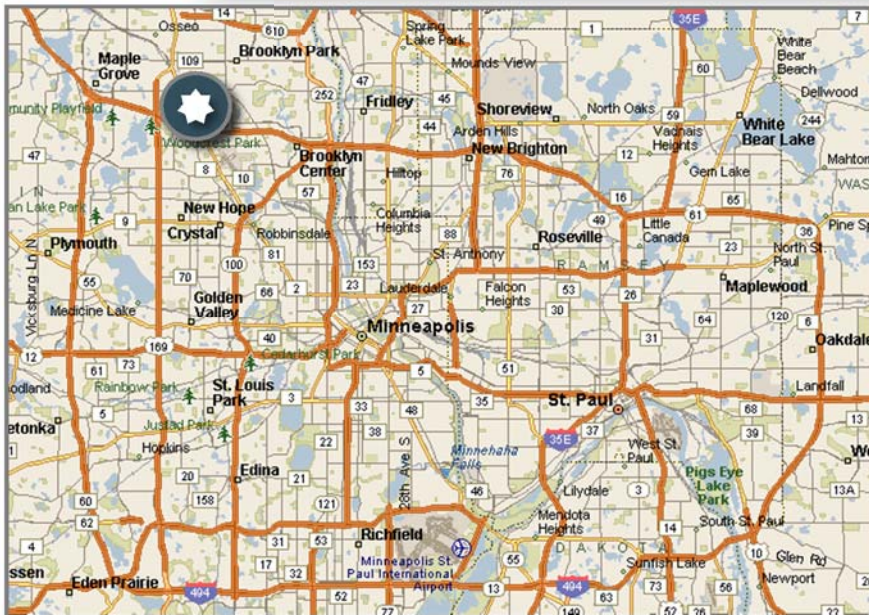


## Summary

|                    |                   |
|--------------------|-------------------|
| Square Feet:       | 43,485            |
| Investment:        | \$8.5M / \$196/SF |
| Estimated Yield:   | 4.0%              |
| Completed / Leased | 2Q14 / 2Q14       |

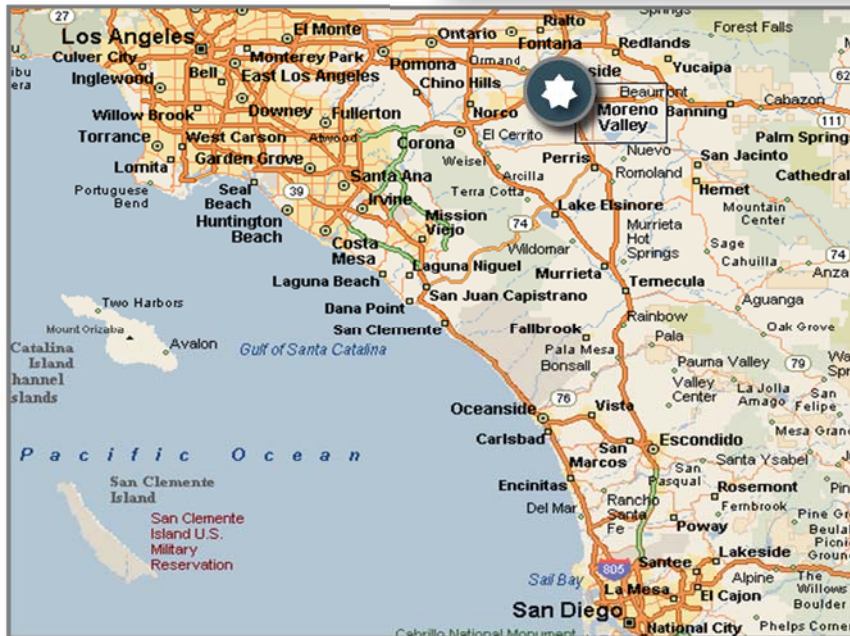


# Interstate North Business Park I



| Summary             |                  |
|---------------------|------------------|
| Square Feet:        | 96,787           |
| Investment:         | \$7.6M / \$79/SF |
| Estimated Yield:    | 9.4%             |
| Completed / Leased: | 4Q14 / 4Q14      |

# 2Q15 Acquisition 6150 Sycamore Canyon – Inland Empire



## Summary

Square Feet: 171,619

Purchased Price: \$14.8M / \$86/SF

GAAP Yield: 5.0%

Acquisition Date: 2Q15



# 2Q15 Acquisition 145 W 134<sup>th</sup> Street – Los Angeles



## Summary

|                   |                   |
|-------------------|-------------------|
| Square Feet:      | 44,644            |
| Purchase Price:   | \$5.4M / \$120/SF |
| GAAP Yield:       | 5.1%              |
| Acquisition Date: | 2Q15              |

## 2014 Property Acquisitions

| Name                            | Market             | SF               | Purchase Price         | Price Per SF | GAAP Yield  |
|---------------------------------|--------------------|------------------|------------------------|--------------|-------------|
| First Arrowhead Business Center | Phoenix            | 220,324          | \$18.2M <sup>(2)</sup> | \$83         | 6.6%        |
| Rivertown Distribution Center   | Minneapolis        | 251,968          | \$13.4M                | \$53         | 7.3%        |
| Aldrin Distribution Center      | Minneapolis        | 200,000          | \$12.0M                | \$60         | 6.7%        |
| 4710 Guasti Road                | Inland Empire West | 133,342          | \$10.6M                | \$79         | 5.6%        |
| 16875 Heacock <sup>(1)</sup>    | Inland Empire East | 225,450          | \$10.0M                | \$44         | 6.4%        |
| 401 Airport Road                | Chicago            | 53,260           | \$3.2M                 | \$60         | 7.1%        |
| <b>Subtotal/Average</b>         |                    | <b>1,084,344</b> | <b>\$67.4M</b>         | <b>\$62</b>  | <b>6.6%</b> |

<sup>(1)</sup> Leasehold interest approximately 60 years.

<sup>(2)</sup> Estimated total investment is expected to be \$20.2M due to costs related to stabilizing the vacant building in this three-building acquisition.



# 2014 Property Acquisitions

**First Arrowhead Business Center \* Phoenix, AZ \* 220,324 SF**



**4710 Guasti Road \* Inland Empire, CA \* 133,342 SF**



**Rivertown Distribution Center \* Minneapolis, MN \* 251,968 SF**



**16875 Heacock Street \* Inland Empire, CA \* 225,450 SF**



**Aldrin Distribution Center \* Minneapolis, MN \* 200,000 SF**



**401 Airport Road \* Chicago, IL \* 53,260 SF**



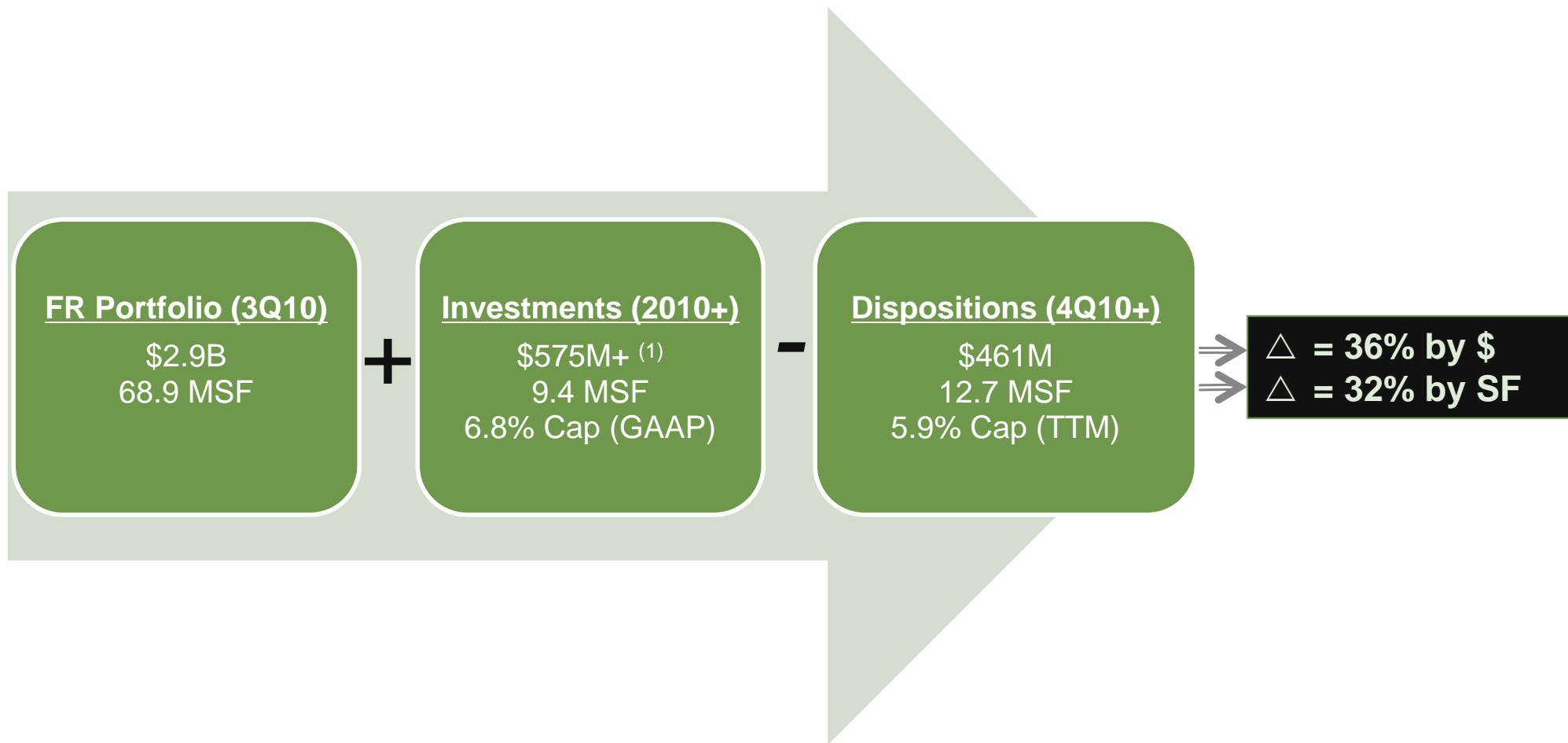
# Sales Summary

| 2014                        |                               |
|-----------------------------|-------------------------------|
| Building SF                 | 2.0 MSF                       |
| Price                       | \$103M (\$51/SF without land) |
| Average Occupancy           | 77%                           |
| Trailing Twelve-Month Yield | 6.0%                          |
| Stabilized Yield            | 7.4%                          |
| Occupancy Impact            | 50 bps                        |
| 2015 through April          |                               |
| Building SF                 | 685K SF @ \$48/SF             |
| Price                       | \$32.6M / \$0.5M (Land)       |
| Average Occupancy           | 87%                           |
| In-place Yield              | 4.9%                          |
| Stabilized Yield            | 7.5%                          |

**Executing on targeted sales to enhance portfolio and redeploy in higher growth assets**



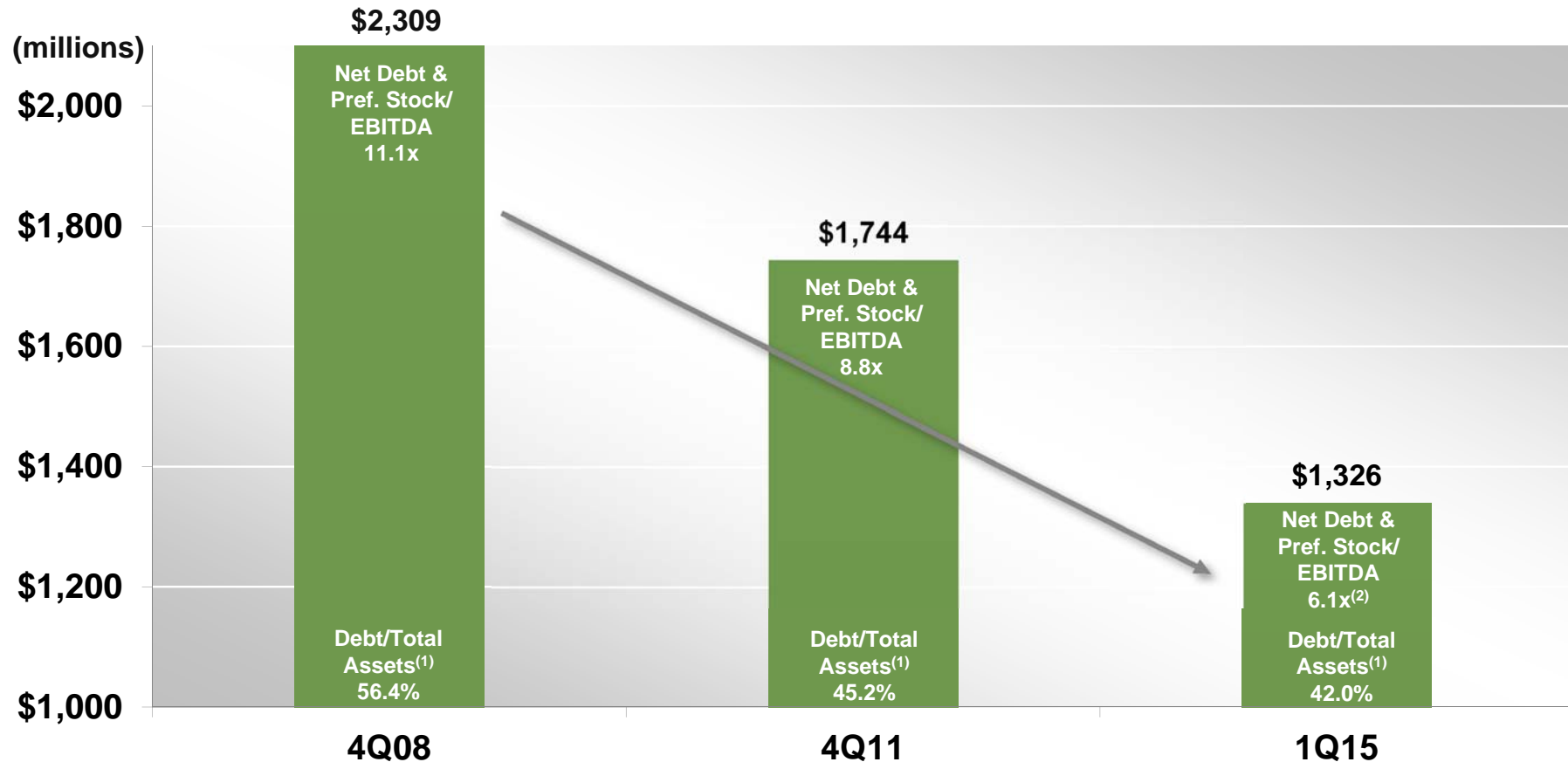
# Upgrading the Portfolio Through April 2015



<sup>(1)</sup> Reflects full development cost of First 36, First Figueroa, First Northwest, First Pinnacle, Interstate North, First Arlington, First Park @ Ocean Ranch, First 33 and First Park Tolleson. Reflects land acquisition costs for First Nandina, First Grand Parkway and Oakley Distribution.

# Improved Financial Profile Significantly Strengthened Balance Sheet

Net Debt/Preferred Stock: Reduced by approximately \$983M through 1Q15



**Well within target Debt + Preferred to EBITDA range of 6.0x to 7.0x  
Unsecured debt rated investment grade by all ratings agencies**

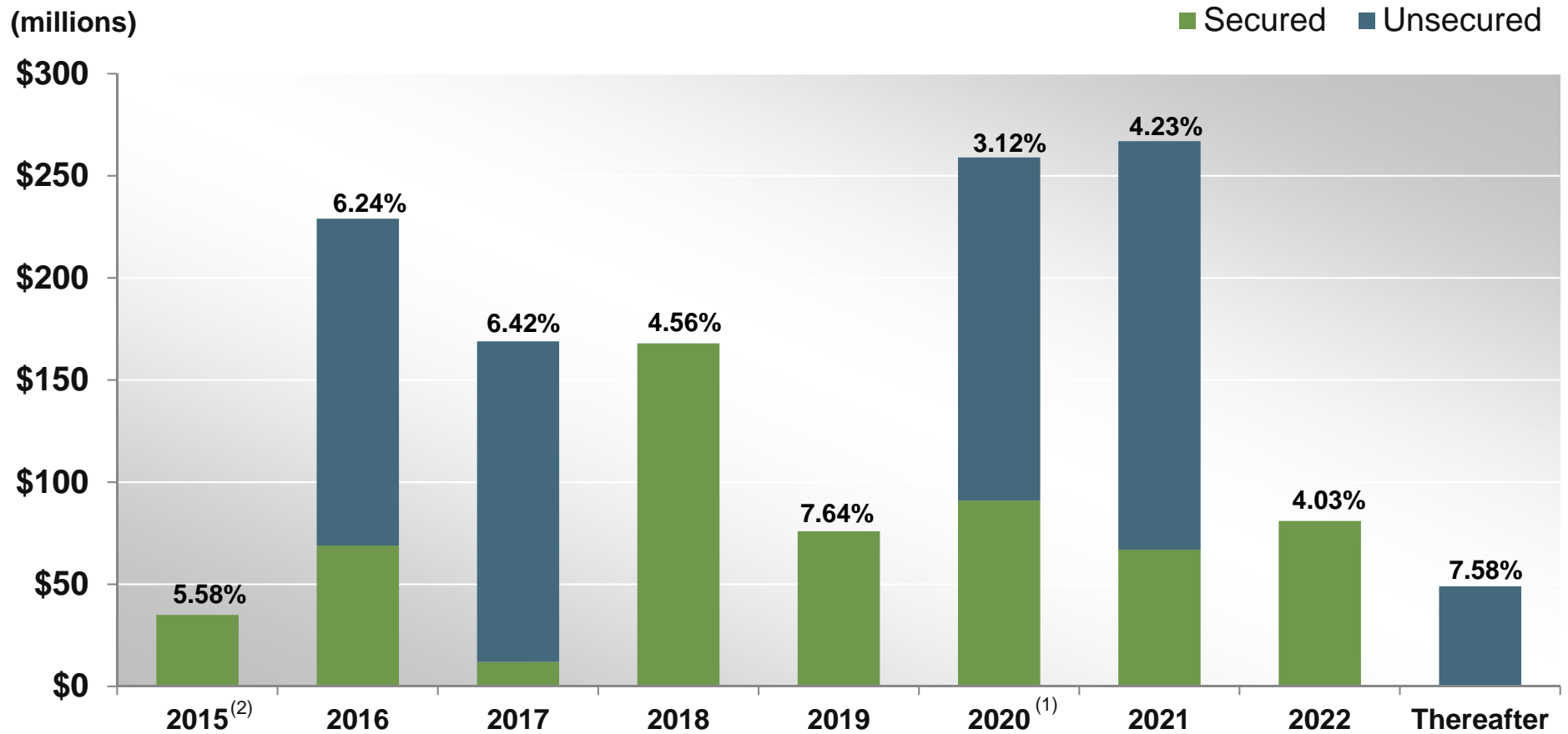
(1) Per Indebtedness to Total Assets covenant in senior unsecured note indentures.

(2) EBITDA adjusted for one-time items and timing differences.



# Laddered Debt Maturities

(as of March 31, 2015)



(1) Assumes 4+1 maturity for LOC renewal.

(2) Assumes 2015 prepayment of a \$23.1 mortgage due in 2016.

# Strategy for Success



## Leasing and Operations Management

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



## Capital Management

- Conservative and Flexible Balance Sheet
- Strong Credit Ratios
- Investment Grade
- Optimize Cost of Capital



## Portfolio Management

- Targeted Development Opportunities
- Selective Acquisitions
- Disciplined Asset Sales



**Deliver on opportunity to significantly grow AFFO per share  
and deliver value for shareholders**





# Q&A

June 2015