

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 March 31, 2007
- 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.

(Exact Name of Registrant as Specified in its Charter)

Maryland
*(State or Other Jurisdiction of
Incorporation or Organization)*

36-3935116
*(I.R.S. Employer
Identification No.)*

311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606
(Address of Principal Executive Offices)

(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, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of Common Stock, \$.01 par value, outstanding as of April 27, 2007: 45,390,450.

FIRST INDUSTRIAL REALTY TRUST, INC.

Form 10-Q

For the Period Ended March 31, 2007

INDEX

	<u>Page</u>	
<u>PART I: FINANCIAL INFORMATION</u>		
<u>Item 1.</u>	<u>Financial Statements</u>	3
	<u>Consolidated Balance Sheets as of March 31, 2007 and December 31, 2006</u>	3
	<u>Consolidated Statements of Operations for the Three Months Ended March 31, 2007 and March 31, 2006</u>	4
	<u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2007 and March 31, 2006</u>	5
	<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2007 and March 31, 2006</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	25
<u>Item 4.</u>	<u>Controls and Procedures</u>	25
<u>PART II: OTHER INFORMATION</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	27
<u>Item 1A.</u>	<u>Risk Factors</u>	27
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	28
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	28
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	28
<u>Item 5.</u>	<u>Other Information</u>	28
<u>Item 6.</u>	<u>Exhibits</u>	28
<u>SIGNATURE</u>		30
<u>EXHIBIT INDEX</u>		31
	<u>Underwriting Agreement</u>	
	<u>Certification of Principal Executive Officer</u>	
	<u>Certification of Principal Financial Officer</u>	
	<u>Certification of PEO and PFO Pursuant to Section 906</u>	

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2007	December 31, 2006
	(Unaudited)	
	(Dollars in thousands, except share and per share data)	
ASSETS		
Assets:		
Investment in Real Estate:		
Land	\$ 607,950	\$ 558,425
Buildings and Improvements	2,631,366	2,626,284
Construction in Progress	57,882	35,019
Less: Accumulated Depreciation	(479,828)	(465,418)
Net Investment in Real Estate	2,817,370	2,754,310
Real Estate Held for Sale, Net of Accumulated Depreciation and Amortization of \$6,646 and \$9,688 at March 31, 2007 and December 31, 2006, respectively	79,329	115,961
Cash and Cash Equivalents	2,308	16,135
Restricted Cash	278	15,970
Tenant Accounts Receivable, Net	9,602	8,014
Investments in Joint Ventures	53,048	55,527
Deferred Rent Receivable, Net	29,667	28,839
Deferred Financing Costs, Net	14,441	15,210
Deferred Leasing Intangibles, Net	94,872	86,265
Prepaid Expenses and Other Assets, Net	136,191	128,168
Total Assets	<u>\$ 3,237,106</u>	<u>\$ 3,224,399</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage Loans Payable, Net	\$ 94,866	\$ 77,926
Senior Unsecured Debt, Net	1,550,134	1,549,732
Unsecured Line of Credit	199,000	207,000
Accounts Payable, Accrued Expenses and Other Liabilities, Net	123,543	119,027
Deferred Leasing Intangibles, Net	20,049	19,486
Rents Received in Advance and Security Deposits	32,612	30,844
Leasing Intangibles Held For Sale, Net of Accumulated Amortization of \$152 and \$183 at March 31, 2007 and December 31, 2006, respectively	1,111	2,310
Dividends Payable	44,034	42,548
Total Liabilities	<u>2,065,349</u>	<u>2,048,873</u>
Commitments and Contingencies	—	—
Minority Interest	151,904	152,547
Stockholders' Equity:		
Preferred Stock (\$0.01 par value, 10,000,000 shares authorized, 20,000, 500, 250, 600 and 200 shares of Series C, F, G, J and K Cumulative Preferred Stock, respectively, issued and outstanding at March 31, 2007 and December 31, 2006, having a liquidation preference of \$2,500 per share (\$50,000), \$100,000 per share (\$50,000), \$100,000 per share (\$25,000), \$250,000 per share (\$150,000) and \$250,000 per share (\$50,000), respectively).	—	—
Common Stock (\$0.01 par value, 100,000,000 shares authorized, 47,902,313 and 47,537,030 shares issued and 45,375,913 and 45,010,630 shares outstanding at March 31, 2007 and December 31, 2006, respectively)	479	475
Additional Paid-in-Capital	1,389,288	1,388,311
Distributions in Excess of Accumulated Earnings	(288,638)	(284,955)
Accumulated Other Comprehensive Loss	(10,688)	(10,264)
Treasury Shares at Cost (2,526,400 shares at March 31, 2007 and December 31, 2006)	(70,588)	(70,588)
Total Stockholders' Equity	<u>1,019,853</u>	<u>1,022,979</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,237,106</u>	<u>\$ 3,224,399</u>

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

FIRST INDUSTRIAL REALTY TRUST, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(Unaudited)	
	(Dollars in thousands, except share and per share data)	
Revenues:		
Rental Income	\$ 76,735	\$ 62,510
Tenant Recoveries and Other Income	33,934	25,383
Revenues from Build to Suit Development for Sale	3,207	733
Contractor Revenues	5,040	—
Total Revenues	<u>118,916</u>	<u>88,626</u>
Expenses:		
Property Expenses	34,873	31,371
General and Administrative	22,791	17,636
Depreciation and Other Amortization	40,026	32,657
Expenses from Build to Suit Development for Sale	3,201	666
Contractor Expenses	4,836	—
Total Expenses	<u>105,727</u>	<u>82,330</u>
Other Income/Expense:		
Interest Income	260	639
Interest Expense	(29,901)	(29,488)
Amortization of Deferred Financing Costs	(820)	(620)
Mark-to-Market/Loss on Settlement of Interest Rate Protection Agreement	—	(170)
Loss From Early Retirement of Debt	(146)	—
Total Other Income/Expense	<u>(30,607)</u>	<u>(29,639)</u>
Loss from Continuing Operations Before Equity in Income (Loss) of Joint Ventures, Income Tax Benefit and Income Allocated to Minority Interest	(17,418)	(23,343)
Equity in Income (Loss) of Joint Ventures	5,631	(34)
Income Tax Benefit	1,466	5,929
Minority Interest Allocable to Continuing Operations	2,082	3,025
Loss from Continuing Operations	(8,239)	(14,423)
Income from Discontinued Operations (Including Gain on Sale of Real Estate of \$55,370 and \$54,022 for the Three Months Ended March 31, 2007 and 2006, respectively)	57,691	57,285
Provision for Income Taxes Allocable to Discontinued Operations (Including \$10,133 and \$14,840 allocable to Gain on Sale of Real Estate for the Three Months Ended March 31, 2007 and 2006, respectively)	(10,777)	(15,224)
Minority Interest Allocable to Discontinued Operations	(5,939)	(5,548)
Income Before Gain on Sale of Real Estate	32,736	22,090
Gain on Sale of Real Estate	3,574	1,075
Provision for Income Taxes Allocable to Gain on Sale of Real Estate	(768)	(92)
Minority Interest Allocable to Gain on Sale of Real Estate	(355)	(130)
Net Income	<u>\$ 35,187</u>	<u>\$ 22,943</u>
Less: Preferred Stock Dividends	(5,935)	(5,019)
Less: Redemption of Preferred Stock	—	(672)
Net Income Available to Common Stockholders	<u>\$ 29,252</u>	<u>\$ 17,252</u>
Basic Earnings Per Share:		
Loss from Continuing Operations	<u>\$ (0.26)</u>	<u>\$ (0.44)</u>
Income From Discontinued Operations	<u>\$ 0.92</u>	<u>\$ 0.83</u>
Net Income Available to Common Stockholders	<u>\$ 0.66</u>	<u>\$ 0.39</u>
Weighted Average Shares Outstanding	<u>44,410</u>	<u>43,887</u>
Diluted Earnings Per Share:		
Loss from Continuing Operations	<u>\$ (0.26)</u>	<u>\$ (0.44)</u>
Income From Discontinued Operations	<u>\$ 0.92</u>	<u>\$ 0.83</u>
Net Income Available to Common Stockholders	<u>\$ 0.66</u>	<u>\$ 0.39</u>
Weighted Average Shares Outstanding	<u>44,410</u>	<u>43,887</u>
Dividends/Distribution Declared per Common Share Outstanding	<u>\$ 0.7100</u>	<u>\$ 0.7000</u>

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

	Three Months Ended March 31, 2007	(Unaudited) (Dollars in thousands)	Three Months Ended March 31, 2006
Net Income	\$ 35,187		\$ 22,943
Settlement of Interest Rate Protection Agreements	—		(1,729)
Mark to Market of Interest Rate Protection Agreements	(142)		1,415
Amortization of Interest Rate Protection Agreements	(296)		(230)
Other Comprehensive Loss Allocable to Minority Interest	14		73
Comprehensive Income	<u>\$ 34,763</u>		<u>\$ 22,472</u>

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

	Three Months Ended March 31, 2007	(Unaudited) Three Months Ended March 31, 2006
	(Dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 35,187	\$ 22,943
Income Allocated to Minority Interest	4,212	2,653
Net Income Before Minority Interest	39,399	25,596
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	30,045	29,920
Amortization of Deferred Financing Costs	820	620
Other Amortization	13,187	9,332
Provision for Bad Debt	92	352
Mark-to-Market of Interest Rate Protection Agreement	—	(16)
Equity in (Income) Loss of Joint Ventures	(5,631)	34
Distributions from Joint Ventures	5,808	603
Gain on Sale of Real Estate	(58,944)	(55,097)
Loss on Early Retirement of Debt	146	—
(Increase) Decrease in Developments for Sale Costs	(5,132)	16,241
(Increase) Decrease in Tenant Accounts Receivable and Prepaid Expenses and Other Assets, Net	(1,678)	5,587
Increase in Deferred Rent Receivable	(2,662)	(2,484)
Increase (Decrease) in Accounts Payable and Accrued Expenses and Rents Received in Advance and Security Deposits	7,928	(2,803)
Increase in Restricted Cash	(103)	—
Net Cash Provided by Operating Activities	23,275	27,885
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of and Additions to Investment in Real Estate	(196,785)	(233,141)
Net Proceeds from Sales of Investments in Real Estate	214,302	275,752
Contributions to and Investments in Joint Ventures	(4,165)	(3,382)
Distributions from Joint Ventures	5,198	2,881
Funding of Notes Receivable	(8,385)	—
Repayment of Notes Receivable	8,385	34,137
Decrease in Restricted Cash	15,813	5,402
Net Cash Provided by Investing Activities	34,363	81,649
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Proceeds from the Issuance of Common Stock	174	689
Proceeds from the Issuance of Preferred Stock	—	144,765
Redemption of Preferred Stock	—	(182,156)
Repurchase of Restricted Stock	(3,707)	(2,650)
Dividends/Distributions	(36,613)	(35,751)
Preferred Stock Dividends	(4,703)	(8,777)
Repayments on Mortgage Loans Payable	(21,470)	(4,066)
Debt Issuance Costs and Prepayment Penalty	(155)	—
Net Proceeds from Senior Unsecured Debt	—	197,591
Other Costs of Senior Unsecured Debt	—	(1,729)
Proceeds from Unsecured Line of Credit	179,000	202,500
Repayments on Unsecured Line of Credit	(187,000)	(429,000)
Cash Book Overdraft	3,009	813
Net Cash Used in Financing Activities	(71,465)	(117,771)
Net Decrease in Cash and Cash Equivalents	(13,827)	(8,237)
Cash and Cash Equivalents, Beginning of Period	16,135	8,237
Cash and Cash Equivalents, End of Period	\$ 2,308	\$ —

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

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share data)

(Unaudited)

1. Organization and Formation of Company

First Industrial Realty Trust, Inc. (the "Company") was organized in the state of Maryland on August 10, 1993. The Company is a real estate investment trust as defined in the Internal Revenue Code. The Company's operations are conducted primarily through First Industrial, L.P. (the "Operating Partnership") of which the Company is the sole general partner with an approximate 87.4% and 86.9% ownership interest at March 31, 2007 and March 31, 2006, respectively. Minority interest at March 31, 2007 and March 31, 2006 of approximately 12.6% and 13.1%, respectively, represents the aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

As of March 31, 2007, the Company owned 959 industrial properties (inclusive of developments in process) located in 28 states in the United States and one province in Canada, containing an aggregate of approximately 76.8 million square feet of gross leaseable area ("GLA"). Of the 959 industrial properties owned by the Company, 741 are held by the Operating Partnership and limited liability companies of which the Operating Partnership is the sole member, 102 are held by limited partnerships in which the Operating Partnership is the limited partner and wholly-owned subsidiaries of the Company are the general partners and 116 are held by an entity wholly-owned by the Operating Partnership.

The Company, through separate wholly-owned limited liability companies of which the Operating Partnership or a wholly-owned entity of the Operating Partnership is the sole member, also owns minority equity interests in, and provides various services to, five joint ventures which invest in industrial properties (the "May 2003 Joint Venture", the "March 2005 Joint Venture", the "September 2005 Joint Venture", the "March 2006 Co-Investment Program" and the "July 2006 Joint Venture"; together the "Joint Ventures"). The Company, through separate wholly-owned limited liability companies of which the Operating Partnership or a wholly-owned entity of the Operating Partnership is the sole member, also owns economic interests in and provided various services to a sixth joint venture, the September 1998 Joint Venture. On January 31, 2007, the Company purchased the 90% equity interest from the institutional investor in the September 1998 Joint Venture. Effective January 31, 2007, the assets and liabilities and results of operations of the September 1998 Joint Venture are consolidated with the Company since the Company effectively owns 100% of the equity interest. Prior to January 31, 2007, the September 1998 Joint Venture was accounted for under the equity method of accounting. The operating data of the Joint Ventures is not consolidated with that of the Company as presented herein.

2. Summary of Significant Accounting Policies

The accompanying unaudited interim financial statements have been prepared in accordance with the accounting policies described in the financial statements and related notes included in the Company's 2006 Form 10-K and should be read in conjunction with such financial statements and related notes. The following notes to these interim financial statements highlight significant changes to the notes included in the December 31, 2006 audited financial statements included in the Company's 2006 Form 10-K and present interim disclosures as required by the Securities and Exchange Commission.

In order to conform with generally accepted accounting principles, management, in preparation of the Company's financial statements, is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of March 31, 2007 and December 31, 2006, and the reported amounts of revenues and expenses for each of the three months ended March 31, 2007 and March 31, 2006. Actual results could differ from those estimates.

In the opinion of management, the accompanying unaudited interim financial statements reflect all adjustments necessary for a fair statement of the financial position of the Company as of March 31, 2007 and December 31, 2006 and the results of its operations and comprehensive income for each of the three months ended March 31, 2007 and March 31, 2006, and its cash flows for each of the three months ended March 31, 2007 and March 31, 2006, and all adjustments are of a normal recurring nature.

FIRST INDUSTRIAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred Leasing Intangibles

Deferred Leasing Intangibles, exclusive of Deferred Leasing Intangibles held for sale, included in the Company's total assets consist of the following:

	March 31, 2007	December 31, 2006
In-Place Leases	\$ 87,021	\$ 81,422
Less: Accumulated Amortization	(17,887)	(15,361)
	<u>\$ 69,134</u>	<u>\$ 66,061</u>
Above Market Leases	\$ 7,500	\$ 6,933
Less: Accumulated Amortization	(2,344)	(2,177)
	<u>\$ 5,156</u>	<u>\$ 4,756</u>
Tenant Relationship	\$ 22,529	\$ 16,657
Less: Accumulated Amortization	(1,947)	(1,209)
	<u>\$ 20,582</u>	<u>\$ 15,448</u>

Deferred Leasing Intangibles, exclusive of Deferred Leasing Intangibles held for sale, included in the Company's total liabilities consist of the following:

	March 31, 2007	December 31, 2006
Below Market Leases	\$ 26,766	\$ 25,735
Less: Accumulated Amortization	(6,717)	(6,249)
	<u>\$ 20,049</u>	<u>\$ 19,486</u>

The fair value of in-place leases, above market leases, tenant relationships and below market leases recorded due to real estate acquisitions during the three months ended March 31, 2007 was \$9,478, \$855, \$5,574 and \$(1,846), respectively. The fair value of in-place leases, above market leases, tenant relationships and below market leases recorded due to real estate acquisitions during the three months ended March 31, 2006 was \$9,232, \$610, \$4,821 and \$(3,307) respectively.

Amortization expense related to deferred leasing intangibles was \$4,702 and \$2,095 for the three months ended March 31, 2007 and March 31, 2006, respectively.

Build-to-Suit for Sale and General Contractor Revenues and Expenses

During 2006, the Company entered into contracts with third parties to construct industrial properties. The build-to-suit for sale contracts require the purchase price to be paid at closing. The Company uses the percentage-of-completion contract method of accounting in accordance with SOP 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). During the period of performance, costs are accumulated on the balance sheet in Prepaid Expenses and Other Assets (\$15,494 at March 31, 2007 and \$10,263 at December 31, 2006) and revenues and expenses are recognized in continuing operations.

During 2007, the Company, through the Company's taxable REIT subsidiary (the "TRS"), acted as general contractor to construct industrial properties for the September 2005 Joint Venture. The Company uses the percentage-of-completion contract method of accounting in accordance with SOP 81-1. During the period of performance, costs are accumulated on the balance sheet in Prepaid Expenses and Other Assets (\$4,392 at March 31,

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2007). The Company uses the gross method of presenting revenues and expenses in accordance with EITF 99-19, "Reporting Revenues Gross as a Principal Versus Net as an Agent."

Recent Accounting Pronouncements

The Company adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), on January 1, 2007. The adoption of FIN 48 had no effect on the Company's financial statements. As of the adoption date, the Company had approximately \$1.4 million of gross unrecognized tax benefits. The entire amount (with no federal effect) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods. This entire amount relates to a single tax position regarding business loss carryforwards which the Company is currently litigating with the State of Michigan. During 2006, the Company paid the \$1.4 million, representing taxes and interest in dispute in order to pursue a full recovery of the amount paid through litigation. It is anticipated that this litigation will be resolved sometime during 2007. It is the Company's policy to recognize interest and penalties related to unrecognized tax benefits in income tax expense. As of January 1, 2007 and for the three months ended March 31, 2007, no interest or penalties have been accrued or incurred. The Company and its subsidiaries file U.S. federal income tax returns, as well as filing various returns in states and applicable localities where it holds properties. With few exceptions, its filed income tax returns are no longer subject to examination by taxing authorities for years before 2003.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* which established a common definition of fair value, established a framework for measuring fair value, and expanded disclosure about such fair value measurements. This statement is effective for fiscal years beginning after November 15, 2007. The Company does not expect that the implementation of this statement will have a material effect on the Company's consolidated financial position or results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* which permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for fiscal years beginning after November 15, 2007. The Company does not expect that the implementation of this statement will have a material effect on the Company's consolidated financial position or results of operations.

3. Investments in Joint Ventures

At March 31, 2007, the May 2003 Joint Venture owned 11 industrial properties comprising approximately 5.1 million square feet of GLA, the March 2005 Joint Venture owned 42 industrial properties comprising approximately 4.1 million square feet of GLA and several land parcels, the September 2005 Joint Venture owned 132 industrial properties comprising approximately 9.4 million square feet of GLA and several land parcels, the March 2006 Co-Investment Program owned 13 industrial properties comprising approximately 5.9 million square feet of GLA (of which the Company has an equity interest in 12 industrial properties comprising approximately 5.0 million square feet of GLA), and the July 2006 Joint Venture owned several land parcels.

On January 31, 2007, the Company purchased the 90% equity interest from the institutional investor in the September 1998 Joint Venture. The Company paid \$18,458 in cash and assumed \$30,340 in mortgage loans payable.

On February 27, 2007, the Company redeemed the 85% equity interest in one property from the institutional investor in the May 2003 Joint Venture. In connection with the redemption, the Consolidated Operating Partnership assumed \$8,250 in mortgage loans payable and \$2,951 in other liabilities.

At March 31, 2007 and December 31, 2006, the Company has a receivable from the Joint Ventures of \$11,719 and \$7,967, respectively, which mainly relates to development, leasing, property management and asset management fees due to the Company from the Joint Ventures and reimbursement for development expenditures made by a

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

wholly owned subsidiary of the Operating Partnership who is acting in the capacity of the general contractor for development projects for the March 2005 Joint Venture.

During the three months ended March 31, 2007 and March 31, 2006, the Company invested the following amounts in its Joint Ventures as well as received distributions and recognized fees from acquisition, disposition, leasing, development, general contractor, incentive, property management and asset management services in the following amounts:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Contributions	\$ 4,165	\$ 3,168
Distributions	\$ 11,006	\$ 3,484
Fees	\$ 5,702	\$ 4,509

4. Mortgage Loans Payable, Net, Senior Unsecured Debt, Net and Unsecured Line of Credit

The following table discloses certain information regarding the Company's mortgage loans payable, senior unsecured debt and unsecured line of credit:

	Outstanding Balance at		Interest Rate at March 31, 2007	Effective Interest Rate at March 31, 2007	Maturity Date
	March 31, 2007	December 31, 2006			
Mortgage Loans Payable, Net	\$ 94,866	\$ 77,926	5.35% - 9.25%	4.58% - 9.25%	December 2007 - September 2024
<i>Unamortized Premiums</i>	(2,739)	(2,919)			
Mortgage Loans Payable, Gross	<u>\$ 92,127</u>	<u>\$ 75,007</u>			
Senior Unsecured Debt, Net					
2007 Notes	\$ 149,999	\$ 149,998	7.600%	7.61%	05/15/07
2016 Notes	199,390	199,372	5.750%	5.91%	01/15/16
2017 Notes	99,898	99,895	7.500%	7.52%	12/01/17
2027 Notes	15,055	15,055	7.150%	7.11%	05/15/27
2028 Notes	199,833	199,831	7.600%	8.13%	07/15/28
2011 Notes	199,761	199,746	7.375%	7.39%	03/15/11
2012 Notes	199,304	199,270	6.875%	6.85%	04/15/12
2032 Notes	49,441	49,435	7.750%	7.87%	04/15/32
2009 Notes	124,904	124,893	5.250%	4.10%	06/15/09
2014 Notes	112,549	112,237	6.420%	6.54%	06/01/14
2011 Exchangeable Notes	200,000	200,000	4.625%	4.63%	09/15/11
Subtotal	<u>\$ 1,550,134</u>	<u>\$ 1,549,732</u>			
<i>Unamortized Discounts</i>	14,936	15,338			
Senior Unsecured Notes, Gross	<u>\$ 1,565,070</u>	<u>\$ 1,565,070</u>			
Unsecured Line of Credit	<u>\$ 199,000</u>	<u>\$ 207,000</u>	6.056%	6.056%	09/28/08

FIRST INDUSTRIAL REALTY TRUST, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

During January 2007, in connection with the Company's purchase of the 90% equity interest from the institutional investor of the September 1998 Joint Venture, the Company assumed a mortgage loan payable of \$30,340. In March 2007, the Company paid off and retired \$12,406 of this assumed mortgage loan payable. In February 2007, the Company assumed a mortgage loan payable of \$8,250 in connection with the redemption of the 85% equity interest held by an institutional investor in a joint venture entity of the May 2003 Joint Venture that owned one property. The Company also paid down and retired this mortgage loan payable in February 2007. In connection with the retirement of the mortgage loans payable discussed above, the Company incurred prepayment penalties and a write-off of unamortized deferred financing fees totaling \$146.

The following is a schedule of the stated maturities and scheduled principal payments of the mortgage loans, senior unsecured debt and unsecured line of credit, exclusive of premiums and discounts, for the next five years ending December 31, and thereafter:

	<u>Amount</u>
Remainder of 2007	\$ 170,004
2008	202,111
2009	133,001
2010	15,545
2011	407,360
Thereafter	928,176
Total	<u>\$ 1,856,197</u>

Other Comprehensive Income:

In April 2006, the Company, through the Operating Partnership, entered into two interest rate protection agreements which fixed the interest rate on forecasted offerings of unsecured debt which it designated as cash flow hedges. The interest rate protection agreements each have a notional value of \$72,900 and are effective from November 28, 2006 through November 28, 2016 (the "April 2006 Agreements"). The April 2006 Agreements fixed the LIBOR rate at 5.537%. Included in accumulated other comprehensive income at March 31, 2007 is \$4,357 of loss related to the mark-to-market of the April 2006 Agreements (see Note 12).

In conjunction with certain issuances of senior unsecured debt, the Company entered into interest rate protection agreements to fix the interest rate on anticipated offerings of senior unsecured debt. In the next 12 months, the Company will amortize approximately \$1,179 into net income by decreasing interest expense.

5. Stockholders' Equity***Shares of Common Stock***

During the three months ended March 31, 2007, 7,950 limited partnership interests in the Operating Partnership ("Units") were converted into an equivalent number of shares of common stock.

Non-Qualified Employee Stock Options:

During the three months ended March 31, 2007, certain employees of the Company exercised 9,100 non-qualified employee stock options. Net proceeds to the Company were approximately \$174.

Restricted Stock:

During the three months ended March 31, 2007, the Company awarded 442,008 shares of restricted common stock to certain employees and 1,598 shares of restricted common stock to certain directors. These shares of restricted common stock had a fair value of approximately \$20,955 on the date of approval. The restricted common

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

stock awarded to employees generally vests over a three year period and the restricted common stock awarded to directors generally vests over a three to ten year period. Compensation expense will be charged to earnings over the respective vesting period for the shares expected to vest.

Dividend/Distributions:

The following table summarizes dividends/distributions accrued during the three months ended March 31, 2007.

	Three Months Ended March 31, 2007	
	Dividend/ Distribution per Share/Unit	Total Dividend/ Distribution
Common Stock/Operating Partnership Units	\$ 0.7100	\$ 36,867
Series C Preferred Stock	\$ 53.9060	\$ 1,078
Series F Preferred Stock	\$ 1,559.0000	\$ 780
Series G Preferred Stock	\$ 1,809.0000	\$ 452
Series J Preferred Stock	\$ 4,531.3000	\$ 2,719
Series K Preferred Stock	\$ 4,531.3000	\$ 906

6. Acquisition of Real Estate

During the three months ended March 31, 2007, the Company acquired 60 industrial properties comprising approximately 3.4 million square feet of GLA and several land parcels, including 41 industrial properties comprising approximately 1.3 million square feet of GLA in connection with the purchase of the 90% equity interest from the institutional investor of the September 1998 Joint Venture and one industrial property comprising 0.3 million square feet of GLA in connection with the redemption of the 85% equity interest in one property from the institutional investor in the May 2003 Joint Venture (see Note 3). The purchase price of these acquisitions totaled approximately \$182,807, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels.

7. Sale of Real Estate, Real Estate Held for Sale and Discontinued Operations

During the three months ended March 31, 2007, the Company sold 35 industrial properties comprising approximately 4.0 million square feet of GLA and several land parcels. Gross proceeds from the sales of the 35 industrial properties and several land parcels were approximately \$223,782. The gain on sale of real estate, net of income taxes was approximately \$48,043. The 35 sold industrial properties meet the criteria established by FAS 144 to be included in discontinued operations. Therefore, in accordance with FAS 144, the results of operations and gain on sale of real estate, net of income taxes, for the 35 sold industrial properties are included in discontinued operations. The results of operations and gain on sale of real estate, net of income taxes, for the several land parcels do not meet the criteria established by FAS 144 and are included in continuing operations.

At March 31, 2007, the Company had 19 industrial properties comprising approximately 1.7 million square feet of GLA held for sale. In accordance with FAS 144, the results of operations of the 19 industrial properties held for sale at March 31, 2007 are included in discontinued operations. There can be no assurance that such industrial properties held for sale will be sold.

Income from discontinued operations, net of income taxes, for the three months ended March 31, 2006 reflects the results of operations of the 35 industrial properties that were sold during the three months ended March 31, 2007, the results of operations of 125 industrial properties that were sold during the year ended December 31, 2006, the results of operations of the 19 industrial properties identified as held for sale at March 31, 2007 and the gain on sale of real estate relating to 24 industrial properties that were sold during the three months ended March 31, 2006.

FIRST INDUSTRIAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table discloses certain information regarding the industrial properties included in discontinued operations by the Company for the three months ended March 31, 2007 and March 31, 2006:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Total Revenues	\$ 5,148	\$ 13,224
Property Expenses	(1,606)	(4,349)
Depreciation and Amortization	(1,221)	(5,612)
Provision for Income Taxes Allocable to Operations	(644)	(384)
Gain on Sale of Real Estate	55,370	54,022
Provision for Income Taxes Allocable to Gain on Sale of Real Estate	(10,133)	(14,840)
Income from Discontinued Operations Before Minority Interest	<u>\$ 46,914</u>	<u>\$ 42,061</u>

8. Supplemental Information to Statements of Cash Flows

Supplemental disclosure of cash flow information:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Interest paid, net of capitalized interest	\$ 29,144	\$ 19,496
Interest capitalized	<u>\$ 1,374</u>	<u>\$ 1,376</u>
Supplemental schedule of noncash investing and financing activities:		
Distribution payable on common stock/Units	<u>\$ 36,867</u>	<u>\$ 36,015</u>
Distribution payable on preferred stock	<u>\$ 5,935</u>	<u>\$ —</u>
Exchange of units for common stock:		
Minority interest	\$ (190)	\$ (660)
Common Stock	—	1
Additional paid-in-capital	190	659
	<u>\$ —</u>	<u>\$ —</u>
In conjunction with the property and land acquisitions, the following assets and liabilities were assumed:		
Accounts payable and accrued expenses	\$ (4,617)	\$ (764)
Issuance of Operating Partnership Units	<u>\$ —</u>	<u>\$ 1,288</u>
Mortgage Debt	<u>\$ (38,590)</u>	<u>\$ (6,995)</u>
Write-off of fully depreciated assets	<u>\$ (10,200)</u>	<u>\$ (1,901)</u>
In conjunction with certain property sales, the Company provided seller financing:		
Notes receivable	<u>\$ 5,250</u>	<u>\$ 11,200</u>

FIRST INDUSTRIAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9. Earnings Per Share (“EPS”)

The computation of basic and diluted EPS is presented below:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Numerator:		
Loss from Continuing Operations	\$ (8,239)	\$ (14,423)
Gain on Sale of Real Estate, Net of Minority Interest and Income Taxes	2,451	853
Less: Preferred Stock Dividends	(5,935)	(5,019)
Less: Redemption of Preferred Stock	—	(672)
Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest — For Basic and Diluted EPS	(11,723)	(19,261)
Discontinued Operations, Net of Minority Interest and Income Taxes	40,975	36,513
Net Income Available to Common Stockholders — For Basic and Diluted EPS	<u>\$ 29,252</u>	<u>\$ 17,252</u>
Denominator:		
Weighted Average Shares — Basic and Diluted	44,410,247	43,887,154
Basic and Diluted EPS:		
Loss from Continuing Operations Available to Common Stockholders, Net of Minority Interest	\$ (0.26)	\$ (0.44)
Discontinued Operations, Net of Minority Interest and Income Taxes	\$ 0.92	\$ 0.83
Net Income Available to Common Stockholders	<u>\$ 0.66</u>	<u>\$ 0.39</u>

Unvested restricted stock shares aggregating 429,759 and 117,335 were antidilutive at March 31, 2007 and 2006, respectively, and accordingly, were excluded from dilution computations.

Options to purchase common stock of 372,876 and 499,456 were outstanding as of March 31, 2007 and 2006, respectively. All of the options outstanding at March 31, 2007 and 2006 were antidilutive, and accordingly, were excluded in dilution computations.

The \$200,000 of senior unsecured debt (the “2011 Exchangeable Notes”) issued during 2006, which are convertible into common shares of the Company at the price of \$50.93, were not included in the computation of diluted EPS as the Company’s average stock price did not exceed the strike price of the conversion feature.

Weighted average shares — diluted are the same as weighted average shares — basic for the three months ended March 31, 2007 and 2006 as the dilutive effect of stock options and restricted stock was excluded as its inclusion would have been anti-dilutive to the loss from continuing operations available to common stockholders, net of minority interest. The dilutive effect of stock options and restricted stock excluded from the computation are 123,754 and 134,830, respectively, for the three months ended March 31, 2007 and 115,961 and 90,162, respectively, for the three months ended March 31, 2006.

FIRST INDUSTRIAL REALTY TRUST, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Stock Based Compensation

For the three months ended March 31, 2007 and 2006, the Company recognized \$3,606 and \$2,145 in compensation expense related to restricted stock awards, of which \$556 and \$260, respectively, was capitalized in connection with development activities. At March 31, 2007, the Company has \$35,422 in unrecognized compensation related to unvested restricted stock awards. The weighted average period that the unrecognized compensation is expected to be incurred is 1.6 years. The Company has not awarded options to employees or directors of the Company during the three months ended March 31, 2007 and March 31, 2006, and therefore no stock-based employee compensation expense related to options is included in net income available to common stockholders.

Stock option transactions for the three months ended March 31, 2007 are summarized as follows:

	Shares	Weighted Average Exercise Price	Exercise Price per Share	Aggregate Intrinsic Value
Outstanding at December 31, 2006	381,976	\$ 31.65	\$ 25.13-\$33.15	\$ 5,823
Exercised	(9,100)	\$ 32.16	\$ 30.53-\$33.13	\$ 126
Outstanding at March 31, 2007	<u>372,876</u>	\$ 31.63	\$ 25.13-\$33.15	\$ 5,707

The following table summarizes currently outstanding and exercisable options as of March 31, 2007:

Range of Exercise Price	Number Outstanding and Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$25.13-\$30.53	114,176	3.70	\$ 29.89
\$31.05-\$33.15	258,700	3.19	\$ 32.40

11. Commitments and Contingencies

In the normal course of business, the Company is involved in legal actions arising from the ownership of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a materially adverse effect on the consolidated financial position, operations or liquidity of the Company.

The Company has committed to the construction of several industrial properties totaling approximately 3.6 million square feet of GLA. The estimated total construction costs are approximately \$211.5 million. Of this amount, approximately \$95.5 million remains to be funded. There can be no assurance the actual completion cost will not exceed the estimated completion cost stated above.

At March 31, 2007, the Company had 21 letters of credit outstanding in the aggregate amount of \$8,270. These letters of credit expire between April 2007 and November 2010.

12. Subsequent Events

From April 1, 2007 to April 27, 2007, the Company acquired four industrial properties and several land parcels for a purchase price of approximately \$17,295, excluding costs incurred in conjunction with the acquisition of these industrial properties and several land parcels. The Company also sold seven industrial properties for approximately \$32,282 of gross proceeds.

On April 16, 2007, the Company and the Operating Partnership paid a first quarter 2007 dividend/distribution of \$.71 per common share/Unit, totaling approximately \$36,867.

On May 1, 2007 the Company, through the Operating Partnership, priced \$150,000 of senior unsecured debt with a maturity of May 15, 2017 (the "2017 Notes II"). The coupon interest rate and the issue price on the 2017

FIRST INDUSTRIAL REALTY TRUST, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Notes II was 5.95% and 99.730%, respectively. The offering of the 2017 Notes II is expected to close on May 7, 2007. There can be no assurance that the 2017 Notes II will close.

On May 1, 2007 the Company settled the April 2006 Agreements for a payment of \$4,174, which will be included in other comprehensive income. The settlement amount of the April 2006 Agreements will be amortized over the life of the 2017 Notes II as an adjustment to interest expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of First Industrial Realty Trust, Inc.'s (the "Company") financial condition and results of operations should be read in conjunction with the financial statements and notes thereto appearing elsewhere in this Form 10-Q.

This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends 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 is 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," "anticipate," "estimate," "project" or similar expressions. The Company's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse affect on the operations and future prospects of the Company on a consolidated basis include, but are not limited to, 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 rates, 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. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect the Company's financial results, is included herein in Item 1A, "Risk Factors," and in the Company's other filings with the Securities and Exchange Commission.

GENERAL

The Company was organized in the state of Maryland on August 10, 1993. The Company is a real estate investment trust ("REIT") as defined in the Internal Revenue Code (the "Code"). The Company's operations are conducted primarily through First Industrial, L.P. (the "Operating Partnership") of which the Company is the sole general partner with an approximate 87.4% ownership interest at March 31, 2007. Minority interest in the Company at March 31, 2007 represents the approximate 12.6% aggregate partnership interest in the Operating Partnership held by the limited partners thereof.

As of March 31, 2007, the Company owned 959 industrial properties (inclusive of developments in process) located in 28 states and one Province in Canada, containing an aggregate of approximately 76.8 million square feet of gross leaseable area ("GLA"). Of the 959 industrial properties owned by the Company, 741 are held by the Operating Partnership and limited liability companies of which the Operating Partnership is the sole member, 102 are held by limited partnerships in which the Operating Partnership is the limited partner and wholly-owned subsidiaries of the Company are the general partners and 116 are held by an entity wholly-owned by the Operating Partnership.

The Company, through separate wholly-owned limited liability companies of which the Operating Partnership or an entity wholly-owned by the Operating Partnership is the sole member, also owns minority equity interests in, and provides various services to, five joint ventures which invest in industrial properties (the "May 2003 Joint Venture", the "March 2005 Joint Venture", the "September 2005 Joint Venture", the "March 2006 Co-Investment Program" and the "July 2006 Joint Venture"; together the "Joint Ventures"). The Company, through separate wholly-owned limited liability companies of which the Operating Partnership or an entity wholly-owned by the Operating Partnership is the sole member, also owns economic interests in and provided various services to a sixth joint venture, the September 1998 Joint Venture. On January 31, 2007, the Company purchased the 90% equity interest from the institutional investor in the September 1998 Joint Venture. Effective January 31, 2007, the assets and liabilities and results of operations of the September 1998 Joint Venture are consolidated with the Company since the Company effectively owns 100% of the equity interest. Prior to January 31, 2007, the September 1998 Joint Venture was accounted for under the equity method of accounting. The operating data of the Joint Ventures is not consolidated with that of the Company as presented herein.

MANAGEMENT'S OVERVIEW

Management believes the Company's financial condition and results of operations are, primarily, a function of the Company's and its Joint Ventures' performance in four key areas: leasing of industrial properties, acquisition and development of additional industrial properties, redeployment of internal capital and access to external capital.

The Company generates revenue primarily from rental income and tenant recoveries from long-term (generally three to six years) operating leases of its and its joint ventures' industrial properties. Such revenue is offset by certain property specific operating expenses, such as real estate taxes, repairs and maintenance, property management, utilities and insurance expenses, along with certain other costs and expenses, such as depreciation and amortization costs and general and administrative and interest expenses. The Company's revenue growth is dependent, in part, on its ability to (i) increase rental income, through increasing either or both occupancy rates and rental rates at the Company's and its joint ventures' properties, (ii) maximize tenant recoveries and (iii) minimize operating and certain other expenses. Revenues generated from rental income and tenant recoveries are a significant source of funds, in addition to income generated from gains/losses on the sale of the Company's and its joint ventures' properties (as discussed below), for the Company's distributions. The leasing of property, in general, and occupancy rates, rental rates, operating expenses and certain non-operating expenses, in particular, are impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond the control of the Company. The leasing of property also entails various risks, including the risk of tenant default. If the Company were unable to maintain or increase occupancy rates and rental rates at the Company's and its joint ventures' properties or to maintain tenant recoveries and operating and certain other expenses consistent with historical levels and proportions, the Company's revenue growth would be limited. Further, if a significant number of the Company's and its joint ventures' tenants were unable to pay rent (including tenant recoveries) or if the Company or its joint ventures were unable to rent their properties on favorable terms, the Company's financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, the Company's common stock would be adversely affected.

The Company's revenue growth is also dependent, in part, on its and its joint ventures' ability to acquire existing, and acquire and develop new, additional industrial properties on favorable terms. The Company itself and through its various joint ventures, continually seeks to acquire existing industrial properties on favorable terms, and, when conditions permit, also seeks to acquire and develop new industrial properties on favorable terms. Existing properties, as they are acquired, and acquired and developed properties, as they are leased, generate revenue from rental income, tenant recoveries and fees, income from which, as discussed above, is a source of funds for the Company's distributions. The acquisition and development of properties is impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond the control of the Company. The acquisition and development of properties also entails various risks, including the risk that the Company's and its joint ventures' investments may not perform as expected. For example, acquired existing and acquired and developed new properties may not sustain and/or achieve anticipated occupancy and rental rate levels. With respect to acquired and developed new properties, the Company may not be able to complete construction on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing the properties. Also, the Company and its joint ventures face significant competition for attractive acquisition and development opportunities from other well-capitalized real estate investors, including both publicly-traded real estate investment trusts and private investors. Further, as discussed below, the Company and its joint ventures may not be able to finance the acquisition and development opportunities they identify. If the Company and its joint ventures were unable to acquire and develop sufficient additional properties on favorable terms, or if such investments did not perform as expected, the Company's revenue growth would be limited and its financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, the Company's common stock would be adversely affected.

The Company also generates income from the sale of its and its joint ventures' properties (including existing buildings, buildings which the Company or its joint ventures have developed or re-developed on a merchant basis, and land). The Company itself and through its various joint ventures is continually engaged in, and its income growth is dependent in part on, systematically redeploying capital from properties and other assets with lower yield potential into properties and other assets with higher yield potential. As part of that process, the Company and its joint ventures sell, on an ongoing basis, select stabilized properties or land or properties offering lower potential

returns relative to their market value. The gain/loss on and fees from, the sale of such properties are included in the Company's income and are a significant source of funds, in addition to revenues generated from rental income and tenant recoveries, for the Company's distributions. Also, a significant portion of the Company's proceeds from such sales is used to fund the acquisition of existing, and the acquisition and development of new, industrial properties. The sale of properties is impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond the control of the Company. The sale of properties also entails various risks, including competition from other sellers and the availability of attractive financing for potential buyers of the Company's and its joint ventures' properties. Further, the Company's ability to sell properties is limited by safe harbor rules applying to REITs under the Code which relate to the number of properties that may be disposed of in a year, their tax bases and the cost of improvements made to the properties, along with other tests which enable a REIT to avoid punitive taxation on the sale of assets. If the Company and its joint ventures were unable to sell properties on favorable terms, the Company's income growth would be limited and its financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, the Company's common stock would be adversely affected.

Currently, the Company utilizes a portion of the net sales proceeds from property sales, borrowings under its unsecured line of credit and proceeds from the issuance, when and as warranted, of additional debt and equity securities to finance acquisitions and developments and to fund its equity commitments to its joint ventures. Access to external capital on favorable terms plays a key role in the Company's financial condition and results of operations, as it impacts the Company's cost of capital and its ability and cost to refinance existing indebtedness as it matures and to fund acquisitions, developments and contributions to its joint ventures or through the issuance, when and as warranted, of additional equity securities. The Company's ability to access external capital on favorable terms is dependent on various factors, including general market conditions, interest rates, credit ratings on the Company's capital stock and debt, the market's perception of the Company's growth potential, the Company's current and potential future earnings and cash distributions and the market price of the Company's capital stock. If the Company were unable to access external capital on favorable terms, the Company's financial condition, results of operations, cash flow and ability to pay dividends on, and the market price of, the Company's common stock would be adversely affected.

RESULTS OF OPERATIONS

Comparison of Three Months Ended March 31, 2007 to Three Months Ended March 31, 2006

The Company's net income available to common stockholders was \$29.3 million and \$17.3 million for the three months ended March 31, 2007 and 2006, respectively. Basic and diluted net income available to common stockholders were \$0.66 per share for the three months ended March 31, 2007, and \$0.39 per share for the three months ended March 31, 2006.

The tables below summarize the Company's revenues, property expenses and depreciation and other amortization by various categories for the three months ended March 31, 2007 and March 31, 2006. Same store properties are properties owned prior to January 1, 2006 and held as an operating property through March 31, 2007 and developments and redevelopments that were placed in service prior to January 1, 2006 or were substantially completed for 12 months prior to January 1, 2006. Properties are placed in service as they reach stabilized occupancy (generally defined as 90% occupied). Acquired properties are properties that were acquired subsequent to December 31, 2005 and held as an operating property through March 31, 2007. Sold properties are properties that were sold subsequent to December 31, 2005. (Re)Developments and land are land parcels and developments and redevelopments that were not a) substantially complete 12 months prior to January 1, 2006 or b) placed in service prior to January 1, 2006. Other revenues are derived from the operations of the Company's maintenance company, fees earned from the Company's joint ventures and other miscellaneous revenues. Revenues and expenses from build to suit development for sale represent fees earned and expenses incurred for developing properties for third parties. Contractor revenues and expenses represent revenues earned and expenses incurred in connection with the Company's taxable REIT subsidiary (the "TRS") acting as general contractor for several industrial properties in the September 2005 Joint Venture. Other expenses are derived from the operations of the Company's maintenance company and other miscellaneous regional expenses.

The Company's future financial condition and results of operations, including rental revenues, may be impacted by the future acquisition and sale of properties. The Company's future revenues and expenses may vary materially from historical rates.

At March 31, 2007 and 2006, the occupancy rates of the Company's same store properties were 92.2% and 88.8%, respectively.

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006 (S in 000's)	\$ Change	% Change
REVENUES				
Same Store Properties	\$ 83,363	\$ 79,551	\$ 3,812	4.8%
Acquired Properties	15,620	1,341	14,279	1,064.8%
Sold Properties	3,461	12,212	(8,751)	(71.7)%
(Re)Developments and Land, Not Included Above	2,017	1,953	64	3.3%
Other	11,356	6,060	5,296	87.4%
	<u>115,817</u>	<u>101,117</u>	<u>14,700</u>	<u>14.5%</u>
Discontinued Operations	(5,148)	(13,224)	8,076	(61.1)%
Subtotal Revenues	<u>110,669</u>	<u>87,893</u>	<u>22,776</u>	<u>25.9%</u>
Revenues from Build to Suit Development for Sale	3,207	733	2,474	337.5%
Contractor Revenues	5,040	—	5,040	100.0%
Total Revenues	<u>\$ 118,916</u>	<u>\$ 88,626</u>	<u>\$ 30,290</u>	<u>34.2%</u>

Revenues from same store properties increased by \$3.8 million due to an increase in same store property occupancy rates. Revenues from acquired properties increased \$14.3 million due to the 151 industrial properties acquired subsequent to December 31, 2005 totaling approximately 13.9 million square feet of GLA. Revenues from sold properties decreased \$8.8 million due to the 160 industrial properties sold subsequent to December 31, 2005 totaling approximately 21.1 million square feet of GLA. Revenues from (re)developments and land remained relatively unchanged. Other revenues increased by approximately \$5.3 million due primarily to an increase in fees earned related to the Company assigning its interest in certain purchase contracts to third parties for consideration. Revenues from build to suit development for sale increased \$2.5 million due to increased development activity. Contractor revenues for the three months ended March 31, 2007 represent revenues earned on construction projects for which the TRS acted as general contractor.

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	\$ Change	% Change
	(\$ in 000's)			
PROPERTY EXPENSES				
Same Store Properties	\$ 27,582	\$ 26,893	\$ 689	2.6%
Acquired Properties	3,108	304	2,804	922.4%
Sold Properties	1,022	3,496	(2,474)	(70.8)%
(Re)Developments and Land, Not Included Above	1,146	1,508	(362)	(24.0)%
Other	3,621	3,519	102	2.9%
	<u>36,479</u>	<u>35,720</u>	<u>759</u>	<u>2.1%</u>
Discontinued Operations	(1,606)	(4,349)	2,743	(63.1)%
Subtotal Property Expenses	<u>34,873</u>	<u>31,371</u>	<u>3,502</u>	<u>11.2%</u>
Expenses from Build to Suit Development for Sale	3,201	666	2,535	380.6%
Contractor Expenses	4,836	—	4,836	100.0%
Total Property Expenses	<u>\$ 42,910</u>	<u>\$ 32,037</u>	<u>\$ 10,873</u>	<u>33.9%</u>

Property expenses include real estate taxes, repairs and maintenance, property management, utilities, insurance, other property related expenses, expenses from build to suit development for sale and contractor expenses. Property expenses from same store properties remained relatively unchanged. Property expenses from acquired properties increased by \$2.8 million due to properties acquired subsequent to December 31, 2005. Property expenses from sold properties decreased by \$2.5 million due to properties sold subsequent to December 31, 2005. Property expenses from (re)developments and land remained relatively unchanged. Other expense remained relatively unchanged. Expenses from build to suit development for sale increased \$2.5 million due to increased development activity. Contractor expenses for the three months ended March 2007, represent expenses incurred on construction projects for which the TRS acted as general contractor.

General and administrative expense increased by approximately \$5.2 million, or 29.2%, due primarily to increases in employee compensation related to compensation for new employees as well as an increase in incentive compensation.

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	\$ Change	% Change
	(\$ in 000's)			
DEPRECIATION and OTHER AMORTIZATION				
Same Store Properties	\$ 29,619	\$ 29,253	\$ 366	1.3%
Acquired Properties	9,647	1,350	8,297	614.6%
Sold Properties	558	4,712	(4,154)	(88.2)%
(Re)Developments and Land, Not Included Above and Other	952	2,538	(1,586)	(62.5)%
Corporate Furniture, Fixtures and Equipment	471	416	55	13.2%
	<u>41,247</u>	<u>38,269</u>	<u>2,978</u>	<u>7.8%</u>
Discontinued Operations	(1,221)	(5,612)	4,391	(78.2)%
Total Depreciation and Other Amortization	<u>\$ 40,026</u>	<u>\$ 32,657</u>	<u>\$ 7,369</u>	<u>22.6%</u>

Depreciation and other amortization for same store properties remained relatively unchanged. Depreciation and other amortization from acquired properties increased by \$8.3 million due to properties acquired subsequent to

December 31, 2005. Depreciation and other amortization from sold properties decreased by \$4.2 million due to properties sold subsequent to December 31, 2005. Depreciation and other amortization for (re)developments and land and other decreased by \$1.6 million due primarily to accelerated depreciation recognized for the three months ended March 31, 2006 on one property in Columbus, OH which was razed during 2006.

Interest income decreased by approximately \$0.4 million due primarily to a decrease in the average mortgage loans receivable outstanding during the three months ended March 31, 2007, as compared to the three months ended March 31, 2006.

Interest expense increased by approximately \$0.4 million primarily due to an increase in the weighted average debt balance outstanding for the three months ended March 31, 2007 (\$1,915.1 million), as compared to the three months ended March 31, 2006 (\$1,845.0 million), partially offset by a decrease in the weighted average interest rate for the three months ended March 31, 2007 (6.62%), as compared to the three months ended March 31, 2006 (6.78%).

Amortization of deferred financing costs increased by approximately \$0.2 million, or 32.3%, due primarily to financing fees incurred associated with the issuance of \$200,000 of senior unsecured debt in September 2006.

In October 2005, the Company, through the TRS, entered into an interest rate protection agreement which hedged the change in value of a build to suit development project the Company was constructing. This interest rate protection agreement had a notional value of \$50 million, was based on the three month LIBOR rate, had a strike rate of 4.8675%, had an effective date of December 30, 2005 and a termination date of December 30, 2010. Per Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" fair value and cash flow hedge accounting for hedges of non-financial assets and liabilities is limited to hedges of the risk of changes in the market price of the entire hedged item because changes in the price of an ingredient or component of a non-financial item generally do not have a predictable, separately measurable effect on the price of the item. Since the interest rate protection agreement is hedging a component of the change in value of the build to suit development, the interest rate protection agreement does not qualify for hedge accounting and the change in value of the interest rate protection agreement will be recognized immediately in net income as opposed to other comprehensive income. On January 5, 2006, the Company, through the TRS, settled the interest rate protection agreement for a payment of \$0.2 million.

During 2007, the Company incurred a \$0.1 million loss from early retirement of debt due to early payoffs of mortgage loans.

Equity in income of joint ventures increased by approximately \$5.7 million due primarily to the Company's economic share of gains and earn outs on property sales from the March 2005 Joint Venture and the September 2005 Joint Venture during the three months ended March 31, 2007.

The income tax provision (included in continuing operations, discontinued operations and gain of sale) increased by \$0.7 million, in the aggregate, due primarily to an increase in joint venture fees, assignment fees and equity in income of joint ventures, partially offset by an increase in general and administrative expense within the TRS.

The \$2.8 million and \$1.0 million gain on sale of real estate, net of income taxes, for the three months ended March 31, 2007 and 2006, respectively, resulted from the sale of several land parcels that do not meet the criteria established by FAS 144 for inclusion in discontinued operations.

The following table summarizes certain information regarding the industrial properties included in discontinued operations by the Company for the three months ended March 31, 2007 and March 31, 2006.

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	(\$ in 000's)	
Total Revenues	\$ 5,148	\$ 13,224
Property Expenses	(1,606)	(4,349)
Depreciation and Amortization	(1,221)	(5,612)
Provision for Income Taxes Allocable to Operations	(644)	(384)
Gain on Sale of Real Estate	55,370	54,022
Provision for Income Taxes Allocable to Gain on Sale	(10,133)	(14,840)
Income from Discontinued Operations Before Minority Interest	<u>\$ 46,914</u>	<u>\$ 42,061</u>

Income from discontinued operations for the three months ended March 31, 2007 reflects the results of operations and gain on sale of real estate, relating to 35 industrial properties that were sold during the three months ended March 31, 2007 and the results of operations of 19 properties that were identified as held for sale at March 31, 2007.

Income from discontinued operations for the three months ended March 31, 2006 reflects the gain on sale of real estate relating to 24 industrial properties that were sold during the three months ended March 31, 2006 and reflects the results of operations of the 125 industrial properties that were sold during the year ended December 31, 2006, 35 industrial properties that were sold during the three months ended March 31, 2007 and 19 industrial properties identified as held for sale at March 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2007, the Company's cash and restricted cash was approximately \$2.3 and \$0.3 million, respectively. Restricted cash is primarily comprised of cash held in escrow in connection with mortgage debt requirements.

The Company has considered its short-term (one year or less) liquidity needs and the adequacy of its estimated cash flow from operations and other expected liquidity sources to meet these needs. The Company's 7.6% Notes due in 2007, in the aggregate principal amount of \$150 million are due on May 15, 2007 (the "2007 Notes"). The Company expects to satisfy the payment obligations on the 2007 Notes with the issuance of additional debt. With the exception of the 2007 Notes, the Company believes that its principal short-term liquidity needs are to fund normal recurring expenses, debt service requirements and the minimum distribution required to maintain the Company's REIT qualification under the Internal Revenue Code. The Company anticipates that these needs will be met with cash flows provided by operating activities and investment activities.

The Company expects to meet long-term (greater than one year) liquidity requirements such as property acquisitions, developments, scheduled debt maturities, major renovations, expansions and other nonrecurring capital improvements through the disposition of select assets, long-term unsecured indebtedness and the issuance of additional equity securities. As of March 31, 2007 and April 27, 2007, \$215.4 million of common stock, preferred stock and depositary shares and \$300.00 million of debt securities were registered and unissued under the Securities Act of 1933, as amended. On April 30, 2007 the Company filed a registration statement with the Securities and Exchange Commission covering an indefinite number or amount of the same securities to be issued in the following three years. On May 1, 2007 the Operating Partnership publicly offered \$150.0 million of 5.95% senior unsecured debt due in 2017. The Company also may finance the development or acquisition of additional properties through borrowings under the 2005 Unsecured Line of Credit. At March 31, 2007, borrowings under the 2005 Unsecured Line of Credit bore interest at a weighted average interest rate of 6.06%. The 2005 Unsecured Line of Credit bears interest at a floating rate of LIBOR plus .625%, or the Prime Rate, at the Company's election. As of April 27, 2007

the Company had approximately \$235.2 million available for additional borrowings under the 2005 Unsecured Line of Credit.

Three Months Ended March 31, 2007

Net cash provided by operating activities of approximately \$23.3 million for the three months ended March 31, 2007 was comprised primarily of net income before minority interest of approximately \$39.4 million, the net change in operating assets and liabilities of approximately \$1.0 million and net distributions from joint ventures of \$0.2, offset by adjustments for non-cash items of approximately \$17.3 million. The adjustments for the non-cash items of approximately \$17.3 million are primarily comprised of the gain on sale of real estate of approximately \$58.9 million and the effect of the straight-lining of rental income of approximately \$2.7 million, offset by depreciation and amortization of approximately \$44.1 million and loss on early retirement of debt of approximately \$0.2 million.

Net cash provided by investing activities of approximately \$34.4 million for the three months ended March 31, 2007 was comprised primarily by the net proceeds from the sale of real estate, the repayment of notes receivable, distributions from the Company's industrial real estate joint ventures and a decrease in restricted cash that is held by an intermediary for Section 1031 exchange purposes, partially offset by the acquisition of real estate, development of real estate, capital expenditures related to the expansion and improvement of existing real estate, contributions to, and investments in, the Company's industrial real estate joint ventures and the funding of notes receivable.

During the three months ended March 31, 2007, the Company acquired 60 industrial properties comprising approximately 3.4 million square feet of GLA and several land parcels. The purchase price for these acquisitions totaled approximately \$182.8 million, excluding costs incurred in conjunction with the acquisition of the industrial properties and land parcels.

The Company, through a wholly-owned limited liability company in which the Operating Partnership or the TRS is the sole member, invested approximately \$4.2 million and received distributions of approximately \$11.0 million from the Company's real estate joint ventures. As of March 31, 2007, the Company's industrial real estate joint ventures owned 197 industrial properties comprising approximately 23.6 million square feet of GLA.

During the three months ended March 31, 2007, the Company sold 35 industrial properties comprising approximately 4.0 million square feet of GLA and several land parcels. Gross proceeds from the sales of the 35 industrial properties and several land parcels were approximately \$223.8 million.

Net cash used in financing activities of approximately \$71.5 million for the three months ended March 31, 2007 was derived primarily by common and preferred stock dividends and unit distributions, net repayments under the Company's Unsecured Line of Credit, the repurchase of restricted stock from employees of the Company to pay for withholding taxes on the vesting of restricted stock, repayments on mortgage loans payable and debt issue costs and prepayment penalty, partially offset by the net proceeds from the exercise of stock options and a book overdraft.

During the three months ended March 31, 2007, the Company awarded 442,008 shares of restricted common stock to certain employees and 1,598 shares of restricted common stock to certain directors. These shares of restricted common stock had a fair value of approximately \$21.0 million on the date of approval. The restricted common stock awarded to employees generally vests over a three year period and the restricted common stock awarded to directors generally vests over a five year period. Compensation expense will be charged to earnings over the respective vesting periods for those shares that are expected to vest.

During the three months ended March 31, 2007, certain employees of the Company exercised 9,100 non-qualified employee stock options. Net proceeds to the Company were approximately \$0.2 million.

Market Risk

The following discussion about the Company's risk-management activities includes "forward-looking statements" that involve risk and uncertainties. Actual results could differ materially from those projected in the forward-looking statements.

In the normal course of business, the Company also faces risks that are either non-financial or non-quantifiable. Such risks principally include credit risk and legal risk and are not represented in the following analysis.

At March 31, 2007, approximately \$1,645.0 million (approximately 89.2% of total debt at March 31, 2007) of the Company's debt was fixed rate debt and approximately \$199.0 million (approximately 10.8% of total debt at March 31, 2007) was variable rate debt.

For fixed rate debt, changes in interest rates generally affect the fair value of the debt, but not earnings or cash flows of the Company. Conversely, for variable rate debt, changes in the interest rate generally do not impact the fair value of the debt, but would affect the Company's future earnings and cash flows. The interest rate risk and changes in fair market value of fixed rate debt generally do not have a significant impact on the Company until the Company is required to refinance such debt. See Note 4 to the consolidated financial statements for a discussion of the maturity dates of the Company's various fixed rate debt.

The use of derivative financial instruments allows the Company to manage risks of increases in interest rates with respect to the effect these fluctuations would have on our earnings and cash flows. As of March 31, 2007, the Company had two outstanding interest rate swaps with aggregate notional amount of \$145.8 million which fix the interest rate on a forecasted offering of debt.

Recent Accounting Pronouncements

Refer to Footnote 2 to the March 31, 2007 Financial Statements.

Subsequent Events

From April 1, 2007 to April 27, 2007, the Company acquired four industrial properties and several land parcels for a purchase price of approximately \$17.3 million, excluding costs incurred in conjunction with the acquisition of these industrial properties and several land parcels. The Company also sold seven industrial properties for approximately \$32.3 million of gross proceeds.

On April 16, 2007, the Company and the Operating Partnership paid a first quarter 2007 dividend/distribution of \$.71 per common share/Unit, totaling approximately \$36.9 million.

On May 1, 2007 the Company, through the Operating Partnership, priced \$150.0 million of senior unsecured debt with a maturity of May 15, 2017 (the "2017 Notes II"). The coupon interest rate and the issue price on the 2017 Notes II was 5.95% and 99.730%, respectively. The offering of the 2017 Notes II is expected to close on May 7, 2007. There can be no assurance that the 2017 Notes II will close.

On May 1, 2007 the Company settled the April 2006 Agreements for a payment of \$4.2 million, which will be included in other comprehensive income. The settlement amount of the April 2006 Agreements will be amortized over the life of the 2017 Notes II as an adjustment to interest expense.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk*

Response to this item is included in Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" above.

Item 4. *Controls and Procedures*

The Company's principal executive officer and principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report, based on the evaluation of these controls and procedures required by Exchange Act Rules 13a-15(b) or 15d-15(b), have concluded that as of the end of such period the Company's disclosure controls and procedures were effective.

There has been no change in the Company's internal control over financial reporting that occurred during the fiscal quarter covered by this report that has materially affected or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**Item 1. Legal Proceedings**

None.

Item 1A. Risk Factors

If the IRS were to disagree with our characterization of certain arrangements entered into by the Company as reimbursements or the timing of certain assignments of contracts by the Company, the Company could be subject to a penalty tax or fail to remain qualified as a REIT.

The Company believes that it has operated and intends to continue to operate so as to qualify as a REIT under the Code. Although the Company believes that it is organized and has operated in a manner so as to qualify as a REIT, qualification as a REIT involves the satisfaction of numerous requirements, some of which must be met on a recurring basis. These requirements are established under highly technical and complex Code provisions of which there are only limited judicial or administrative interpretations and involve the determination of various factual matters and circumstances not entirely within the Company's control.

The Company (through one of its subsidiary partnerships) entered into certain development agreements in 2000 through 2003, the performance of which has been completed. Under these agreements, the Company provided services to unrelated third parties and certain payments were made by the unrelated third parties for services provided by certain contractors hired by the Company. The Company believes that these payments were properly characterized by it as reimbursements for costs incurred by it on behalf of the third parties and do not constitute gross income and did not prevent the Company from satisfying the gross income requirements of the REIT provisions (the "gross income tests"). The Company brought this matter to the attention of the Internal Revenue Service (the "IRS"). The IRS did not challenge or express any interest in challenging the Company's view on this matter.

Employees of the First Industrial, L.P., a subsidiary partnership of the Company (the "Service Employees"), were providing certain acquisition and disposition services since 2004 and certain leasing and property management services since 1997 to one of the Company's taxable REIT subsidiaries (the "TRS"), and have also been providing certain of these services (or similar services) to joint ventures in which First Industrial, L.P. owns a minority interest or to unrelated parties. In determining whether it satisfied the gross income tests for certain years, the Company has taken and intends to take the position that the costs of the Service Employees should be shared between the Operating Partnership and the TRS and that no fee income should be imputed to the Company as a result of such arrangement. However, because certain of these services (or similar services) have also been performed for the joint ventures or unrelated parties described above, there can be no assurance that the IRS will not successfully challenge this position. First Industrial, L.P. believes that it has taken appropriate steps to address this issue going forward, but there can be no assurance that such steps will adequately resolve this issue.

During 2006, the Company determined that the Operating Partnership's fee income to be derived in 2006 and subsequent years from joint ventures with third parties ("joint venture fee income") might materially exceed joint venture fee income in prior years. If steps were not taken, this increased fee income might have caused the Company to violate the gross income tests in 2006 and subsequent years. The Company decided to address this issue by transferring employees providing the services, and assigning the service contracts giving rise to the fee income, from the Operating Partnership to the TRS. The Company believes that these transfers were completed early enough in 2006 to have avoided this potential gross income issue for 2006. The employees were transferred promptly to the TRS. However, the documentation for the assignment of the service contracts was completed later because changes were required to the transaction documentation for each of the joint ventures involved and, in some cases, consent of the respective joint venture partner was needed. It is therefore possible that the IRS could raise an issue as to when the service activity generating the joint venture fee income shifted to the TRS for U.S. federal income tax purposes. In light of this possibility, the Company presently intends to seek clarification from the IRS in the form of a private letter ruling or closing agreement. The Company intends to ask the IRS to confirm that (i) the transfers were made early enough in 2006 to have avoided any potential violation of the gross income tests or alternatively, that (ii) if the transfers occurred later in 2006 than the Company intended, the gross income tests were satisfied in any event.

If the IRS were to challenge either of the positions described in the second and third paragraphs and were successful, or the IRS were unwilling to provide the clarification described in the fourth paragraph, the Company could be found not to have satisfied the gross income tests in one or more of its taxable years. If the Company were found not to have satisfied the gross income tests, it could be subject to a penalty tax as a result of any such violations, but the Company does not believe that any such penalty tax would be material. However, such noncompliance should not adversely affect the Company's qualification as a REIT as long as such noncompliance was due to reasonable cause and not to willful neglect and certain other requirements were met. The Company believes that, in all three situations, any such noncompliance was due to reasonable cause and not willful neglect and that such other requirements will have been met

If the Company were to fail to qualify as a REIT in any taxable year, it would be subject to federal income tax, including any applicable alternative minimum tax, on its taxable income at corporate rates. This could result in a discontinuation or substantial reduction in dividends to stockholders and in cash to pay interest and principal on debt securities that the Company issues. Unless entitled to relief under certain statutory provisions, the Company would be disqualified from electing treatment as a REIT for the four taxable years following the year during which it failed to qualify as a REIT.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

a) Exhibits:

Exhibit Number	Description
1.1*	Underwriting Agreement dated May 1, 2007 among the Operating Partnership, the Company, J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as underwriters and as representatives of several other underwriters listed therein.
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

** Furnished herewith

The Company maintains a website at www.firstindustrial.com. Information on this website shall not constitute part of this Form 10-Q. Copies of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to such reports are available without charge on the Company's website as soon as reasonably practicable after such reports are filed with or furnished to the SEC. In addition, the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Audit Committee Charter, Compensation Committee Charter, Nominating/Corporate Governance Committee Charter, along with supplemental financial and operating information prepared by the Company, are all available without charge on the Company's website or upon request to the Company. Amendments to, or waivers from, the Company's Code of Business Conduct and Ethics that apply to the Company's executive officers or directors shall be posted to the Company's website at www.firstindustrial.com. Please direct requests as follows:

First Industrial Realty Trust, Inc.
311 S. Wacker, Suite 4000
Chicago, IL 60606
Attention: Investor Relations

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST INDUSTRIAL REALTY TRUST, INC.

By: /s/ Scott A. Musil
Scott A. Musil
Chief Accounting Officer
(Principal Accounting Officer)

Date: May 3, 2007

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
1.1*	Underwriting Agreement dated May 1, 2007 among the Operating Partnership, the Company, J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as underwriters and as representatives of several other underwriters listed therein.
31.1*	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32.1**	Certification of the Principal Executive Officer and the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

** Furnished herewith

First Industrial, L.P.
\$150,000,000 5.95% Senior Notes due 2017
Underwriting Agreement

May 1, 2007

J.P. MORGAN SECURITIES INC.
WACHOVIA CAPITAL MARKETS, LLC
CREDIT SUISSE SECURITIES (USA) LLC
MERRILL LYNCH, PIERCE, FENNER
& SMITH INCORPORATED
As Representatives of the several
Underwriter's named in Schedule I hereto
c/o J.P. Morgan Securities LLC
270 Park Avenue
New York, New York 10017-2070

Ladies and Gentlemen:

First Industrial, L.P., a Delaware limited partnership (the "Operating Partnership"), by this agreement (the "Agreement") proposes to issue and sell to the underwriters named in Schedule I hereto (collectively, the "Underwriters"), for whom J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC, Credit Suisse Securities (USA) LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as Representatives (the "Representatives"), the principal amount of its debt securities identified in Schedule I hereto (the "Securities"), each as specified in Schedule I hereto.

The Operating Partnership and First Industrial Realty Trust, Inc., a Maryland corporation and the sole general partner of the Operating Partnership (the "Company"), have prepared and filed with the Securities and Exchange Commission (the "Commission") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), a registration statement (file number 333-142470-01) on Form S-3, including the related prospectus (the "Base Prospectus"), relating to certain securities (the "Shelf Securities") to be issued from time to time by the Company or the Operating Partnership, as the case may be. The Operating Partnership also has filed with, or proposes to file with, the Commission pursuant to Rule 424 under the Securities Act ("Rule 424") a prospectus supplement specifically relating to the Securities (a "Prospectus Supplement"). The registration statement as amended to the date of this Agreement and including any registration statement filed pursuant to Rule 462(b) under the Securities Act (a "Rule 462(b) Registration Statement") is hereinafter referred to as the "Registration Statement." For purposes of this Agreement, "Effective Time" with respect to the Registration Statement means, if the Operating Partnership has advised the Underwriters that it does not propose to amend such registration statement, the date and time as of which such registration statement, or the most recent post-effective amendment thereto (if any) filed prior to the execution and delivery of this Agreement, was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c) or (e). Any reference in this Agreement to the Registration Statement, the Prospectus as defined hereunder or any preliminary prospectus (a "preliminary prospectus"), as the case may be, previously filed with the

Commission pursuant to Rule 424 shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act which were filed under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Exchange Act") on or before the date of this Agreement or the date of the Registration Statement or the Prospectus, as the case may be; and any reference to "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include any documents filed under the Exchange Act after the date of this Agreement, or the date of the Registration Statement or the Prospectus, as the case may be, which are deemed to be incorporated by reference therein. "Registration Statement" without reference to a time means the Registration Statement as of its Effective Time. "Registration Statement" as of any specified time means the Registration Statement in the form then filed with the Commission immediately prior to that time, including any amendment thereto or any document incorporated by reference therein and any prospectus deemed or retroactively deemed to be a part thereof that has not been superseded or modified. For purposes of the previous sentence, information contained in a form of prospectus or prospectus supplement that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430A shall be considered to be included in the Registration Statement as of the time specified in Rule 430A. "Statutory Prospectus" as of any specified time means the prospectus included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any prospectus supplement deemed or retroactively deemed to be a part thereof that has not been superseded or modified. For purposes of the preceding sentence, information contained in a form of prospectus that is deemed retroactively to be a part of the Registration Statement pursuant to Rule 430A shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) ("Rule 424(b)") under the Securities Act. "Prospectus" means the Statutory Prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173) in connection with confirmation of sales of the Securities that discloses the public offering price and other final terms of the Securities and otherwise satisfies Section 10(a) of the Securities Act. "Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g). "General Use Issuer Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being specified as such in Schedule IV to this Agreement. "Limited Use Issuer Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus. "Time of Sale" means 1:00 p.m. (Eastern time) on the date of this Agreement. All references in this Agreement to financial statements and schedules and other information which is "contained," "included," "described" or "stated" in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is or is deemed to be incorporated by reference in the Registration Statement or Prospectus, as the case may be.

The Securities will be issued in one or more series under an indenture, dated as of May 13, 1997 (the "Original Indenture"), between the Operating Partnership and U.S. Bank National Association, as trustee (the "Trustee"). The title, aggregate principal amount, rank, interest rate or formula and timing of payments thereof, stated maturity date, redemption and/or repayment provisions, sinking fund requirements and any other variable terms for each series of the Securities shall be established by or pursuant to supplemental indenture no. 11 (the "Supplemental Indenture") to the Original Indenture (as so supplemented, and as the same may be amended or further supplemented from time to time, the "Indenture") to be entered into between the Operating Partnership and the Trustee on or prior to the Closing Date (as defined in Section 3).

At or prior to the Time of Sale, the Operating Partnership had prepared the following information, (the "Time of Sale Information"): (1) any scheduled Issuer Free Writing Prospectuses attached as exhibits

to Schedule IV hereto, (2) the preliminary Prospectus Supplement dated May 1, 2007 together with the Base Prospectus and (3) any filing under the 1934 Act which is deemed incorporated by reference in the Registration Statement or the Prospectus.

Each of the Company and the Operating Partnership hereby severally agrees with the Underwriters as follows:

1. The Operating Partnership agrees to issue and sell the Securities to the several Underwriters as hereinafter provided, and each Underwriter, on the basis of the representations, warranties and agreements herein contained, but subject to the conditions hereinafter stated, agrees to purchase, severally and not jointly, from the Operating Partnership the respective principal amount of Securities set forth opposite such Underwriter's name in Schedule I hereto at the purchase price set forth in Schedule II hereto.
2. The Operating Partnership understands that the several Underwriters intend (i) to make a public offering of their respective portions of the Securities as soon after the execution of this Agreement as in the judgment of the Underwriters is advisable and (ii) initially to offer the Securities upon the terms set forth in the Prospectus.
3. Payment for the Securities shall be made to the Operating Partnership or to its order by wire transfer in immediately available funds on the date and at the time and place set forth in Schedule II hereto in the section entitled "Closing Date and Time of Delivery" (or at such other time and place on the same or such other date, not later than the third Business Day thereafter, as you and the Operating Partnership may agree in writing). Such payment will be made upon delivery to, or to you for the respective accounts of, the Underwriters of the Securities registered in such names and in such denominations as you shall request not less than two full Business Days prior to the date of delivery, with any transfer taxes payable in connection with transfer to the Underwriters duly paid by the Operating Partnership. As used herein, the term "Business Day" means any day other than a day on which banks are permitted or required to be closed in New York City or the City of Chicago. The time and date of such payment and delivery with respect to the Securities are referred to herein as the "Closing Date." The Securities will be delivered through the book entry facilities of The Depository Trust Company ("DTC") and will be made available for inspection by you by 1:00 P.M. New York City time at least 24 hours prior to the Closing Date at such place in New York City as you, DTC and the Operating Partnership shall agree.
4. The Company and the Operating Partnership, jointly and severally, represent and warrant to each Underwriter as of the date hereof and the Closing Date that:
 - (a) Status as a Well-Known Seasoned Issuer. (A) At the time of filing the Registration Statement, (B) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the 1934 Act or form of prospectus), (C) at the time the Company or the Operating Partnership or any person acting on their behalf (within the meaning, for this clause only, of Rule 163(c) of the relevant regulations) made any offer relating to the Securities in reliance on the exemption of Rule 163 of the Securities Act Regulations and (D) at the date hereof and at the Closing, each of the Company and the Operating Partnership was and is a "well-known seasoned issuer" as defined in Rule 405 of the Securities Act ("Rule 405"), including not having been and not being an "ineligible issuer" as defined in Rule 405. The Registration Statement is an "automatic shelf registration statement," as defined in Rule 405. Neither the Company nor the Operating Partnership has

received from the Commission any notice pursuant to Rule 401(g)(2) of the Securities Act Regulations objecting to the use of the automatic shelf registration statement form.

At the time of filing the Registration Statement, at the earliest time thereafter that the Company or the Operating Partnership or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the Securities Act) of the Securities and at the date hereof, each of the Company and the Operating Partnership was not and is not an “ineligible issuer,” as defined in Rule 405.

(b) The Registration Statement became effective upon filing under Rule 462(e) of the Securities Act (“Rule 462(e)”) on April 30, 2007, and any post-effective amendment thereto also became effective upon filing under Rule 462(e). No stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company or the Operating Partnership, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

The Registration Statement and the Prospectus, including the financial statements, schedules and related notes included in the Prospectus and, if applicable, any Term Sheet to the Prospectus, as of the date hereof, as of the Time of Sale and at the time the Registration Statement became effective, including any deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the Securities Act Regulations, and when any post-effective amendment to the Registration Statement or Rule 462(b) Registration Statement becomes effective or any amendment or supplement to the Prospectus is filed with the Commission or at the Closing Date, did or will comply in all material respects with all applicable provisions of the Securities Act and the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (the “TIA”) and will contain all statements required to be stated therein in accordance with the Securities Act and the TIA. The Prospectus, including the financial statements, schedules and related notes included or incorporated by reference in the Prospectus, and if applicable, any Term Sheet to the Prospectus, as of the date hereof, as of the Time of Sale and at the time the Registration Statement became effective, and at the Closing Date, and when any post-effective amendment to the Registration Statement or Rule 462(b) Registration Statement becomes effective or any amendment or supplement to the Prospectus is filed with the Commission, did or will comply in all material respects with all applicable provisions of the Securities Act and the TIA and will contain all statements required to be stated therein in accordance with the Securities Act and the TIA. On the date the Registration Statement was declared effective, including any deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the Securities Act Regulations, on the date hereof, as of the Time of Sale, on the date of filing of any Rule 462(b) Registration Statement and on the Closing Date, no part of the Registration Statement or any amendment did or will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading. On the date the Registration Statement was declared effective, including any deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the Securities Act Regulations, on the date hereof, as of the Time of Sale, as of its date, on the date of filing of any Rule 462(b) Registration Statement and at the Closing Date, the Prospectus did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If a Rule 462(b) Registration Statement is filed in connection with the offering and sale of the Securities, the Company and the Operating Partnership will have complied or will comply with the requirements of Rule 111 under the Securities Act relating to the payment of filing fees therefor. The foregoing representations and warranties in this Section

4(b) do not apply to (i) that part of the Registration Statement which constitutes the Statement of Eligibility and Qualification under the TIA (the "Form T-1"), and (ii) any statements or omissions made in reliance on and in conformity with information relating to any Underwriter furnished in writing to the Company or the Operating Partnership by the Underwriters specifically for inclusion in the Registration Statement or Prospectus or any amendment or supplement thereto. Neither the Company nor the Operating Partnership has distributed, and prior to the later of the Closing Date and the completion of the distribution of the Securities will not distribute, any offering material in connection with the offering or sale of the Securities other than the Registration Statement, the preliminary prospectus, the Prospectus or any other materials, if any, permitted by the Securities Act (which were disclosed to the Underwriters and the Underwriters' counsel and are listed on Schedule IV hereof other than documents referred to in clause (c) of Section 7(f));

(c) Any preliminary prospectus supplements, filed pursuant to Rule 424 under the Securities Act and each 462(b) Registration Statement, if any, complied or will comply when so filed in all material respects with all applicable provisions of the Securities Act; did not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with the offering of Securities will, at the time of such delivery, be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T;

(d) The documents incorporated or deemed to be incorporated by reference in the Registration Statement, the Prospectus and the Time of Sale Information pursuant to Item 12 of Form S-3 under the Securities Act, at the time they were, or hereafter are, filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act, and, when read together with other information included in, and incorporated by reference in, the Registration Statement, the Prospectus and the Time of Sale Information, at the time the Registration Statement became effective, as of the date of the Prospectus, the Time of Sale Information and as of the Closing Date, or during the period specified in Section 5(e) did not and will not include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The foregoing representations and warranties in this Section 4(d) do not apply to the Form T-1 or to any statements or omissions made in reliance on and in conformity with information relating to any Underwriter furnished in writing to the Company or the Operating Partnership by the Underwriters specifically for inclusion in the Registration Statement or Prospectus or any amendment or supplement thereto;

(e) At the time of filing the Registration Statement and at the date of this Agreement, each of the Operating Partnership and the Company was not and is not an "ineligible issuer," as defined in Rule 405, including as a result of (x) the Operating Partnership, the Company or any other subsidiary in the preceding three years having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Operating Partnership or the Company in the preceding three years having been the subject of a bankruptcy petition or insolvency or similar proceeding, having had a registration statement be the subject of a proceeding under Section 8 of the Securities Act or being the subject of a proceeding under Section 8A of the Securities Act in connection with the offering of the Securities, all as described in Rule 405.

(f) The Time of Sale Information, at the Time of Sale did not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any prospectus included in the Registration Statement or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Operating Partnership by the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by the Underwriters consists of the information described in the second paragraph of Section 8 hereof. No statement of material fact included in the Prospectus has been omitted from the Time of Sale Information and no statement of material fact included in the Time of Sale Information that is required to be included in the Prospectus has been omitted therefrom.

(g) Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities or until any earlier date that the Operating Partnership notified or notifies the Underwriters as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, (i) the Operating Partnership has promptly notified or will promptly notify the Underwriters and (ii) the Operating Partnership has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Operating Partnership by the Underwriters specifically for use therein, it being understood and agreed that the only such information furnished by the Underwriters consists of the information described as such in the second paragraph of Section 8 hereof.

(h) The Operating Partnership (including its agents and representatives, other than the Underwriters in their capacity as such) has not made, used, prepared, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any Issuer Free Writing Prospectus other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or (ii) the documents listed on Schedule IV hereto and other written communications approved in writing in advance by the Representatives. Each such Issuer Free Writing Prospectus complied in all material respects with the Securities Act, has been filed in accordance with the Securities Act (to the extent required thereby) and did not, and at the Closing Date will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Operating Partnership makes no representation and warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Operating Partnership in writing by such Underwriter through the Representative expressly for use in any Issuer Free Writing Prospectus.

(i) The Company has been duly organized and is validly existing as a corporation under and by virtue of the laws of the State of Maryland, and is in good standing with the State

Department of Assessments and Taxation of Maryland. The Operating Partnership has been duly organized and is validly existing as a limited partnership in good standing under and by virtue of the Delaware Revised Uniform Limited Partnership Act. Each of First Industrial Financing Partnership, L.P. (the "Financing Partnership"), First Industrial Securities, L.P. ("Securities, L.P."), First Industrial Mortgage Partnership, L.P. (the "Mortgage Partnership"), First Industrial Pennsylvania, L.P. ("FIP"), First Industrial Harrisburg, L.P. ("FIH") and First Industrial Indianapolis, L.P. ("FII") (the Financing Partnership, Securities, L.P., the Mortgage Partnership, FIP, FIH and FII are referred to collectively herein as the "Partnership Subsidiaries") has been duly organized and is validly existing as a limited partnership in good standing under and by virtue of the laws of its jurisdiction of organization. Each of First Industrial Securities Corporation ("FISC"), First Industrial Indianapolis Corporation ("FIC"), First Industrial Harrisburg Corporation ("FIHC"), First Industrial Finance Corporation ("FIFC"), First Industrial Mortgage Corporation ("FIMC"), First Industrial Investment, Inc. ("FIDSI") and First Industrial Pennsylvania Corporation ("FIPC"), (FISC, FIC, FIHC, FIFC, FIMC, FIDSI and FIPC are referred to collectively herein as the "Corporate Subsidiaries"), First Industrial Texas, L.P. ("FR Texas"), First Industrial Acquisitions, Inc. ("FIAI") and FR Loveton, L.L.C. ("FR Loveton"), (FR Texas, FIAI and FR Loveton are referred to collectively herein as the "Additional Subsidiaries," and the Partnership Subsidiaries, the Corporate Subsidiaries and the Additional Subsidiaries are referred to herein collectively as the "Subsidiaries" or individually as a "Subsidiary"), has been duly organized and is validly existing as a corporation in good standing under and by virtue of the laws of its jurisdiction of incorporation. Other than the Corporate Subsidiaries, the Partnership Subsidiaries and the Additional Subsidiaries, no entity in which the Company owns any equity securities constitute, individually or in the aggregate, is a "significant subsidiary" under Rule 1-02 of Regulation S-X (substituting "net income" for "income from continuing operations") promulgated under the Exchange Act. The Company is the sole general partner of the Operating Partnership. FIFC is a wholly-owned subsidiary of the Company and is the sole general partner of the Financing Partnership. FIMC is a wholly-owned subsidiary of the Company and is the sole general partner of the Mortgage Partnership. FISC is a wholly-owned subsidiary of the Company and is the sole general partner of Securities, L.P. The Operating Partnership and FISC are the only limited partners of Securities, L.P. FIPC is a wholly-owned subsidiary of the Company and is the sole general partner of FIP. FIC is a wholly-owned subsidiary of the Company and is the sole general partner of FII. FIHC is a wholly-owned subsidiary of the Company and is the sole general partner of FIH. FIDSI is a wholly-owned subsidiary of the Operating Partnership. The Operating Partnership is the sole limited partner of each Partnership Subsidiary (except for Securities, L.P.). The Operating Partnership, the Company and each of the Subsidiaries has, and at the Closing Date will have, full corporate, partnership or limited liability company power and authority, as the case may be, to conduct all the activities conducted by it, to own, lease or operate all the properties and other assets owned, leased or operated by it and to conduct its business in which it engages or proposes to engage as described in the Prospectus and the transactions contemplated hereby. The Company and each of the Corporate Subsidiaries is, and at the Closing Date will be, duly qualified or registered to do business and in good standing as a foreign corporation in all jurisdictions in which the nature of the activities conducted by it or the character of the properties and assets owned, leased or operated by it makes such qualification or registration necessary, except where failure to obtain such qualifications or registration will not have a material adverse effect on (i) the condition, financial or otherwise, or the earnings, assets or business affairs or prospects of the Operating Partnership, Company and their Subsidiaries, taken as a whole or on the 931 in service properties owned, directly or indirectly, by the Company as of December 31, 2006 (the "Properties") taken as a whole, (ii) the issuance, validity or enforceability of the Securities or (iii) the consummation of any of the transactions contemplated by this Agreement, the Indenture and the Securities (each a "Material Adverse Effect"). The Operating Partnership and each of the Partnership Subsidiaries is, and at the

Closing Date will be, duly qualified or registered to do business and in good standing as a foreign limited partnership in all jurisdictions in which the nature of the activities conducted by it or the character of the assets owned, leased or operated by it makes such qualification or registration necessary, except where failure to obtain such qualification or registration will not have a Material Adverse Effect. Complete and correct copies of the charter documents, partnership agreements and other organizational documents of the Company and its Subsidiaries and all amendments thereto as have been requested by the Underwriters or their counsel have been delivered to the Underwriters or their counsel;

(j) The Securities have been duly authorized for issuance and sale in accordance with this Agreement by the Company, as general partner of the Operating Partnership, and, when issued by the Operating Partnership and authenticated and delivered by the Trustee in accordance with the terms of the Indenture, and paid for by the Underwriters pursuant to this Agreement; such Securities will be valid and legally binding unsecured obligations of the Operating Partnership entitled to the benefit of the Indenture and enforceable against the Operating Partnership in accordance with their respective terms, subject to (1) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (2) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought; the Indenture has been duly qualified under the TIA and prior to the issuance of the securities will be duly authorized, executed and delivered by the Operating Partnership and the Company, and assuming due authorization, execution and delivery thereof by the Trustee, will constitute a valid and legally binding obligation of the Operating Partnership, enforceable in accordance with its terms subject to (1) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (2) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought; the Securities conform, and the Indenture conform, to the statements relating thereto contained in the Prospectus; and the Securities are in the form contemplated by the Indenture;

(k) The partnership agreement of the Operating Partnership is duly authorized, executed and delivered by the Company, as general partner and a limited partner and the partnership agreement of each Partnership Subsidiary is duly authorized, validly executed and delivered by each partner thereto and (assuming in the case of the Operating Partnership the due authorization, execution and delivery of the partnership agreement by each limited partner other than the Company) each such partnership agreement will be a valid, legally binding and enforceable in accordance with its terms immediately following the Closing Date subject to (i) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (ii) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought. All of the issued and outstanding shares of capital stock of the Company and each Corporate Subsidiary, all of the outstanding units of general, limited and/or preferred partner interests of the Operating Partnership and each Partnership Subsidiary will have been duly authorized and are validly issued, fully paid and non-assessable; and (except as described in the Prospectus) will be owned directly or indirectly (except in the case of the Company) by the Operating Partnership or the Company, as the case may be, free and clear of all security interests, liens and encumbrances (except for pledges in connection with the loan agreements of the Operating Partnership, the Company and the Subsidiaries), and all of the

partnership interests in each Partnership Subsidiary will have been duly authorized and are validly issued, fully paid, and (except as described in the Prospectus) will be owned directly or indirectly by the Operating Partnership or the Company, free and clear of all security interests, liens and encumbrances (except for pledges in connection with the loan agreements of the Operating Partnership, the Company and the Subsidiaries);

(l) The financial statements, supporting schedules and related notes included in, or incorporated by reference in, the Registration Statement, the Time of Sale Information and the Prospectus comply in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and present fairly the consolidated financial condition of the entity or entities or group or property or properties presented or included therein, as of the respective dates thereof, and its consolidated results of operations and cash flows for the respective periods covered thereby, are all in conformity with generally accepted accounting principles applied on a consistent basis throughout the entire period involved, except as otherwise disclosed in the Prospectus. The financial information and data included in the Registration Statement, the Time of Sale Information and the Prospectus present fairly the information included or incorporated by reference therein and have been prepared on a basis consistent, except as may be noted therein, with that of the financial statements, schedules and notes included or incorporated by reference in the Registration Statement, the Time of Sale Information and the Prospectus and the books and records of the respective entity or entities or group presented or included therein. Except as otherwise noted in the Registration Statement, the Time of Sale Information and the Prospectus, pro forma and/or as adjusted financial information included or incorporated by reference in the Registration Statement, the Time of Sale Information and the Prospectus has been prepared in accordance with the applicable requirements of the Securities Act and the American Institute of Certified Public Accountants ("AICPA") guidelines with respect to pro forma and as adjusted financial information, and includes all adjustments necessary to present fairly the pro forma and/or as adjusted financial condition of the entity or entities or group presented or included therein at the respective dates indicated and the results of operations and cash flows for the respective periods specified. The Operating Partnership's ratio of earnings to fixed charges included in the Prospectus and in Exhibit 12.1 to the Operating Partnership's Annual report on Form 10-K filed with the Commission on March 1, 2007 have been calculated in compliance with Item 503(d) of Regulation S-K of the Commission. No other financial statements (or schedules) of the Company, the Operating Partnership and the Partnership Subsidiaries or any predecessor of the Company and/or the Operating Partnership and the Partnership Subsidiaries are required by the Securities Act or the Exchange Act to be included in the Registration Statement, the Time of Sale Information and the Prospectus. PricewaterhouseCoopers LLP (the "Accountants") who have reported on such financial statements, schedules and related notes, are independent registered public accountants with respect to the Operating Partnership, the Company and the Partnership Subsidiaries with the applicable rules and regulations adopted by the Commission and the Public Accounting Oversight Board (United States) and as required by the Securities Act, and there have been no disagreements with any accountants or "reportable events" (as defined in Item 304 of Regulation S-K promulgated by the Commission) required to be disclosed in the Prospectus or elsewhere pursuant to such Item 304 which have not been so disclosed;

(m) Subsequent to the respective dates as of which information is given in the Registration Statement, the Time of Sale Information and the Prospectus and prior to the Closing Date, (i) there has not been and will not have been, except as set forth in or contemplated by the Registration Statement, the Time of Sale Information, the Prospectus and this Agreement, any change in the capitalization, long term or short term debt or in the capital stock or equity of each of the Operating Partnership, the Company or any of the Subsidiaries which would be material to

the Operating Partnership, the Company and the Subsidiaries considered as one enterprise (anything which would be material to the Operating Partnership, the Company and the Subsidiaries, considered as one enterprise, being hereinafter referred to as "Material"), (ii) except as described in the Registration Statement, the Time of Sale Information or the Prospectus, neither the Operating Partnership, the Company nor any of the Subsidiaries has incurred nor will any of them incur any liabilities or obligations, direct or contingent, which would be Material, nor has any of them entered into nor will any of them enter into any transactions, other than pursuant to this Agreement and the transactions referred to herein or as contemplated in the Registration Statement, the Time of Sale Information, the Prospectus and this Agreement, which would be Material, (iii) there has not been any Material Adverse Effect, (iv) except for regular quarterly distributions on the Company's shares of common stock, par value \$0.01 per share (the "Common Stock"), and the dividends on, and any distributions on redemption of, the shares of the Company's (a) Depository Shares each representing 1/100 of a share of 8⁵/₈% Series C Cumulative Preferred Stock (the "Series C Preferred Stock"), (b) Depository Shares each representing 1/100 of a share of 6.236% Series F Flexible Cumulative Redeemable Preferred Stock (the "Series F Preferred Stock"), (c) Depository Shares each representing 1/100 of a share of 7.236% Series G Flexible Cumulative Redeemable Preferred Stock (the "Series G Preferred Stock"), (d) Depository Shares each representing 1/10,000 of a share of Series J Cumulative Redeemable Preferred Stock (the "Series J Preferred Stock") and (e) Depository Shares each representing 1/10,000 of a share of 7.25% Series K Cumulative Redeemable Preferred Stock (the "Series K Preferred Stock"), the Company has not paid or declared and will not pay or declare any dividends or other distributions of any kind on any class of its capital stock, and (v) except for distributions in connection with regular quarterly distributions on partnership units, the Operating Partnership has not paid any distributions of any kind on its partnership units;

(n) None of the Operating Partnership, the Company or any of the Subsidiaries is, or as of the Closing Date will be, required to be registered under the Investment Company Act of 1940, as amended (the "1940 Act");

(o) To the knowledge of the Operating Partnership or the Company, after due inquiry, except as set forth in the Registration Statement, the Time of Sale Information and the Prospectus, there are no actions, suits, proceedings, investigations or inquiries, pending or, after due inquiry, threatened against or affecting the Operating Partnership, the Company or any of the Subsidiaries or any of their respective officers or directors in their capacity as such or of which any of their respective properties or assets or any Property is the subject or bound, before or by any Federal or state court, commission, regulatory body, administrative agency or other governmental body, domestic or foreign, wherein an unfavorable ruling, decision or finding would reasonably be expected to have a Material Adverse Effect;

(p) The Operating Partnership, the Company and each of the Subsidiaries (i) has, and at the Closing Date will have, (A) all governmental licenses, permits, consents, orders, approvals and other authorizations necessary to carry on its business as contemplated in the Registration Statement, the Time of Sale Information or the Prospectus and are in material compliance with such, and (B) complied in all material respects with all laws, regulations and orders applicable to it or its business and (ii) are not, and at the Closing Date will not be, in breach of or default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, voting trust agreement, loan agreement, bond, debenture, note agreement, lease, contract, joint venture or partnership agreement or other agreement or instrument (collectively, a "Contract or Other Agreement") or under any applicable law, rule, order, administrative regulation or administrative or court decree to which it is a party or by which any of its other assets or properties or by which the Properties are bound or affected,

except where such default, breach or failure will not, either singly or in the aggregate, have a Material Adverse Effect. To the knowledge of the Operating Partnership, the Company and each of the Subsidiaries, after due inquiry, no other party under any Material contract or other agreement to which it is a party is in default thereunder, except where such default will not have a Material Adverse Effect. None of the Operating Partnership, the Company or any of the Subsidiaries is, nor at the Closing Date will any of them be, in violation of any provision of its articles of incorporation, by-laws, certificate of limited partnership, partnership agreement or other organizational document, as the case may be;

(q) No Material consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body or any other entity is required in connection with the offering, issuance or sale of the Securities hereunder except such as have been obtained under the Securities Act, the Exchange Act and the TIA and such as may be required under state securities, Blue Sky or real estate syndication laws or the by-laws, the corporate financing rule or the conflict of interests rule of the National Association of Securities Dealers, Inc. (the "NASD") in connection with the purchase and distribution by the Underwriters of the Securities or such as have been received prior to the date of this Agreement, and except for the filing of this Agreement, the Supplemental Indenture and the form of Securities with the Commission as exhibits to a Form 8-K, which the Operating Partnership and the Company agree to make in a timely manner;

(r) The Operating Partnership and the Company had or have full corporate or partnership power, as the case may be, to enter into each of this Agreement, the Indenture and the Securities. This Agreement, the Indenture and the Securities have been duly and validly authorized, executed and delivered by the Operating Partnership and the Company, constitutes a valid and binding agreement of the Operating Partnership and the Company, and assuming due authorization, execution and delivery by the Underwriters, is enforceable against the Operating Partnership in accordance with the terms hereof and thereof subject to (i) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (ii) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought. The execution, delivery and performance of this Agreement, the Indenture and the Securities and the consummation of the transactions contemplated hereby, and compliance by each of the Operating Partnership, the Company and the Subsidiaries with its obligations hereunder to the extent each is a party thereto, will not result in the creation or imposition of any lien, charge or encumbrance upon any of the assets or properties of the Operating Partnership, the Company or any of the Subsidiaries pursuant to the terms or provisions of, or result in a breach or violation of any of the terms or provisions of, or constitute a default under, or give any other party a right to terminate any of its obligations under, or result in the acceleration of any obligation under, (a) the certificate of incorporation, by-laws, certificate of limited partnership, partnership agreement or other organizational documents of the Operating Partnership, the Company or any of the Subsidiaries, (b) any Contract or Other Agreement to which the Operating Partnership, the Company or any of the Subsidiaries is a party or by which the Operating Partnership, the Company or any of the Subsidiaries or any of their assets or properties are bound or affected, or violate or conflict with (c) any judgment, ruling, decree, order, statute, rule or regulation of any court or other governmental agency (foreign or domestic) or body applicable to the business or properties of the Operating Partnership, the Company or any of the Subsidiaries or to the Properties, in each case (other than with respect to subclause (a) of this sentence as it applies to the Operating Partnership, the Company and their significant subsidiaries (as defined in Section 4(h)) except for liens, charges, encumbrances, breaches, violations, defaults, rights to terminate or accelerate

obligations, or conflicts, the imposition or occurrence of which would not have a Material Adverse Effect;

(s) Each of this Agreement, the Indenture, the Supplemental Indenture and the Securities conforms in all material respects to the descriptions thereof contained in each of the Time of Sale Information and the Prospectus.

(t) As of the Closing Date, the Operating Partnership, the Company and each of the Subsidiaries will have good and marketable title to all properties and assets described in the Registration Statement, the Time of Sale Information and the Prospectus as owned by it, free and clear of all liens, encumbrances, claims, security interests and defects, except such as are described in the Registration Statement, the Time of Sale Information and the Prospectus, or such as secure the loan facilities of the Operating Partnership, the Company and the Subsidiaries, or would not result in a Material Adverse Effect;

(u) This Agreement has been duly authorized by the Operating Partnership and, at the Closing Date, will have been duly executed and delivered by the Operating Partnership, and, assuming due authorization, execution and delivery of this Agreement by the other respective parties thereto, this Agreement will, at the Closing Date, constitute a valid and binding obligation of the Operating Partnership, enforceable against the Operating Partnership in accordance with their respective terms (except to the extent that enforcement thereof may be limited by (i) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (ii) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought);

(v) The Securities are in the form contemplated by, and upon due authorization, execution and delivery, will be entitled to the benefits of, the Indenture and the Supplemental Indenture, and have been duly authorized by all necessary action of the Operating Partnership and the Company and at the Closing Date, when issued and authenticated in the manner provided for in the Indenture and the Supplemental Indenture and delivered and paid for as contemplated by this Agreement, will constitute valid and legally binding obligations of the Operating Partnership, as issuer, enforceable against the Operating Partnership, as issuer, in accordance with their terms (except to the extent that enforcement thereof may be limited by (i) the effect of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws now or hereafter in effect relating to or affecting the rights and remedies of creditors and (ii) the effect of general principles of equity, whether enforcement is considered in a proceeding in equity or at law, and the discretion of the court before which any proceeding therefor may be brought). The Securities conform in all material respects to all statements and descriptions related thereto contained in the Preliminary Prospectus the Time of Sale Information and the Prospectus. The Securities will rank equally with all unsecured indebtedness (other than subordinated indebtedness) of the Operating Partnership that is outstanding on the Closing Date or that may be incurred thereafter and senior to all subordinated indebtedness of the Operating Partnership that is outstanding on the Closing Date or that may be incurred thereafter, except that such Securities will be effectively subordinate to the prior claims of each secured mortgage lender to the extent of the property securing such mortgage and any claims of creditors of entities wholly or partly owned, directly or indirectly, by the Operating Partnership to the extent of the assets of those entities.

(w) The Operating Partnership is subject to the reporting requirements of either Section 13 or Section 15(d) of the Securities Exchange Act of 1934 and files reports with the Commission on EDGAR.

(x) To the knowledge of the Operating Partnership and the Company: (i) no lessee of any portion of the Properties is in default under any of the leases governing such Properties and there is no event which, but for the passage of time or the giving of notice, or both, would constitute a default under any of such leases, except in each case such defaults that would not have a Material Adverse Effect; (ii) the current use and occupancy of each of the Properties complies in all material respects with all applicable codes and zoning laws and regulations, except for such failures to comply which would not individually or in the aggregate have a Material Adverse Effect; and (iii) there is no pending or threatened condemnation, zoning change, environmental or other proceeding or action that will in any material respect affect the size of, use of, improvements on, construction on, or access to the Properties except such proceedings or actions that would not have a Material Adverse Effect;

(y) The Operating Partnership, the Company and the Partnership Subsidiaries have property, title, casualty and liability insurance in favor of the Operating Partnership, the Company or the Partnership Subsidiaries with respect to each of the Properties, in an amount and on such terms as is reasonable and customary for businesses of the type conducted by the Operating Partnership, the Company and the Partnership Subsidiaries except in such instances where the tenant is carrying such insurance or the tenant is self-insuring such risks;

(z) Except as disclosed in the Registration Statement, the Time of Sale Information and the Prospectus, and, except for activities, conditions, circumstances or matters that would not have a Material Adverse Effect; (i) to the knowledge of the Operating Partnership, the Company and the Subsidiaries, after due inquiry, the operations of the Operating Partnership, the Company and the Subsidiaries are in compliance with all Environmental Laws (as defined below) and all requirements of applicable permits, licenses, approvals and other authorizations issued pursuant to Environmental Laws; (ii) to the knowledge of the Operating Partnership, the Company and the Subsidiaries, after due inquiry, none of the Operating Partnership, the Company or the Subsidiaries has caused or suffered to occur any Release (as defined below) of any Hazardous Substance (as defined below) into the Environment (as defined below) on, in, under or from any Property, and no condition exists on, in, under or adjacent to any Property that could reasonably be expected to result in the incurrence of liabilities under, or any violations of, any Environmental Law or give rise to the imposition of any Lien (as defined below), under any Environmental Law; (iii) none of the Operating Partnership, the Company or the Subsidiaries has received any written notice of a claim under or pursuant to any Environmental Law or under common law pertaining to Hazardous Substances on, in, under or originating from any Property; (iv) none of the Operating Partnership, the Company or the Subsidiaries has actual knowledge of, or received any written notice from any Governmental Authority (as defined below) claiming, any violation of any Environmental Law or a determination to undertake and/or request the investigation, remediation, clean-up or removal of any Hazardous Substance released into the Environment on, in, under or from any Property; and (v) no Property is included or, to the knowledge of the Operating Partnership, the Company or the Subsidiaries, after due inquiry, proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA"), or included on the Comprehensive Environmental Response, Compensation, and Liability Information System database maintained by the EPA, and none of the Operating Partnership, the Company or the Subsidiaries has actual knowledge that any Property has otherwise been identified in a published writing by the EPA as a potential CERCLA removal, remedial or response site or, to the knowledge of the Company and

its Subsidiaries, is included on any similar list of potentially contaminated sites pursuant to any other Environmental Law;

As used herein, "Hazardous Substance" shall include any hazardous substance, hazardous waste, toxic substance, pollutant or hazardous material, including, without limitation, oil, petroleum or any petroleum-derived substance or waste, asbestos or asbestos-containing materials, PCB's, pesticides, explosives, radioactive materials, dioxins, urea formaldehyde insulation or any constituent of any such substance, pollutant or waste which is subject to regulation under any Environmental Law (including, without limitation, materials listed in the United States Department of Transportation Optional Hazardous Material Table, 49 C.F.R. § 172.101, or in the EPA's List of Hazardous Substances and Reportable Quantities, 40 C.F.R. Part 302); "Environment" shall mean any surface water, drinking water, ground water, land surface, subsurface strata, river sediment, buildings, structures, and ambient, workplace and indoor and outdoor air; "Environmental Law" shall mean the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.) ("CERCLA"), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. § 6901, et seq.), the Clean Air Act, as amended (42 U.S.C. § 7401, et seq.), the Clean Water Act, as amended (33 U.S.C. § 1251, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601, et seq.), the Occupational Safety and Health Act of 1970, as amended (29 U.S.C. § 651, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 1801, et seq.), and all other federal, state and local laws, ordinances, regulations, rules and orders relating to the protection of the environment or of human health from environmental effects; "Governmental Authority" shall mean any federal, state or local governmental office, agency or authority having the duty or authority to promulgate, implement or enforce any Environmental Law; "Lien" shall mean, with respect to any Property, any mortgage, deed of trust, pledge, security interest, lien, encumbrance, penalty, fine, charge, assessment, judgment or other liability in, on or affecting such Property; and "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, emanating or disposing of any Hazardous Substance into the Environment, including, without limitation, the abandonment or discard of barrels, containers, tanks (including, without limitation, underground storage tanks) or other receptacles containing or previously containing and containing a residue of any Hazardous Substance;

None of the environmental consultants which prepared environmental and asbestos inspection reports with respect to any of the Properties was employed for such purpose on a contingent basis or has any substantial interest in the Operating Partnership, the Company or any of the Subsidiaries, and none of them nor any of their directors, officers or employees is connected with the Operating Partnership, the Company or any of the Subsidiaries as a promoter, selling agent, voting trustee, director, officer or employee;

(aa) The Operating Partnership, the Company and the Subsidiaries are organized and operate in a manner so that the Company qualifies as a real estate investment trust ("REIT") under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and the Company has elected to be taxed as a REIT under the Code commencing with the taxable year ended December 31, 1994. The Operating Partnership, the Company and the Subsidiaries intend to continue to be organized and operate so that the Company shall qualify as a REIT for the foreseeable future, unless the Company's board of directors determines that it is no longer in the best interests of the Company to be so qualified;

(bb) There is no material document or contract of a character required to be described or referred to in the Registration Statement, the Time of Sale Information or the Prospectus or to

be filed as an exhibit to the Registration Statement which is not described or filed as required therein, except for the filing of this Agreement, the Indenture and the form of Securities with the Commission as exhibits to a Form 8-K, which the Company agrees to make in a timely manner, and the descriptions thereof or references thereto are accurate in all material respects;

(cc) None of the Operating Partnership, the Company or any of the Subsidiaries is involved in any labor dispute nor, to the knowledge of the Operating Partnership, the Company or the Subsidiaries, after due inquiry, is any such dispute threatened which would be Material;

(dd) The Operating Partnership, the Company and the Subsidiaries own, or are licensed or otherwise have the full exclusive right to use, all material trademarks and trade names which are used in or necessary for the conduct of their respective businesses as described in the Prospectus. To the knowledge of the Operating Partnership or the Company, no claims have been asserted by any person to the use of any such trademarks or trade names or challenging or questioning the validity or effectiveness of any such trademark or trade name. The use, in connection with the business and operations of the Operating Partnership, the Company and the Subsidiaries, of such trademarks and trade names does not, to the Company's or the Operating Partnership's knowledge, infringe on the rights of any person;

(ee) Each of the Operating Partnership, the Company and the Subsidiaries has filed all federal, state, local and foreign income tax returns which have been required to be filed (except in any case in which the failure to so file would not result in a Material Adverse Effect) and has paid all taxes required to be paid and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing would otherwise be delinquent, except, in all cases, for any such tax, assessment, fine or penalty that is being contested in good faith and except in any case in which the failure to so pay would not result in a Material Adverse Effect;

(ff) The Operating Partnership and each of the Partnership Subsidiaries is properly treated as a partnership for U.S. federal income tax purposes and not as a "publicly traded partnership" taxable as a corporation for U.S. Federal income tax purposes;

(gg) No relationship, direct or indirect, exists between or among the Operating Partnership, the Company or the Subsidiaries on the one hand, and the directors, officers, stockholders, customers or suppliers of the Operating Partnership, the Company or the Subsidiaries on the other hand, which is required by the Securities Act to be described in the Registration Statement and the Prospectus which is not so described in such documents and in the Time of Sale Information;

(hh) The Company and the Operating Partnership have not taken and will not take, directly or indirectly, any action designed to, or that might be reasonably expected to, cause or result in stabilization or manipulation of the price of the Securities, and the Company and the Operating Partnership have not distributed and have agreed not to distribute any prospectus or other offering material in connection with the offering and sale of the Securities other than the Prospectus, any preliminary prospectus filed with the Commission or other material permitted by the Securities Act (which were disclosed to you and your counsel);

(ii) The Operating Partnership maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;

(iii) access to assets, financial and corporate

books and records is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

(jj) Any certificate or other document signed by any officer or authorized representative of the Operating Partnership, the Company or any Subsidiary, and delivered to the Underwriters or to counsel for the Underwriters in connection with the sale of the Securities shall be deemed a representation and warranty by such entity or person, as the case may be, to each Underwriter as to the matters covered thereby;

(kk) The Securities have an investment grade rating from one or more nationally recognized statistical rating organizations as specified in Schedule II hereto;

(ll) Except for contracts, agreements or understandings entered into in connection with the transfer of properties or other assets to the Operating Partnership, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to include any Common Stock of the Company owned or to be owned by such person in the offering contemplated by this Agreement.

(mm) The Securities resold pursuant to this Agreement and the Indenture shall be in the respective forms previously delivered to the Underwriters; and

(nn) The Registration Statement has been declared effective by the Commission under the Securities Act; no stop order suspending the effectiveness of the Registration Statement or any part thereof has been issued and no proceeding for that purpose has been instituted, or to the knowledge of the Company or the Operating Partnership, threatened by the Commission or by the state securities authority of any jurisdiction. No order preventing or suspending the use of the Prospectus or any preliminary prospectus has been issued and no proceeding for that purpose has been instituted or, to the knowledge of the Company, threatened by the Commission or by the state securities authority of any jurisdiction.

(oo) The Operating Partnership has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-15 under the Exchange Act), which (i) are designed to ensure that material information relating to the Operating Partnership, including its consolidated subsidiaries, is made known to each of the Operating Partnership's principal executive officer and principal financial officer by others within those entities, particularly during the period which the Operating Partnership's quarterly report on Form 10-Q for the quarter ended September 30, 2005 was prepared; (ii) have been evaluated for effectiveness as of the date of the filing of the Prospectus Supplement with the Commission; and (iii) are effective in all material respects to perform the functions for which they were established, except where a failure to be so effective will not have a Material Adverse Effect.

(pp) Based on its evaluation of its internal controls over financial reporting at December 31, 2004, the Operating Partnership, the Company and their subsidiaries are not aware of (i) any significant deficiency or material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Operating Partnership's ability to record, process, summarize and report financial information; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Operating Partnership's internal control over financial reporting. Since the date of the most recent evaluation of such disclosure controls and procedures, there have been no changes in internal controls over financial reporting of the Operating Partnership, the Company or

their subsidiaries or in other factors that has materially affected, or is reasonably likely to materially affect, the Operating Partnership, the Company or their subsidiaries' internal control over financial reporting.

(qq) There is and has been no failure on the part of the Operating Partnership or any of the Operating Partnership's directors or officers, in their capacities as such, to comply with any provision of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans and Sections 302 and 906 related to certifications.

5. Each of the Company and the Operating Partnership severally covenants and agrees with the Underwriters as follows:

(a) In respect of the offering of the Securities, the Operating Partnership will (i) prepare a Prospectus Supplement setting forth the aggregate principal amount of Securities covered thereby and their terms not otherwise specified in the Base Prospectus pursuant to which the Securities are being issued, the names of the Underwriters participating in the offering and the aggregate principal amount of Securities which each severally has agreed to purchase, the price at which the Securities are to be purchased by the Underwriters from the Operating Partnership, the initial public offering price, the selling concession and reallowance, if any, and such other information as the Underwriters and the Operating Partnership deem appropriate in connection with the offering of the Securities, (ii) file the Statutory Prospectus in a form approved by you pursuant to Rule 424 under the Securities Act within the applicable time period prescribed by such rule for such filing, (iii) file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and will file promptly all reports and any definitive proxy or information statements required to be filed by the Operating Partnership with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Prospectus and for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities; and (iv) furnish copies of the Statutory Prospectus to the Underwriters and to such dealers as you shall specify in New York City prior to 10:00 A.M., New York City time as soon as practicable after the date of this Agreement in such quantities as you may reasonably request. The Operating Partnership has complied and will comply with Rule 433. The Operating Partnership shall pay the required Commission filing fees relating to the Securities within the time required by Rule 456(b)(1) (i) of the Securities Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) of the Securities Act (including, if applicable, by updating the "Calculation of Registration Fee" table in accordance with Rule 456(b)(1)(ii) either in a post-effective amendment to the Registration Statement or on the cover page of a prospectus filed pursuant to Rule 424(b)).

(b) The Operating Partnership will comply with the Securities Act and the Exchange Act so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement and the Prospectus. At any time when the Prospectus is (or but for the exemption in Rule 172 would be) required to be delivered under the Securities Act or the Exchange Act in connection with sales of Securities, the Operating Partnership will advise you promptly and, if requested by you, confirm such advice in writing, of (i) the effectiveness of any amendment to the Registration Statement (ii) the transmittal to the Commission for filing of any Prospectus or other supplement or amendment to the Prospectus or any Issuer Free Writing Prospectus to be filed pursuant to the Securities Act, (iii) the receipt of any comments from the Commission relating to the Registration Statement, any preliminary prospectus, the Prospectus or any of the transactions contemplated by this Agreement, (iv) any request by the Commission for post-effective amendments to the Registration Statement or

amendments or supplements to the Prospectus or for additional information, (v) the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (vi) the happening of any event which makes any statement of a material fact made in the Registration Statement, the Prospectus or the Time of Sale Information untrue or which requires the making of any additions to or changes in the Registration Statement, the Prospectus or the Time of Sale Information in order to make the statements therein not misleading. The Operating Partnership will make every reasonable effort to prevent the issuance of any stop order and, if at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Operating Partnership will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time;

(c) The Operating Partnership will furnish to you, without charge, such number of conformed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits and documents incorporated by reference, as you may reasonably request. If applicable, the copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to the Commission's Electronic Data Gathering and Retrieval System ("EDGAR"), except to the extent permitted by Regulation S-T;

(d) At any time when the Prospectus is (or but for the exemption in Rule 172 would be) required to be delivered under the Securities Act or the Exchange Act in connection with sales of Securities, not to prepare, use, authorize, approve, refer to or file any Issuer Free Writing Prospectus, or file any amendment to the Registration Statement or any Rule 462(b) Registration Statement or to make any amendment or supplement to the Prospectus or any Term Sheet, if applicable, of which you shall not previously have been advised or to which you or counsel for the Underwriters shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement, Rule 462(b) Registration Statement, Term Sheet, or amendment or supplement to the Prospectus which, in the opinion of counsel for the Underwriters, may be necessary in connection with the distribution of the Securities by you, and to use its reasonable best efforts to cause the same to become promptly effective. If applicable, the Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T;

(e) (i) If, at any time when the Prospectus is (or but for the exemption in Rule 172 would be) required to be delivered under the Securities Act or the Exchange Act in connection with sales of Securities, any event shall occur as a result of which, in the opinion of counsel for the Underwriters, it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, the Operating Partnership will forthwith prepare and file with the Commission an appropriate amendment or supplement to the Prospectus (in form and substance reasonably satisfactory to counsel for the Underwriters) so that the statements in the Prospectus, as so amended or supplemented, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when it is so delivered, not misleading, or so that the Prospectus will comply with any law, and furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request and (ii) if at

any time prior to the Closing Date (1) any event shall occur or condition shall exist as a result of which the Time of Sale Information as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances, not misleading or (2) it is necessary to amend or supplement the Time of Sale Information to comply with law, the Operating Partnership will immediately notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representative may designate, such amendments or supplements to the Time of Sale Information as may be necessary so that the statements in the Time of Sale Information as so amended or supplemented will not, in the light of the circumstances, be misleading or so that the Time of Sale Information will comply with law;

(f) The Operating Partnership will use its reasonable best efforts, in cooperation with the Underwriters, to qualify, register or perfect exemptions for the Securities for offer and sale by the several Underwriters to qualified institutions under the applicable state securities, Blue Sky and real estate syndication laws of such jurisdictions as you may reasonably request; provided, however, the Operating Partnership will not be required to qualify as a foreign limited partnership, file a general consent to service of process in any such jurisdiction, subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject, or provide any undertaking or make any change in its partnership agreement that the general partner of the Operating Partnership reasonably determines to be contrary to the best interests of the Operating Partnership and its unitholders. In each jurisdiction in which the Securities have been so qualified or registered, the Operating Partnership will use all reasonable efforts to file such statements and reports as may be required by the laws of such jurisdiction, to continue such qualification or registration in effect for so long a period as the Underwriters may reasonably request for the distribution of the Securities and to file such consents to service of process or other documents as may be necessary in order to effect such qualification or registration; provided, however, the Operating Partnership will not be required to qualify as a foreign limited partnership, file a general consent to service of process in any such jurisdiction, subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject, or provide any undertaking or make any change in its partnership agreement that the general partner of the Operating Partnership reasonably determines to be contrary to the best interests of the Operating Partnership and its unitholders;

(g) To make generally available to the holders of the Securities as soon as reasonably practicable but not later than sixty days after the close of the period covered thereby (90 days in the event the close of such period is the close of the Operating Partnership's fiscal year), an earning statement (in form complying with the provisions of Rule 158 of the Securities Act) covering a period of at least twelve months after the effective date of the Registration Statement (but in no event commencing later than 90 days after such date) which shall satisfy the provisions of Section 11(a) of the Securities Act, and, if required by Rule 158 of the Securities Act, to file such statement as an exhibit to the next periodic report required to be filed by the Operating Partnership under the Exchange Act covering the period when such earnings statement is released;

(h) During the period when the Prospectus is (or but for the exemption in Rule 172 would be) required to be delivered under the Securities Act or the Exchange Act in connection with sales of the Securities, to file all documents required to be filed by it with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act within the time periods required by the Exchange Act;

(i) The Operating Partnership will pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Securities Act of the Registration Statement and any amendment thereto (including financial statements and exhibits), the Prospectus and all amendments and supplements to any of them and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors prior to or during the period specified in Section 5(e), (ii) the printing and delivery of this Underwriting Agreement, the Indenture, any Supplemental Indentures and any Blue Sky Memorandum, (iii) the qualification or registration of the Securities for offer and sale under certain limited securities, Blue Sky or real estate syndication laws of certain states in accordance with Section 5(f) hereof, (iv) the fee of and the filings and clearance, if any, with the NASD in connection with the offering, (v) the fees charged by nationally recognized statistical rating organizations for the rating of the Securities, (vi) furnishing such copies of the Registration Statement, the preliminary prospectus, the Prospectus, the Time of Sale Information and all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Securities by the Underwriters or by dealers to whom Securities may be sold, (vii) the preparation, issuance and delivery of certificates for the Securities to the Underwriters, (viii) the costs and charges of any transfer agent or registrar, (ix) the costs and expenses of the Trustee under the Indenture, (x) any expenses incurred by the Operating Partnership in connection with a "road show" presentation to potential investors, (xi) any transfer taxes imposed on the sale by the Operating Partnership of the Securities to the Underwriters and (xii) the fees and disbursements of the Operating Partnership's counsel and accountants;

(j) The Operating Partnership will use its best efforts to do and perform all things required to be done and performed under this Agreement by the Operating Partnership prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Securities;

(k) The Operating Partnership will use the net proceeds received by it from the sale of the Securities in the manner specified in Registration Statement, the Time of Sale Information and the Prospectus Supplement under "Use of Proceeds;"

(l) The Operating Partnership will prepare and file or transmit for filing with the Commission in accordance with Rule 424(b) of the Securities Act copies of the Prospectus;

(m) The Company will use its best efforts to continue to qualify as a REIT under Sections 856 through 860 of the Code unless the Company's board of directors determines that it is no longer in the best interests of the Company to be so qualified;

(n) The Operating Partnership will use its best efforts to take all reasonable action necessary to enable Standard & Poor's Corporation ("S&P") and Moody's Investors Service, Inc ("Moody's") or any other nationally recognized rating organization to provide their respective credit ratings of the Securities, as specified in Schedule II hereto;

(o) The Operating Partnership will cooperate with the Representatives and use commercially reasonable efforts to permit the Securities to be eligible for clearance and settlement through the facilities of DTC; and

(p) The Operating Partnership and the Company will execute a supplemental indenture to the Original Indenture designating each series of debt securities to be offered and its related terms and provisions in accordance with the provisions of the Indenture.

(q) The Company will not, at any time, directly or indirectly, take any action intended, or which might reasonably be expected to cause or result in, or which will constitute stabilization of the price of the Securities to facilitate the sale or resale of any Securities in violation of the Securities Act.

(r) The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

6. Each Underwriter hereby represents and agrees that:

(a) It has not and will not use, authorize use of, refer to, or participate in the planning for use of, any "free writing prospectus," as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Operating Partnership and not incorporated by reference into the Registration Statement and any press release issued by the Operating Partnership) other than (i) a free writing prospectus that contains no "issuer information" (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Schedule IV or prepared pursuant to Section 5(d) or (e) above, or (iii) any free writing prospectus prepared by such Underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an "Underwriter Free Writing Prospectus").

(b) It has not and will not distribute any Underwriter Free Writing Prospectus referred to in clause (a)(i) in a manner reasonably designed to lead to its broad unrestricted dissemination.

(c) It has not and will not, without the prior written consent of the Operating Partnership, use any free writing prospectus that contains the final terms of the Securities unless such terms have previously been included in a free writing prospectus filed with the Commission; provided that the underwriters may use a term sheet substantially in the form of Schedule V hereto without the consent of the Company or the Operating Partnership; provided, further, that any Underwriter using such term sheet shall notify the Company or the Operating Partnership, and provide a copy of such term sheet, prior to, or concurrently with, the first use of such term sheet.

(d) It will, pursuant to reasonable procedures developed in good faith, retain copies of each free writing prospectus used or referred to by it, in accordance with Rule 433 under the Securities Act.

(e) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering of the Securities (and will promptly notify the Operating Partnership if any such proceeding against it is initiated during the such period of time that a prospectus relating to the Securities is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Securities by any Underwriter or dealer.

7. The several obligations of the Underwriters hereunder shall be subject to the performance by the Company and the Operating Partnership of their respective obligations hereunder and to satisfaction of each of the following conditions:

(a) the Registration Statement, including any Rule 462(b) Registration Statement, has become effective under the Securities Act; the Statutory Prospectus and each Free Writing Prospectus shall have been filed with the Commission pursuant to Rule 424(b) (in the case of the Free Writing Prospectus, to the extent required under Rule 433 of the Securities Act) within the applicable time period prescribed for such filing by such Rule; no stop order suspending the effectiveness of the Registration Statement or the Statutory Prospectus shall be in effect, and no proceedings for such purpose shall have been commenced or shall be pending before or threatened by the Commission to the knowledge, after due inquiry, of the Company or the Operating Partnership; no stop order suspending the effectiveness of the Registration Statement or the Statutory Prospectus shall be in effect and no proceedings for such purpose shall have been commenced or shall be pending before or threatened by the state securities authority of any jurisdiction, to the knowledge of the Company or the Operating Partnership; and all requests for additional information on the part of the Commission shall have been complied with to your satisfaction;

(b) all the representations and warranties of the Company and the Operating Partnership contained in this Agreement shall be true and correct on the Closing Date, with the same force and effect as if made on and as of the Closing Date and the Company and the Operating Partnership shall have complied with all agreements and all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date;

(c) subsequent to the earlier of (i) the Time of Sale and (ii) the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any downgrading, nor shall any notice have been given of (i) any intended or potential downgrading or (ii) any review or possible change that does not indicate an improvement, in the rating accorded any securities of or guaranteed by the Company or the Operating Partnership by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act;

(d) since the respective dates as of which information is given in the Registration Statement, the Prospectus and the Time of Sale Information there shall not have been any material change in the capital stock, partners' equity or long-term debt of the Company, the Operating Partnership or any of the Subsidiaries on a consolidated basis, except as described or contemplated in the Time of Sale Information and the Prospectus, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, properties, financial position, stockholders' equity, partners' equity or results of operations of the Company, the Operating Partnership and the Subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Time of Sale Information and the Prospectus, the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in the Prospectus and/or the Indenture; and other than as set forth in the Prospectus, no proceedings shall be pending or, to the knowledge of the Company or the Operating Partnership, after due inquiry, threatened against the Operating Partnership or the Company or any Property before or by any federal, state or other commission, board or administrative agency, where an unfavorable decision, ruling or finding could reasonably be expected to result in a Material Adverse Effect;

(e) you shall have received on and as of the Closing Date a certificate signed by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, in their capacities as officers of the Company, on behalf of the Company for itself and as general partner of the Operating Partnership, satisfactory to you to the effect set forth in subsections (a) through

(d) of this Section 7(e) and to the further effect that there has not occurred any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, business, prospects, management, properties, financial position, stockholders' equity, partners' equity or results of operations of the Operating Partnership, the Company and the Subsidiaries taken as a whole from that set forth or contemplated in the Registration Statement;

(f) you shall have received on the Closing Date, an opinion or opinions (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Cahill Gordon & Reindel LLP counsel for the Company and the Operating Partnership, to the effect that:

(i) The Company is duly qualified or registered as a foreign corporation to transact business and is in good standing in each jurisdiction listed on Schedule III hereto.

(ii) The Operating Partnership and each of the Partnership Subsidiaries has been duly formed and is validly existing as a limited partnership in good standing under the laws of its state of organization. The Operating Partnership and each of the Partnership Subsidiaries has all requisite partnership power and authority to own, lease and operate its properties and other assets and to conduct the business in which it is engaged and proposes to engage, in each case, as described in the Prospectus, and the Operating Partnership has the partnership power to enter into and perform its obligations under this Agreement, the Indenture and the Securities. The Operating Partnership is duly qualified or registered as a foreign partnership and is in good standing in each jurisdiction listed on Schedule III hereto.

(iii) To the knowledge of such counsel, none of the Operating Partnership, the Company or the Subsidiaries is in violation of or default under its charter, by-laws, certificate of limited partnership or partnership agreement, as the case may be, and none of such entities is in default in the performance or observance of any obligation, agreement, covenant or condition contained in any document (as in effect on the date of such opinion) listed as an exhibit to the Registration Statement, the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2006 or any of the Company's and the Operating Partnership's Current Reports on Form 8-K filed in 2007, in each case as amended, if applicable, to which such entity is a party or by which such entity may be bound, or to which any of the property or assets of such entity may be subject or by which they may be bound (it being understood that (i) such counsel need express no opinion with respect to matters relating to any contract, indenture, mortgage, loan agreement, note, lease, joint venture or partnership agreement or other instrument or agreement relating to the acquisition, transfer, operation, maintenance, management or financing of any property or assets of such entity or any other Property and (ii) such counsel may assume compliance with the financial covenants contained in any such document), except in each case for violations or defaults which in the aggregate are not reasonably expected to have a Material Adverse Effect.

(iv) This Agreement was duly and validly authorized, executed and delivered by each of the Operating Partnership and the Company.

(v) The issuance of the Securities has been duly authorized by the Company on behalf of the Operating Partnership and assuming authentication by the Trustee in accordance with the terms of the Indenture, and delivery to, and payment by, the

Underwriters in accordance with the terms of this Agreement, such Securities constitute valid and legally binding obligations of the Operating Partnership entitled to the benefits provided for in the Indenture, and enforceable against the Operating Partnership in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law).

(vi) The Indenture has been duly and validly authorized, executed and delivered by the Operating Partnership and, assuming due authorization, execution and delivery thereof by the Trustee, will constitute a valid and legally binding agreement of the Operating Partnership, enforceable against the Operating Partnership in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity (regardless of whether such enforceability is considered in a proceeding at equity or law); and the Indenture has been duly qualified under the TIA.

(vii) The Registration Statement has been declared effective under the Securities Act. The Registration Statement is an "automatic shelf registration statement" as defined under Rule 405 of the Securities Act that has been filed with the Commission not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) under the Securities Act has been received by the Company. The Indenture has been qualified under the TIA, the Prospectus was filed with the Commission pursuant to Rule 424 within the applicable time period prescribed by Rule 424 and, to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or the Prospectus has been issued and no proceeding for that purpose is pending or threatened by the Commission.

(viii) The execution and delivery of this Agreement, the Indenture and the Securities, the issuance and sale of the Securities and the performance by the Operating Partnership and the Company of their respective obligations under the Securities, this Agreement and the Indenture, to the extent they are a party thereto, and the consummation of the transactions herein and therein contemplated will not require, to such counsel's knowledge, any consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body (except such as may be required under the Securities Act, the TIA and the state securities, Blue Sky or real estate syndication laws in connection with the purchase and distribution of the Securities by the Underwriters) and did not and do not conflict with or constitute a breach or violation of or default under: (1) any document (as in effect as of the date of such opinion) listed as an exhibit to the Registration Statement, each of the Company's and the Operating Partnership's Annual Report on Form 10-K for the year ended December 31, 2006, any of the Company's and the Operating Partnership's Current Reports on Form 8-K filed in 2007, in each case as amended, if applicable, to which any such entity is a party or by which it or any of them or any of their respective properties or other assets may be bound or subject and of which such counsel is aware (it being understood that (i) such counsel need express no opinion with respect to matters relating to any contract, indenture, mortgage, loan agreement, note, lease, joint venture or partnership agreement or other instrument or agreement relating to the acquisition, transfer, operation, maintenance, management or financing of any property or assets of such entity or any

other Property and (ii) such counsel may assume compliance with the financial covenants contained in any such document); (2) the certificate of limited partnership or partnership agreement, as the case may be, of the Operating Partnership, Securities, L.P. and the Financing Partnership or the articles of incorporation or by-laws, as the case may be, of the Company, FIFC or FISC; or (3) any applicable law, rule or administrative regulation, except in each case for conflicts, breaches, violations or defaults that in the aggregate are not reasonably expected to have a Material Adverse Effect.

(ix) To the knowledge of such counsel, no Material authorization, approval, consent or order of any court or governmental authority or agency or any other entity is required in connection with the offering, issuance or sale of the Securities hereunder, except such as may be required under the Securities Act, the TIA, the by-laws, the corporate financing rules and the conflict of interest rules of the NASD or state securities, Blue Sky or real estate syndication laws, or such as have been received prior to the date of such opinion.

(x) The Registration Statement, at the time it became effective, and the Prospectus, as of the date of the Prospectus Supplement (in each case, other than the Form T-1 and the financial statements, including the notes and schedules thereto, and other financial and statistical data that is found in or derived from the internal accounting records of the Company and its Subsidiaries set forth in or incorporated by reference therein, as to which no opinion need be rendered), complied as to form in all material respects with the requirements of the Securities Act and the Exchange Act.

(xi) Each of the Underwriters is receiving good, valid and marketable title to the Securities, free and clear of all security interests, mortgages, pledges, liens, encumbrances, claims and equities, if such Underwriter acquires such Securities in good faith and without notice of any such security interests, mortgages, pledges, liens, encumbrances, claims or equities.

(xii) The information in the Prospectus Supplement under "Description of Notes" and "Certain U.S. federal income tax considerations" and in the Prospectus under "Risk Factors," "Description of Debt Securities" and "Certain U.S. Federal Income Tax Considerations," to the extent that it constitutes statements of law, descriptions of statutes, rules or regulations, or summaries of documents or legal conclusions, has been reviewed by us and is correct in all material respects and presents fairly the information required to be disclosed therein.

(xiii) To such counsel's knowledge, there is no document or contract of a character required to be described or referred to in the Registration Statement and the Prospectus by the Securities Act other than those described or referred to therein, and the descriptions thereof or references thereto are accurate in all material respects; and to such counsel's knowledge, there is no document or contract of a character required to be filed as an exhibit to the Registration Statement which is not filed as required.

(xiv) The partnership agreement of each of the Operating Partnership, Securities, L.P. and the Financing Partnership has been duly authorized, validly executed and delivered by each of the Company and the Partnership Subsidiaries, to the extent they are parties thereto, and is valid, legally binding and enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to

general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(xv) The Company and the Operating Partnership satisfied all conditions and requirements for filing the Registration Statement on Form S-3 under the Securities Act.

(xvi) None of the Company or the Subsidiaries is required to be registered as an investment company under the Investment Company Act of 1940, as amended.

(xvii) Commencing with the Company's taxable year ended December 31, 1994, the Company has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code and the Company's current and proposed method of operation (as represented by the Company to us in a written certificate) will enable it to continue to meet the requirements for qualification and taxation as a REIT under the Code.

In addition, Cahill Gordon & Reindel LLP shall, in a separate letter, state that they have participated in conferences with officers and other representatives of the Operating Partnership and the Company, representatives of the independent registered public accounting firm for the Operating Partnership and representatives of the Underwriters at which the contents of the Registration Statement, the Prospectus and the Time of Sale Information and related matters were discussed. On the basis thereof (relying to the extent such counsel deems appropriate upon the opinions of officers and other representatives of the Operating Partnership and the Company as to the materiality to the Operating Partnership of the matters discussed), but without independent verification by such counsel of, and without passing upon or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Prospectus or the Time of Sale Information or any amendments or supplements thereto, no facts have come to the attention of such counsel that lead them to believe that (i) the Registration Statement, including the documents incorporated therein by reference, at the time the Registration Statement became effective, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, (ii) the Prospectus, as of its date or as of the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) the Time of Sale Information, as of the Time of Sale, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no comment with respect to the financial statements, including the notes and schedules thereto, or any other financial or statistical data that is found in or derived from the internal accounting records of the Operating Partnership or the Company in each case as set forth in or incorporated by reference into the Registration Statement, the Prospectus, the Time of Sale Information.

In giving its opinion, such counsel may rely (i) as to all matters of fact, upon representations, statements or certificates of public officials and statements of officers, directors, partners, employees and representatives of and accountants for each of the Company and its Subsidiaries, (ii) as to matters of Maryland law, on the opinion of McGuireWoods LLP, Baltimore, Maryland, (iii) as to matters of Illinois law, on the opinion of Barack Ferrazzano Kirschbaum Perlman & Nagelberg LLP, Chicago, Illinois, and (iv) as to the good standing and qualification of the Operating Partnership and the Company to do business in any state or jurisdiction, upon certificates of appropriate government officials and letters from Corporation Service Company, copies of which have been furnished to you.

(g) You shall have received on the Closing Date, an opinion (satisfactory to the Underwriters and counsel for the Underwriters), dated the Closing Date, of McGuireWoods LLP, special Maryland counsel for the Company, to the effect that:

(i) Each of the Company and the Corporate Subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of its respective jurisdiction of incorporation.

(ii) Each of the Company and the Corporate Subsidiaries has corporate power and authority to own, lease and operate its properties and other assets and to conduct the business in which it is engaged or proposes to engage, in each case, as described in the Prospectus, and the Company has the corporate power and authority to enter into and perform its obligations under this Agreement and the Indenture.

(iii) The Company has been authorized, in its capacity as general partner of the Operating Partnership, to cause the Operating Partnership to issue the Securities.

(iv) Each of this Agreement and the Indenture was duly and validly authorized by the Company, on behalf of itself and the Operating Partnership.

(v) The execution and delivery of this Agreement and the Indenture, the performance of the obligations and the consummation of the transaction set forth herein and therein by the Company will not require, to the knowledge of such counsel, any consent, approval, authorization or other order of any Maryland court, regulatory body, administrative agency or other governmental body (except as such may be required under the Securities Act or other securities or blue sky or real estate syndication laws) and did not and do not conflict with or constitute a breach or violation of or default under: (A) the charter or by-laws, as the case may be, of the Company; and (B) any applicable Maryland law, rule or administrative regulation or any order or administrative or court decree of which such counsel is aware, except in the case of clause (B) above for conflicts, breaches, violations or defaults that in the aggregate would not have a Material Adverse Effect.

(vi) To the knowledge of such counsel, no Material authorization, approval, consent or order of any Maryland court, governmental authority, agency or other entity is required in connection with the offering, issuance or sale of the Securities hereunder, except such as may be required under Maryland securities, Blue Sky or real estate syndication laws.

(vii) The information in the Prospectus under "Certain Provisions of Maryland Law and The Company's Articles of Incorporation and Bylaws" and "Restrictions on Transfers of Capital Stock" and in Part II of the Registration Statement under Item 15, to the extent that it constitutes statements of law, descriptions of statutes, rules or regulations, summaries of documents or legal conclusions, has been reviewed by such counsel and, as to Maryland law, is correct in all material respects and presents fairly the information required to be disclosed therein.

(viii) The Company and each of the Corporate Subsidiaries was authorized to enter into the partnership agreement of each Partnership Subsidiary for which the Operating Partnership, the Company or such Corporate Subsidiary, as the case may be, is the general partner.

(h) You shall have received on the Closing Date, an opinion (satisfactory to the Underwriters and counsel for the Underwriters), dated the Closing Date, of Barack Ferrazzano Kirschbaum Perlman & Nagelberg, special Illinois counsel for the Company, to the effect that:

(i) To the knowledge of such counsel, none of the Operating Partnership or the Company, FIMC, the Mortgage Partnership, FIPC or FIP is in violation of, or default in connection with the performance or observance of any obligation, agreement, covenant or condition contained in any or all of that certain Fourth Amended and Restated Unsecured Revolving Credit Facility, dated as of August 23, 2005, among the Operating Partnership, as Borrower, the Company, as Guarantor and General Partner, JPMorgan Chase Bank, N.A., and certain other banks as lenders, JPMorgan Securities Inc. as Lead Arranger and Sole Book Runner, Wachovia Bank, National Association, as Syndication Agent, Commerzbank AG, PNC Bank, National Association and Wells Fargo Bank, N.A., as Documentation Agents, and AmSouth Bank, The Bank of New York, The Bank of Nova Scotia, Bank of Montreal and SunTrust Bank as Co-Agents (all such indebtedness collectively, the "Credit Documents"), except in each case for defaults that, in the aggregate, are not reasonably expected to have a Material Adverse Effect.

(ii) The execution and delivery of this Agreement and the Indenture and the performance of the obligations and consummation of transactions set forth herein and therein by the Operating Partnership and the Company did not and do not conflict with, or constitute a breach or violation of, or default under: (A) any or all of the Credit Documents; (B) any applicable law, rule or administrative regulation of the federal government (or agency thereof) of the United States; or (C) any order or administrative or court decree issued to or against, or concerning any or all of the Operating Partnership, the Company, the Partnership Subsidiaries and the Corporate Subsidiaries, of which, in the cases of clauses (B) and (C) above, such counsel is aware, except in each case for conflicts, breaches, violations or defaults that, in the aggregate, would not have a Material Adverse Effect.

(iii) To the knowledge of such counsel, there are no legal or governmental proceedings pending or threatened against the Operating Partnership, the Company, the Partnership Subsidiaries, the Corporate Subsidiaries or the Additional Subsidiaries that do, or are likely to, have a Material Adverse Effect.

(iv) The information in the 10-K under Item 15 "Exhibits and Financial Statement Schedules—Notes to Consolidated Financial Statements—6. Mortgage Loans Payable, Net, Senior Unsecured Debt, Net and Unsecured Lines of Credit" to the extent that it constitutes statements of law, descriptions of statutes, summaries of principal financing terms of Credit Documents or legal conclusions, has been reviewed by such counsel and is correct in all material respects and presents fairly the information disclosed therein.

(i) On the date hereof, the Accountants shall have furnished to the Underwriters a letter, dated the date of its delivery, addressed to the Underwriters and in form and substance satisfactory to the Underwriters (and to their counsel), confirming that they are independent registered public accountants with respect to the Company, the Operating Partnership and the Subsidiaries as required by the Securities Act and with respect to the financial and other statistical and numerical information contained or incorporated by reference in the Registration Statement, the Time of Sale Information and the Prospectus and containing statements and information of the type ordinarily included in accountants' "comfort letters" as set forth in the AICPA's Statement

on Auditing Standards 72. At the Closing Date, the Accountants shall have furnished to the Underwriters a letter, dated the date of its delivery, which shall confirm, on the basis of a review in accordance with the procedures set forth in the letter from it, that nothing has come to its attention during the period from the date of the letter referred to in the prior sentence to a date (specified in the letter) not more than five days prior to the Closing Date, which would require any change in its letter dated the date hereof if it were required to be dated and delivered at the Closing Date.

(j) You shall have received on the Closing Date an opinion, dated as of such Closing Date, of Clifford Chance US LLP (“CC”), counsel for the Underwriters, in form and substance reasonably satisfactory to the Underwriters.

In giving its opinion, such counsel may rely (A) as to matters of Maryland law, on the opinion of McGuireWoods LLP, Baltimore Maryland, which opinion shall be in form and substance reasonably satisfactory to counsel for the Underwriters and (B) as to the good standing and qualification of the Company and the Operating Partnership to do business in any state or jurisdiction, upon certificates of appropriate governmental officials or opinions of counsel in such jurisdictions.

(k) At the Closing Date, the Securities shall have the ratings accorded by any “nationally recognized statistical organization,” as defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act if and as specified in Schedule II hereto, and the Operating Partnership shall deliver to the Underwriters a letter, dated as of such date, from each such rating organization, or other evidence satisfactory to the Underwriters, confirming that the Securities have such ratings. Since the date hereof, there shall not have occurred a downgrading in the rating assigned to the Securities or any of the Company’s securities or the Operating Partnership’s other securities by any such rating organization, and no such rating organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities or any of the Company’s securities or the Operating Partnership’s other securities.

(l) If the Registration Statement or an offering of Securities has been filed with the NASD for review, the NASD shall not have raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(m) The Operating Partnership and its Subsidiaries shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements pursuant to Section 5 herein contained or required to be performed or complied with by the Operating Partnership at or prior to such Closing Date

(n) At the Closing Date, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities, as herein contemplated and related proceedings, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Operating Partnership and the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Underwriters and counsel for the Underwriters.

Except to the extent the text of such is as set forth herein, the opinions and certificates mentioned in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in all material respects satisfactory to you and to CC, counsel for the Underwriters.

8. The Company and the Operating Partnership, jointly and severally, agree to indemnify and hold harmless the Underwriters and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20(a) of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including without limitation the legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, each Statutory Prospectus, the Prospectus, any Issuer Free Writing Prospectus (as amended or supplemented if the Company or the Operating Partnership shall have furnished any amendments or supplements thereto) or any preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company or the Operating Partnership in writing by such Underwriter through you expressly for use therein.

Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company and the Operating Partnership, and the Company's and the Operating Partnership's officers and directors and each person who controls the Company or the Operating Partnership within the meaning of Section 15 of the Securities Act and Section 20(a) of the Exchange Act, to the same extent as the foregoing indemnity from the Company and the Operating Partnership to each Underwriter, but only with reference to information relating to such Underwriter furnished to the Company and the Operating Partnership in writing by such Underwriter through you expressly for use in the Registration Statement, each Statutory Prospectus, the Prospectus, any Issuer Free Writing Prospectus, any amendment or supplement thereto. For purposes of this Section 8 and Sections 4(b), (f) and (g), the only written information furnished by the Underwriters to the Operating Partnership expressly for use in the Registration Statement and the Prospectus Supplement is the information in the second, third, fourth, fifth (not including the first two sentences thereof), sixth and seventh paragraphs after the table under the caption "Underwriting."

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the

Underwriters and such control persons of the Underwriters shall be designated in writing by the Representatives and any such separate firm for the Company, the Operating Partnership, their directors, their officers and such control persons of the Company and the Operating Partnership or authorized representatives shall be designated in writing by the Company or the Operating Partnership. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. If it is ultimately determined that an Indemnified Person was not entitled to indemnification hereunder, such Indemnified Person shall be responsible for repaying or reimbursing the Indemnifying Person for any amounts so paid or incurred by such Indemnifying Person pursuant to this paragraph. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement (i) includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or behalf of an Indemnified Person. In no event shall any Indemnifying Person have any liability or responsibility in respect of the settlement or compromise of, or consent to the entry of any judgment with respect to any pending or threatened action or claim effected without its prior written consent.

If the indemnification provided for in the first and second paragraphs of this Section 7 is unavailable or insufficient to hold harmless an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (a) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Operating Partnership on the one hand and the Underwriters on the other hand from the offering of the Securities or (b) if the allocation provided by clause (a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (a) above but also the relative fault of the Company and the Operating Partnership on the one hand and the Underwriters on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Operating Partnership on the one hand and the Underwriters on the other shall be deemed to be in the same respective proportions as the net proceeds from the offering of such Securities (before deducting expenses) received by the Company and the Operating Partnership and the total underwriting discounts and the commissions received by the Underwriters bear to the aggregate public offering price of the Securities. The relative fault of the Company and the Operating Partnership on the one hand and the Underwriters on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Operating Partnership on the one hand or by the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Operating Partnership and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, in

no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 8 are several in proportion to the respective principal amounts of Securities set forth opposite their names in Schedule I hereto, and not joint.

The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution agreements contained in this Section 8 and the representations, warranties and covenants of the Company and the Operating Partnership set forth in this Agreement shall remain operative and in full force and effect regardless of (a) any termination of this Agreement, (b) any investigation made by or on behalf of any Underwriters or any person controlling any Underwriters or by or on behalf of the Company, its officers or directors or any other person controlling the Company or the Operating Partnership and (c) acceptance of and payment for any of the Securities.

9. Notwithstanding anything herein contained, this Agreement may be terminated in your absolute discretion by notice given to the Operating Partnership, if after the execution and delivery of this Agreement and prior to the Closing Date (a) the Company and the Operating Partnership shall have failed, refused or been unable, at or prior to the Closing Date, to perform any agreements on its part to be performed hereunder, (b) any other conditions to the Underwriters' obligations hereunder are not fulfilled, (c) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the NASD, the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago Board of Trade, (d) trading of any securities of or guaranteed by the Company and the Operating Partnership shall have been suspended on any exchange or in any over-the-counter market, (e) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities; (f) there shall have occurred any major disruption of settlements of securities, payment or clearance services in the United States; or (g) there shall have occurred any outbreak or escalation of hostilities or act of terrorism involving the United States or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offer, sale or delivery of the Securities on the terms and in the manner contemplated by this Agreement, the Time of Sale Information and the Prospectus.

10. If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase Securities which it or they have agreed to purchase under this Agreement, and the aggregate principal amount of Securities, which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Securities, the other Underwriters shall be obligated severally in the proportions that the principal amount of Securities set forth opposite their respective names in Schedule I hereto bears to the aggregate principal amount of Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the non-defaulting Underwriters may specify, provided that, such Securities of the defaulting Underwriters are purchased, to purchase the Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; provided that in no event shall the principal amount of Securities that any Underwriter has agreed to purchase be increased pursuant to this Section 10 by an amount in excess of one-ninth of such principal amount of Securities without the written

consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased, and arrangements satisfactory to the Underwriters and the Operating Partnership for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Operating Partnership. In any such case either you or the Company and the Operating Partnership shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement and the Prospectus or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

11. If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company and the Operating Partnership to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company and the Operating Partnership shall be unable to perform their obligations under this Agreement or any condition of the Underwriters' obligations cannot be fulfilled, the Company and the Operating Partnership agree to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement or the offering of Securities contemplated hereunder and the Company and the Operating Partnership shall then be under no further liability to any Underwriters pursuant to this Agreement except as provided in Sections 5(i) and 8 of this Agreement.

12. In the event of termination of this Agreement, the provisions of Sections 5(i) and 8 remain operative and in full force and effect.

13. This Agreement shall inure to the benefit of and be legally binding upon the Company, the Operating Partnership, the Underwriters, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

14. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be given to the Underwriters, c/o J.P. Morgan Securities LLC, 270 Park Avenue, 8th Floor, New York, New York 10017, Attention: High Grade Syndicate Desk, facsimile 212-834-6081, with a copy to Clifford Chance US LLP, 200 Park Avenue, New York, New York 10166, Attention: Larry P. Medvinsky, Esq. Notices to the Company and the Operating Partnership shall be given to First Industrial Realty Trust, Inc., 311 South Wacker Drive, Suite 4000, Chicago, Illinois, 60606, Attention: John H. Clayton, Esq., with a copy to Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York, 10005, Attention: Gerald S. Tanenbaum, Esq.

15. Absence of Fiduciary Relationship. Each of the Operating Partnership and the Company acknowledges and agrees that:

(a) The Underwriters have been retained solely to act as underwriters in connection with the sale of the Operating Partnership's securities and that no fiduciary, advisory or agency relationship between the Operating Partnership and the Company, on the one hand, and the Underwriters, on the other, has been created in respect of any of the transactions contemplated by

this Agreement, irrespective of whether the Underwriters have advised or is advising the Operating Partnership or the Company on other matters;

(b) the price of the securities set forth in this Agreement was established by the Operating Partnership following discussions and arms-length negotiations with the Underwriters, and the Operating Partnership is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) it has been advised that the Underwriters and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of Operating Partnership and the Company and that the Underwriters have no obligation to disclose such interests and transactions to Operating Partnership or the Company by virtue of any fiduciary, advisory or agency relationship;

(d) it waives, to the fullest extent permitted by law, any claims it may have against the Underwriters for breach of fiduciary duty or alleged breach of fiduciary duty in respect of the transactions contemplated by this Agreement and agrees that the Underwriters shall have no liability (whether direct or indirect) to Operating Partnership or the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Operating Partnership or the Company, including limited partners or stockholders, employees or creditors of the Operating Partnership or the Company; and

(e) Any review by the Underwriters of the Operating Partnership or the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Operating Partnership or the Company.

(f) Additionally, no such Underwriter is advising the Operating Partnership and the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Operating Partnership and the Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and such Underwriters shall have no responsibility or liability to the Operating Partnership and the Company with respect thereto.

(g) Any review by such Underwriters named in this Agreement of the Operating Partnership and the Company, the transactions contemplated thereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Operating Partnership and the Company.

16. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

17. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

[Signatures on following page.]

Very truly yours,

FIRST INDUSTRIAL REALTY TRUST, INC.

By: _____
Name:
Title:

FIRST INDUSTRIAL, L.P.

By: First Industrial Realty Trust, Inc.,
as its sole general partner

By: _____
Name:
Title:

Accepted: May 1, 2007

J.P. MORGAN SECURITIES INC.
WACHOVIA CAPITAL MARKETS, LLC
CREDIT SUISSE SECURITIES (USA) LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: J.P. MORGAN SECURITIES INC.
on behalf of itself and the several Underwriters listed in Schedule I hereto

By: _____
Name:
Title:

Underwriters	Principal Amount of Securities to be Purchased
J.P. Morgan Securities Inc.	\$ 48,750,000
Wachovia Capital Markets, LLC	\$ 48,750,000
Credit Suisse Securities (USA) LLC	\$ 15,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 15,000,000
Commerzbank Capital Markets Corp.	\$ 4,500,000
BNY Capital Markets, Inc.	\$ 4,500,000
Morgan Keegan & Company, Inc.	\$ 4,500,000
PNC Capital Markets LLC	\$ 4,500,000
Wells Fargo Securities, LLC	\$ 4,500,000
Total	\$150,000,000

Underwriters: J.P. Morgan Securities Inc.
Wachovia Capital Markets, LLC
Credit Suisse Securities (USA) LLC
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Commerzbank Capital Markets Corp.
BNY Capital Markets, Inc.
Morgan Keegan & Company, Inc.
PNC Capital Markets LLC
Wells Fargo Securities, LLC

Registration Statement No.: 333-142470-01

Underwriting Agreement dated: May 1, 2007

Title of Securities: 5.95% Senior Notes due 2017

Aggregate principal amount: \$150,000,000

Price to Public: 99.730% of the principal amount of the Securities, plus accrued interest, if any, from May 7, 2007

Purchase Price: 99.080% of the principal amount of the Securities, plus accrued interest, if any, from May 7, 2007

Indenture: Indenture dated as of May 13, 1997 and the Supplemental Indenture No.11 to be dated as of May 7, 2007, both between the Operating Partnership and the Trustee

Maturity: May 15, 2017

Interest Rate: 5.95%

Interest Payment Dates: May 15 and November 15, commencing November 15, 2007

Redemption: At the option of the Operating Partnership, in whole or in part, at any time

Sinking Fund Provisions: None

Other Significant Provisions: As set forth in the Registration Statement and the Prospectus

Ratings: Standard & Poor's: "BBB"
Moody's Investors Service: "Baa2"
Fitch Ratings: "BBB"

Closing Date and Time of Delivery: The Closing will be held at 9:00 A.M. (New York City time) on May 7, 2007, with the Securities being delivered through the book-entry facilities of The Depository Trust Company and made available for checking by DTC at least 24 hours prior to the Closing Date

Closing Location: Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019

JURISDICTIONS OF FOREIGN QUALIFICATION OF THE COMPANY,
THE CORPORATE SUBSIDIARIES AND THE PARTNERSHIP SUBSIDIARIES

ENTITY:	JURISDICTION
First Industrial, L.P.	Arizona California Colorado Connecticut Florida Georgia Illinois Indiana Iowa Kansas Kentucky Louisiana Maryland Michigan Minnesota Missouri New Jersey New York North Carolina Ohio Oregon Pennsylvania Tennessee Texas Utah Virginia Washington Wisconsin
First Industrial Realty Trust, Inc.	California Florida Georgia Illinois Indiana Michigan Minnesota New Jersey New York North Carolina Oregon Utah

Time of Sale Information

Term Sheet dated May 1, 2007

Schedule V
FIRST INDUSTRIAL, L.P.
Pricing Term Sheet

Size:	\$150,000,000
Coupon (Interest Rate):	5.95% per annum
Interest Payment Dates:	May 15 and November 15, commencing November 15, 2007
Maturity:	May 15, 2017
Price to Public:	99.730% of principal amount, plus accrued interest, if any, from the date of original issuance
Settlement Date:	T+4; May 7, 2007
Net Proceeds:	\$148,620,000 (before fees associated with the transaction)
Redemption Provision:	Make-whole call at any time based on U.S. Treasury plus 0.20% (twenty one-hundredths of one percent)
Yield to maturity:	5.986%
Spread to Benchmark Treasury:	135 basis points
Benchmark Treasury:	U.S. Treasury 4.625% due February 2017
Benchmark Treasury Price and Yield:	99-29; 4.636%
Expected Ratings (Moody's / S&P):	Baa2 (stable) / BBB (negative outlook)
Joint BookRunning Managers:	J.P. Morgan Securities Inc., Wachovia Capital Markets, LLC
Joint Lead Managers:	Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated Commerzbank Capital Markets Corp., BNY Capital Markets, Inc., Morgan Keegan & Company, Inc., PNC Capital Markets LLC, Wells Fargo Securities, LLC
Co-Managers:	Fargo Securities, LLC
CUSIP:	32055RAR8

The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission, or SEC, for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer or any underwriter participating in the offering will arrange to send you the prospectus supplement and accompanying prospectus if you request it by contacting First Industrial's Investor Relations at 312-344-4320 (call collect) or aharmon@firstindustrial.com or the underwriters at J.P. Morgan Securities Inc., 270 Park Avenue, New York, NY 10017 — telephone (212) 834-4533 (call collect) or Wachovia Capital Markets, LLC 1525 W. WT Harris Blvd, Mail Code NC0675, Charlotte, NC 28262 — telephone (866) 289-1262 or syndicate.ops@wachovia.com.

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Michael W. Brennan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Industrial Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL W. BRENNAN
Michael W. Brennan
President and Chief Financial Officer

Date: May 3, 2007

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Michael J. Havala, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Industrial Realty Trust, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL J. HAVALA

Michael J. Havala
Chief Financial Officer

Date: May 3, 2007

CERTIFICATION

Accompanying Form 10-Q Report
of First Industrial Realty Trust, Inc.
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Chapter 63, Title 18 U.S.C. §1350(a) and (b))

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chapter 63, Title 18 U.S.C. §1350(a) and (b)), each of the undersigned hereby certifies, to his knowledge, that the Quarterly Report on Form 10-Q for the period ended March 31, 2007 of First Industrial Realty Trust, Inc. (the "Company") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ MICHAEL W. BRENNAN

Michael W. Brennan
Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2007

/s/ MICHAEL J. HAVALA

Michael J. Havala
Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2007

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request. The information contained in this written statement shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except as shall be expressly set forth by specific reference to such filing.