

**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 September 30, 2018**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the transition period from                      to**  
**Commission File Number: 1-13102 (First Industrial Realty Trust, Inc.)**  
**333-21873 (First Industrial, L.P.)**

**FIRST INDUSTRIAL REALTY TRUST, INC.  
FIRST INDUSTRIAL, L.P.**

(Exact name of Registrant as specified in its Charter)

Maryland (First Industrial Realty Trust, Inc.)

36-3935116 (First Industrial Realty Trust, Inc.)

Delaware (First Industrial, L.P.)

36-3924586 (First Industrial, L.P.)

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1 N. Wacker Drive,  
Suite 4200, Chicago, Illinois  
(Address of principal executive offices)

60606  
(Zip Code)

(312) 344-4300

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

First Industrial Realty Trust, Inc.                      Yes  No   
First Industrial, L.P.                                      Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

First Industrial Realty Trust, Inc.                      Yes  No   
First Industrial, L.P.                                      Yes  No

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

**First Industrial Realty Trust, Inc.:**

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

**First Industrial, L.P.:**

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

First Industrial Realty Trust, Inc.                      Yes  No   
First Industrial, L.P.                                      Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

**First Industrial Realty Trust, Inc.** Yes o No

**First Industrial, L.P.** Yes o No

At October 25, 2018, 126,307,928 shares of First Industrial Realty Trust, Inc.'s Common Stock, \$0.01 par value, were outstanding.

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## EXPLANATORY NOTE

This report combines the Quarterly Reports on Form 10-Q for the period ended September 30, 2018 of First Industrial Realty Trust, Inc., a Maryland corporation (the "Company"), and First Industrial, L.P., a Delaware limited partnership (the "Operating Partnership"). Unless stated otherwise or the context otherwise requires, the terms "we," "our" and "us" refer to the Company and its subsidiaries, including the Operating Partnership and its consolidated subsidiaries.

The Company is a real estate investment trust and the general partner of the Operating Partnership. At September 30, 2018, the Company owned an approximate 98.0% common general partnership interest in the Operating Partnership. The remaining approximate 2.0% common limited partnership interests in the Operating Partnership are owned by certain limited partners. As the sole general partner of the Operating Partnership, the Company exercises exclusive and complete discretion over the Operating Partnership's day-to-day management and control and can cause it to enter into certain major transactions, including acquisitions, dispositions and refinancings. The management of the Company consists of the same members as the management of the Operating Partnership.

The Company and the Operating Partnership are managed and operated as one enterprise. The financial results of the Operating Partnership are consolidated into the financial statements of the Company. The Company has no significant assets other than its investment in the Operating Partnership. Substantially all of the Company's assets are held by, and its operations are conducted through, the Operating Partnership and its subsidiaries. Therefore, the assets and liabilities of the Company and the Operating Partnership are substantially the same.

We believe it is important to understand the differences between the Company and the Operating Partnership in the context of how the Company and the Operating Partnership operate as an interrelated, consolidated company. The main areas of difference between the consolidated financial statements of the Company and those of the Operating Partnership are:

- *Stockholders' Equity, Noncontrolling Interest and Partners' Capital.* The 2.0% equity interest in the Operating Partnership held by entities other than the Company is classified within partners' capital in the Operating Partnership's financial statements and as a noncontrolling interest in the Company's financial statements.
- *Relationship to Other Real Estate Partnerships.* The Company's operations are conducted primarily through the Operating Partnership and its subsidiaries, although operations are also conducted through eight other limited partnerships, which are referred to as the "Other Real Estate Partnerships." The Operating Partnership is a limited partner, holding at least a 99% interest, and the Company is a general partner, holding at least a .01% general partnership interest through eight separate wholly-owned corporations, in each of the Other Real Estate Partnerships. The Other Real Estate Partnerships are variable interest entities that both the Company and the Operating Partnership consolidate. The Company's direct general partnership interest in the Other Real Estate Partnerships is reflected as noncontrolling interest within the Operating Partnership's financial statements.
- *Relationship to Service Subsidiary.* The Company has a direct wholly-owned subsidiary that does not own any real estate but provides services to various other entities owned by the Company. Since the Operating Partnership does not have an ownership interest in this entity, its operations are reflected in the consolidated results of the Company but not the Operating Partnership. Also, this entity owes certain amounts to the Operating Partnership, for which a receivable is included on the Operating Partnership's balance sheet but is eliminated on the Company's consolidated balance sheet, since both this entity and the Operating Partnership are fully consolidated by the Company.

We believe combining the Company's and Operating Partnership's quarterly reports into this single report results in the following benefits:

- enhances investors' understanding of the Company and the Operating Partnership by enabling them to view the business as a whole and in the same manner as management views and operates the business;
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports; and
- eliminates duplicative disclosures and provides a more streamlined and readable presentation for our investors to review since a substantial portion of the Company's disclosure applies to both the Company and the Operating Partnership.

To help investors understand the differences between the Company and the Operating Partnership, this report provides the following separate disclosures for each of the Company and the Operating Partnership:

- consolidated financial statements;
- a single set of consolidated notes to such financial statements that includes separate discussions of each entity's stockholders' equity or partners' capital, as applicable; and
- a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that includes distinct information related to each entity.

This report also includes separate Part I, Item 4, Controls and Procedures sections and separate Exhibit 31 and 32 certifications for the Company and the Operating Partnership in order to establish that the requisite certifications have been made and that the Company and the Operating Partnership are both compliant with Rule 13a-15 and Rule 15d-15 of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

**FIRST INDUSTRIAL REALTY TRUST, INC. AND FIRST INDUSTRIAL, L.P.**  
**FORM 10-Q**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2018**  
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**PART I: FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**FIRST INDUSTRIAL REALTY TRUST, INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands, except share and per share data)**

	September 30, 2018	December 31, 2017
	(Unaudited)	
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$ 891,520	\$ 864,813
Buildings and Improvements	2,597,344	2,521,457
Construction in Progress	135,052	109,475
Less: Accumulated Depreciation	(809,191)	(789,919)
Net Investment in Real Estate	2,814,725	2,705,826
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$2,559 and \$0	7,221	—
Cash and Cash Equivalents	52,728	21,146
Restricted Cash	18,981	25,336
Tenant Accounts Receivable, Net	3,428	4,873
Investment in Joint Venture	23,403	—
Deferred Rent Receivable, Net	70,735	70,254
Deferred Leasing Intangibles, Net	27,900	30,481
Prepaid Expenses and Other Assets, Net	106,206	83,146
<b>Total Assets</b>	<b>\$ 3,125,327</b>	<b>\$ 2,941,062</b>
<b>LIABILITIES AND EQUITY</b>		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net	\$ 298,188	\$ 450,056
Senior Unsecured Notes, Net	544,398	246,673
Unsecured Term Loans, Net	456,545	455,768
Unsecured Credit Facility	—	144,500
Accounts Payable, Accrued Expenses and Other Liabilities	82,399	86,532
Deferred Leasing Intangibles, Net	9,944	10,355
Rents Received in Advance and Security Deposits	42,079	44,285
Dividends and Distributions Payable	28,749	27,016
<b>Total Liabilities</b>	<b>1,462,302</b>	<b>1,465,185</b>
Commitments and Contingencies	—	—
Equity:		
First Industrial Realty Trust Inc.'s Stockholders' Equity:		
Common Stock (\$0.01 par value, 225,000,000 shares authorized and 126,307,928 and 119,883,180 shares issued and outstanding)	1,263	1,199
Additional Paid-in-Capital	2,129,551	1,967,110
Distributions in Excess of Accumulated Earnings	(514,065)	(541,847)
Accumulated Other Comprehensive Income	12,129	1,338
<b>Total First Industrial Realty Trust, Inc.'s Stockholders' Equity</b>	<b>1,628,878</b>	<b>1,427,800</b>
Noncontrolling Interest	34,147	48,077
<b>Total Equity</b>	<b>1,663,025</b>	<b>1,475,877</b>
<b>Total Liabilities and Equity</b>	<b>\$ 3,125,327</b>	<b>\$ 2,941,062</b>

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

**FIRST INDUSTRIAL REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited; in thousands, except per share data)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Revenues:</b>				
Rental Income	\$ 76,372	\$ 76,497	\$ 227,232	\$ 227,217
Tenant Recoveries and Other Income	23,884	22,813	71,640	67,055
Total Revenues	<u>100,256</u>	<u>99,310</u>	<u>298,872</u>	<u>294,272</u>
<b>Expenses:</b>				
Property Expenses	28,466	28,452	86,430	83,835
General and Administrative	6,581	6,492	21,470	21,310
Impairment of Real Estate	—	—	2,756	—
Depreciation and Other Amortization	28,645	29,696	85,596	87,230
Total Expenses	<u>63,692</u>	<u>64,640</u>	<u>196,252</u>	<u>192,375</u>
<b>Other Income (Expense):</b>				
Gain on Sale of Real Estate	8,135	23,271	53,291	52,140
Interest Expense	(12,424)	(14,376)	(37,818)	(43,660)
Amortization of Debt Issuance Costs	(850)	(778)	(2,550)	(2,336)
Mark-to-Market Gain on Interest Rate Protection Agreements	—	1,848	—	1,848
Loss from Retirement of Debt	—	—	(39)	(1,653)
Total Other Income (Expense)	<u>(5,139)</u>	<u>9,965</u>	<u>12,884</u>	<u>6,339</u>
Income from Operations Before Equity in Loss of Joint Venture and Income Tax Benefit (Provision)	31,425	44,635	115,504	108,236
Equity in Loss of Joint Venture	(197)	—	(199)	—
Income Tax Benefit (Provision)	302	21	93	(1,236)
Net Income	<u>31,530</u>	<u>44,656</u>	<u>115,398</u>	<u>107,000</u>
Less: Net Income Attributable to the Noncontrolling Interest	(619)	(1,458)	(2,986)	(3,531)
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	<u>\$ 30,911</u>	<u>\$ 43,198</u>	<u>\$ 112,412</u>	<u>\$ 103,469</u>
<b>Basic Earnings Per Share:</b>				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.88</u>
<b>Diluted Earnings Per Share:</b>				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>
Dividends/Distributions Per Share	<u>\$ 0.2175</u>	<u>\$ 0.2100</u>	<u>\$ 0.6525</u>	<u>\$ 0.6300</u>
Weighted Average Shares Outstanding - Basic	<u>125,768</u>	<u>119,446</u>	<u>123,098</u>	<u>117,870</u>
Weighted Average Shares Outstanding - Diluted	<u>126,130</u>	<u>119,990</u>	<u>123,497</u>	<u>118,352</u>

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

**FIRST INDUSTRIAL REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited; in thousands)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net Income	\$ 31,530	\$ 44,656	\$ 115,398	\$ 107,000
Mark-to-Market Gain on Interest Rate Protection Agreements	1,678	621	10,928	1,364
Amortization of Interest Rate Protection Agreements	24	24	71	180
Comprehensive Income	33,232	45,301	126,397	108,544
Comprehensive Income Attributable to Noncontrolling Interest	(641)	(1,479)	(3,271)	(3,582)
Comprehensive Income Attributable to First Industrial Realty Trust, Inc.	<u>\$ 32,591</u>	<u>\$ 43,822</u>	<u>\$ 123,126</u>	<u>\$ 104,962</u>

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

**FIRST INDUSTRIAL REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Unaudited; in thousands)

	Common Stock	Additional Paid-in- Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance as of December 31, 2017	\$ 1,199	\$ 1,967,110	\$ (541,847)	\$ 1,338	\$ 48,077	\$ 1,475,877
Net Income	—	—	112,412	—	2,986	115,398
Other Comprehensive Income	—	—	—	10,791	208	10,999
Issuance of Common Stock, Net of Issuance Costs	48	145,360	—	—	—	145,408
Stock Based Compensation Activity	3	2,894	(3,282)	—	—	(385)
Common Stock Dividends and Unit Distributions	—	—	(81,348)	—	(1,990)	(83,338)
Conversion of Limited Partner Units to Common Stock	13	16,496	—	—	(16,509)	—
Retirement of Limited Partner Units	—	—	—	—	(934)	(934)
Reallocation - Additional Paid-in-Capital	—	(2,309)	—	—	2,309	—
Balance as of September 30, 2018	<u>\$ 1,263</u>	<u>\$ 2,129,551</u>	<u>\$ (514,065)</u>	<u>\$ 12,129</u>	<u>\$ 34,147</u>	<u>\$ 1,663,025</u>

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



**FIRST INDUSTRIAL REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited; in thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 115,398	\$ 107,000
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	69,397	70,697
Amortization of Debt Issuance Costs	2,550	2,336
Other Amortization, including Stock Based Compensation	20,516	22,059
Impairment of Real Estate	2,756	—
Provision for Bad Debt	267	181
Equity in Loss of Joint Venture	199	—
Gain on Sale of Real Estate	(53,291)	(52,140)
Loss from Retirement of Debt	39	1,653
Mark-to-Market Gain on Interest Rate Protection Agreements	—	(1,848)
Increase in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	(5,639)	(6,792)
Increase in Deferred Rent Receivable, Net	(1,329)	(4,104)
Increase in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	172	9,152
Net Cash Provided by Operating Activities	151,035	148,194
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Real Estate	(91,799)	(160,065)
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(168,681)	(104,658)
Net Proceeds from Sales of Investments in Real Estate	116,166	95,233
Contributions to and Investments in Joint Venture	(25,190)	—
Distributions from Joint Venture	1,829	—
Other Investing Activity	(4,825)	(1,644)
Net Cash Used in Investing Activities	(172,500)	(171,134)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Financing and Equity Issuance Costs	(2,975)	(1,918)
Proceeds from the Issuance of Common Stock, Net of Underwriter's Discount	145,584	74,880
Repurchase and Retirement of Restricted Stock	(6,020)	(2,401)
Common Stock Dividends and Unit Distributions Paid	(81,605)	(74,508)
Repayments on Mortgage Loans Payable	(163,792)	(44,152)
Prepayments of Penalties Associated with Retirement of Debt	—	(1,453)
Proceeds from Senior Unsecured Notes	300,000	200,000
Repayments of Senior Unsecured Notes	—	(101,871)
Proceeds from Unsecured Credit Facility	217,000	326,000
Repayments on Unsecured Credit Facility	(361,500)	(358,500)
Net Cash Provided by Financing Activities	46,692	16,077
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	25,227	(6,863)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	46,482	21,461
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 71,709	\$ 14,598

**FIRST INDUSTRIAL REALTY TRUST, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
(Unaudited; in thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:</b>		
Interest Expense Capitalized in Connection with Development Activity	\$ 4,867	\$ 3,014
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Common Stock Dividends and Unit Distributions Payable	\$ 28,749	\$ 26,848
Exchange of Limited Partnership Units for Common Stock:		
Noncontrolling Interest	\$ (16,509)	\$ (39)

Common Stock		13	—
Additional Paid-in-Capital		16,496	39
Total	\$	—	\$ —
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$	11,707	\$ 1,138
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$	31,288	\$ 23,247
Write-off of Fully Depreciated Assets	\$	(33,047)	\$ (27,455)

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

**FIRST INDUSTRIAL, L.P.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except Unit data)

	September 30, 2018	December 31, 2017
	(Unaudited)	
<b>ASSETS</b>		
Assets:		
Investment in Real Estate:		
Land	\$ 891,520	\$ 864,813
Buildings and Improvements	2,597,344	2,521,457
Construction in Progress	135,052	109,475
Less: Accumulated Depreciation	(809,191)	(789,919)
Net Investment in Real Estate (including \$265,089 and \$270,708 related to consolidated variable interest entities, see Note 5)	2,814,725	2,705,826
Real Estate and Other Assets Held for Sale, Net of Accumulated Depreciation and Amortization of \$2,559 and \$0	7,221	—
Cash and Cash Equivalents	52,728	21,146
Restricted Cash	18,981	25,336
Tenant Accounts Receivable, Net	3,428	4,873
Investment in Joint Venture	23,403	—
Deferred Rent Receivable, Net	70,735	70,254
Deferred Leasing Intangibles, Net	27,900	30,481
Prepaid Expenses and Other Assets, Net	116,364	93,264
<b>Total Assets</b>	<b>\$ 3,135,485</b>	<b>\$ 2,951,180</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Liabilities:		
Indebtedness:		
Mortgage Loans Payable, Net (including \$20,611 and \$61,256 related to consolidated variable interest entities, see Note 5)	\$ 298,188	\$ 450,056
Senior Unsecured Notes, Net	544,398	246,673
Unsecured Term Loans, Net	456,545	455,768
Unsecured Credit Facility	—	144,500
Accounts Payable, Accrued Expenses and Other Liabilities	82,399	86,532
Deferred Leasing Intangibles, Net	9,944	10,355
Rents Received in Advance and Security Deposits	42,079	44,285
Distributions Payable	28,749	27,016
<b>Total Liabilities</b>	<b>1,462,302</b>	<b>1,465,185</b>
Commitments and Contingencies	—	—
Partners' Capital:		
First Industrial, L.P.'s Partners' Capital:		
General Partner Units (126,307,928 and 119,883,180 units outstanding)	1,594,114	1,401,583
Limited Partners Units (2,631,427 and 4,008,221 units outstanding)	65,804	82,251
Accumulated Other Comprehensive Income	12,381	1,382
<b>Total First Industrial L.P.'s Partners' Capital</b>	<b>1,672,299</b>	<b>1,485,216</b>
Noncontrolling Interest	884	779
<b>Total Partners' Capital</b>	<b>1,673,183</b>	<b>1,485,995</b>
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 3,135,485</b>	<b>\$ 2,951,180</b>

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

**FIRST INDUSTRIAL L.P.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited; in thousands, except per Unit data)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Revenues:</b>				
Rental Income	\$ 76,372	\$ 76,497	227,232	\$ 227,217
Tenant Recoveries and Other Income	23,884	22,813	71,640	67,055
Total Revenues	<u>100,256</u>	<u>99,310</u>	<u>298,872</u>	<u>294,272</u>
<b>Expenses:</b>				
Property Expenses	28,466	28,452	86,430	83,835
General and Administrative	6,581	6,492	21,470	21,310
Impairment of Real Estate	—	—	2,756	—
Depreciation and Other Amortization	28,645	29,696	85,596	87,230
Total Expenses	<u>63,692</u>	<u>64,640</u>	<u>196,252</u>	<u>192,375</u>
<b>Other Income (Expense):</b>				
Gain on Sale of Real Estate	8,135	23,271	53,291	52,140
Interest Expense	(12,424)	(14,376)	(37,818)	(43,660)
Amortization of Debt Issuance Costs	(850)	(778)	(2,550)	(2,336)
Mark-to-Market Gain on Interest Rate Protection Agreements	—	1,848	—	1,848
Loss from Retirement of Debt	—	—	(39)	(1,653)
Total Other Income (Expense)	<u>(5,139)</u>	<u>9,965</u>	<u>12,884</u>	<u>6,339</u>
Income from Operations Before Equity in Loss of Joint Venture and Income Tax Benefit (Provision)	31,425	44,635	115,504	108,236
Equity in Loss of Joint Venture	(197)	—	(199)	—
Income Tax Benefit (Provision)	302	21	93	(1,236)
Net Income	<u>31,530</u>	<u>44,656</u>	<u>115,398</u>	<u>107,000</u>
Less: Net Income Attributable to the Noncontrolling Interest	(22)	(43)	(65)	(96)
Net Income Available to Unitholders and Participating Securities	<u>\$ 31,508</u>	<u>\$ 44,613</u>	<u>\$ 115,333</u>	<u>\$ 106,904</u>
<b>Basic Earnings Per Unit:</b>				
Net Income Available to Unitholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>
<b>Diluted Earnings Per Unit:</b>				
Net Income Available to Unitholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>
Distributions Per Unit	<u>\$ 0.2175</u>	<u>\$ 0.2100</u>	<u>\$ 0.6525</u>	<u>\$ 0.6300</u>
Weighted Average Units Outstanding - Basic	<u>128,526</u>	<u>123,483</u>	<u>126,380</u>	<u>121,909</u>
Weighted Average Units Outstanding - Diluted	<u>128,888</u>	<u>124,027</u>	<u>126,779</u>	<u>122,391</u>

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

**FIRST INDUSTRIAL L.P.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited; in thousands)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net Income	\$ 31,530	\$ 44,656	\$ 115,398	\$ 107,000
Mark-to-Market Gain on Interest Rate Protection Agreements	1,678	621	10,928	1,364
Amortization of Interest Rate Protection Agreements	24	24	71	180
Comprehensive Income	\$ 33,232	\$ 45,301	\$ 126,397	\$ 108,544
Comprehensive Income Attributable to Noncontrolling Interest	(22)	(43)	(65)	(96)
Comprehensive Income Attributable to Unitholders	\$ 33,210	\$ 45,258	\$ 126,332	\$ 108,448

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

**FIRST INDUSTRIAL, L.P.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL**  
**(Unaudited; in thousands)**

	General Partner Units	Limited Partner Units	Accumulated Other Comprehensive Income	Noncontrolling Interest	Total
Balance as of December 31, 2017	\$ 1,401,583	\$ 82,251	\$ 1,382	\$ 779	\$ 1,485,995
Net Income	112,347	2,986	—	65	115,398
Other Comprehensive Income	—	—	10,999	—	10,999
Contribution of General Partner Units, Net of Issuance Costs	145,408	—	—	—	145,408
Stock Based Compensation Activity	(385)	—	—	—	(385)
Unit Distributions	(81,348)	(1,990)	—	—	(83,338)
Conversion of Limited Partner Units to General Partner Units	16,509	(16,509)	—	—	—
Retirement of Limited Partner Units	—	(934)	—	—	(934)
Contributions from Noncontrolling Interest	—	—	—	124	124
Distributions to Noncontrolling Interest	—	—	—	(84)	(84)
Balance as of September 30, 2018	<u>\$ 1,594,114</u>	<u>\$ 65,804</u>	<u>\$ 12,381</u>	<u>\$ 884</u>	<u>\$ 1,673,183</u>

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

**FIRST INDUSTRIAL, L.P.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited; in thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 115,398	\$ 107,000
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	69,397	70,697
Amortization of Debt Issuance Costs	2,550	2,336
Other Amortization, including Stock Based Compensation	20,516	22,059
Impairment of Real Estate	2,756	—
Provision for Bad Debt	267	181
Equity in Loss of Joint Venture	199	—
Gain on Sale of Real Estate	(53,291)	(52,140)
Loss from Retirement of Debt	39	1,653
Mark-to-Market Gain on Interest Rate Protection Agreements	—	(1,848)
Increase in Tenant Accounts Receivable, Prepaid Expenses and Other Assets, Net	(5,679)	(6,537)
Increase in Deferred Rent Receivable, Net	(1,329)	(4,104)
Increase in Accounts Payable, Accrued Expenses, Other Liabilities, Rents Received in Advance and Security Deposits	172	9,152
Net Cash Provided by Operating Activities	150,995	148,449
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions of Real Estate	(91,799)	(160,065)
Additions to Investment in Real Estate and Non-Acquisition Tenant Improvements and Lease Costs	(168,681)	(104,658)
Net Proceeds from Sales of Investments in Real Estate	116,166	95,233
Contributions to and Investments in Joint Venture	(25,190)	—
Distributions from Joint Venture	1,829	—
Other Investing Activity	(4,825)	(1,644)
Net Cash Used in Investing Activities	(172,500)	(171,134)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Financing and Equity Issuance Costs	(2,975)	(1,918)
Contribution of General Partner Units	145,584	74,880
Repurchase and Retirement of Restricted Units	(6,020)	(2,401)
Unit Distributions Paid	(81,605)	(74,508)
Contributions from Noncontrolling Interests	124	29
Distributions to Noncontrolling Interests	(84)	(284)
Repayments on Mortgage Loans Payable	(163,792)	(44,152)
Prepayments of Penalties Associated with Retirement of Debt	—	(1,453)
Proceeds from Senior Unsecured Notes	300,000	200,000
Repayments of Senior Unsecured Notes	—	(101,871)
Proceeds from Unsecured Credit Facility	217,000	326,000
Repayments on Unsecured Credit Facility	(361,500)	(358,500)
Net Cash Provided by Financing Activities	46,732	15,822
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	25,227	(6,863)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	46,482	21,461
Cash, Cash Equivalents and Restricted Cash, End of Period	\$ 71,709	\$ 14,598

**FIRST INDUSTRIAL, L.P.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
(Unaudited; in thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>SUPPLEMENTAL INFORMATION TO STATEMENTS OF CASH FLOWS:</b>		
Interest Expense Capitalized in Connection with Development Activity	\$ 4,867	\$ 3,014
<b>Supplemental Schedule of Non-Cash Investing and Financing Activities:</b>		
General and Limited Partner Unit Distributions Payable	\$ 28,749	\$ 26,848
<b>Exchange of Limited Partner Units for General Partner Units:</b>		
Limited Partner Units	\$ (16,509)	\$ (39)
General Partner Units	16,509	39
Total	\$ —	\$ —
Assumption of Indebtedness and Other Liabilities in Connection with the Acquisition of Real Estate	\$ 11,707	\$ 1,138
Accounts Payable Related to Construction in Progress and Additions to Investment in Real Estate	\$ 31,288	\$ 23,247
Write-off of Fully Depreciated Assets	\$ (33,047)	\$ (27,455)

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



**FIRST INDUSTRIAL REALTY TRUST, INC. AND FIRST INDUSTRIAL, L.P.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited; dollars in thousands, except per share and Unit data)**

## **1. Organization**

First Industrial Realty Trust, Inc. (the "Company") is a self-administered and fully integrated real estate company which owns, manages, acquires, sells, develops and redevelops industrial real estate. The Company is a Maryland corporation organized on August 10, 1993 and a real estate investment trust ("REIT") as defined in the Internal Revenue Code of 1986 (the "Code"). Unless stated otherwise or the context otherwise requires, the terms "we," "our" and "us" refer to the Company and its subsidiaries, including its operating partnership, First Industrial, L.P. (the "Operating Partnership"), and its consolidated subsidiaries.

We began operations on July 1, 1994. The Company's operations are conducted primarily through the Operating Partnership, of which the Company is the sole general partner (the "General Partner"), with an approximate 98.0% ownership interest ("General Partner Units") at September 30, 2018. The Operating Partnership also conducts operations through eight other limited partnerships (the "Other Real Estate Partnerships"), numerous limited liability companies ("LLCs") and certain taxable REIT subsidiaries ("TRSs"), the operating data of which, together with that of the Operating Partnership, is consolidated with that of the Company as presented herein. The Operating Partnership holds at least a 99% limited partnership interest in each of the Other Real Estate Partnerships. The general partners of the Other Real Estate Partnerships are separate corporations, wholly-owned by the Company, each with at least a .01% general partnership interest in the Other Real Estate Partnerships. The Company does not have any significant assets or liabilities other than its investment in the Operating Partnership and its 100% ownership interest in the general partners of the Other Real Estate Partnerships. Noncontrolling interest in the Operating Partnership of approximately 2.0% at September 30, 2018 represents the aggregate partnership interest held by the limited partners thereof ("Limited Partner Units" and together with the General Partner Units, the "Units").

We also own a 49% equity interest in, and provide various services to, a joint venture (the "Joint Venture") through a wholly-owned subsidiary of the Operating Partnership. The Joint Venture is accounted for under the equity method of accounting. The operating data of the Joint Venture is not consolidated with that of the Company or the Operating Partnership as presented herein. See Note 5 for more information related to the Joint Venture.

Profits, losses and distributions of the Operating Partnership, the LLCs, the Other Real Estate Partnerships, the TRSs and the Joint Venture are allocated to the general partner and the limited partners, the members or the shareholders, as applicable, of such entities in accordance with the provisions contained within their respective organizational documents.

As of September 30, 2018, we owned 468 industrial properties located in 21 states, containing an aggregate of approximately 61.0 million square feet of gross leasable area ("GLA"). Of the 468 properties owned on a consolidated basis, none of them are directly owned by the Company.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Presentation***

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended December 31, 2017 ("2017 Form 10-K") and should be read in conjunction with such consolidated financial statements and related notes. The 2017 year end consolidated balance sheet data included in this Form 10-Q filing was derived from the audited consolidated financial statements in our 2017 Form 10-K, but does not include all disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The following notes to these interim consolidated financial statements highlight significant changes to the notes included in the December 31, 2017 audited consolidated financial statements included in our 2017 Form 10-K and present interim disclosures as required by the Securities and Exchange Commission.

### ***Use of Estimates***

In order to conform with GAAP, in preparation of our consolidated financial statements we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of September 30, 2018 and December 31, 2017, and the reported amounts of revenues and expenses for the three and nine months ended September 30, 2018 and 2017. Actual results could differ from those estimates. In our opinion, the accompanying unaudited interim consolidated financial statements reflect all adjustments necessary for a fair statement of our financial position as of September 30, 2018 and December 31, 2017, the results of our operations and comprehensive income for each of the three and nine months ended September 30, 2018 and 2017, and our cash flows for each of the nine months ended September 30, 2018 and 2017. All adjustments are of a normal recurring nature.

## Recent Accounting Pronouncements

### Recent Accounting Standards Adopted

In May 2014, the Financial Accounting Standards Board ("the FASB") issued Accounting Standards Updates ("ASU") No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 requires entities to recognize revenue when they transfer promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. ASU 2014-09 is effective for annual periods beginning after December 15, 2017. We adopted the new standard effective January 1, 2018. The adoption of the standard did not impact our financial position or results of operations.

In August 2016 and November 2016, the FASB issued new ASUs impacting the statement of cash flows. ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments" intends to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash" requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted both standards on January 1, 2018.

The adoption of ASU Nos. 2016-15 and 2016-18 modified our presentation of certain activities within the Consolidated Statements of Cash Flows. Restricted cash is comprised of gross proceeds from the sales of certain industrial properties that are held by agents to be used for tax-deferred, like-kind exchange transactions under Section 1031 of the Code. For the nine months ended September 30, 2018 and 2017, \$18,981 and \$5,102 of restricted cash was included in "Cash, Cash Equivalents and Restricted Cash" in our Consolidated Statements of Cash Flows. Additionally, as a result of the adoption of these standards we reclassified \$1,453 of prepayment penalties in connection with the payoff of certain mortgage loans from operating activities to financing activities for the nine months ended September 30, 2017.

The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within our Consolidated Balance Sheets to amounts reported within our Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017:

	2018	2017
Cash and Cash Equivalents	\$ 52,728	\$ 9,496
Restricted Cash	18,981	5,102
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 71,709</u>	<u>\$ 14,598</u>

### *Recent Accounting Standards Not Yet Adopted*

In February 2016, the FASB issued ASU No. 2016-02, "Leases" ("ASU 2016-02"), which amends the existing accounting standards for lease accounting. ASU 2016-02 will require lessees, at lease commencement to record a right-of-use asset and lease liability for all leases with terms longer than twelve months. We are a lessee on a limited number of ground and office leases and expect to record a right-of-use asset and lease liability for these leases upon adoption of this standard. The expense pattern for these leases will be consistent with that of our historical recognition.

The accounting for lessors will remain largely unchanged from existing GAAP standards with the underlying leased asset being reported and recognized as a real estate asset and rental income being recognized on a straight line basis over the lease term. This standard may also impact the timing, recognition, presentation and disclosures related to our rental recoveries from tenants earned from leasing our operating properties, although we do not expect a significant impact.

Additionally, ASU 2016-02 requires that lessors expense certain initial direct costs that are not incremental in negotiating a lease as incurred. Based on our results for the year ended December 31, 2017, we anticipate this change will reduce our EPS/EPU by approximately \$0.01 in the year of adoption.

ASU 2016-02 will become effective for us on January 1, 2019. We expect to adopt the practical expedients available for implementation under the standard. By adopting these practical expedients, we would not be required to reassess (1) whether an expired or existing contract meets the definition of a lease; (2) the lease classification for expired or existing leases; or (3) whether costs previously capitalized as initial direct costs would continue to be amortized. While we are well into our analysis of the adoption, we will continue to evaluate and assess the impact the adoption of ASU 2016-02 will have on the Consolidated Financial Statements and related disclosures.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeting Improvements to Accounting for Hedging Activities" ("ASU 2017-12"). ASU 2017-12 is intended to better align financial reporting for hedging activities with the economic objectives of those activities. As a result of the transition guidance, cumulative ineffectiveness that has been previously recognized on cash flow and net investment hedges that are still outstanding and designated as of the date of adoption will be adjusted and removed from beginning retained earnings and placed in accumulated other comprehensive income. ASU 2017-12 is effective for annual periods beginning after December 15, 2018. We continue to assess all the potential impacts of ASU 2017-12; however, we do not expect the adoption to have an impact on our financial condition or results of operations.

### 3. Investment in Real Estate

#### *Acquisitions*

During the nine months ended September 30, 2018, we acquired six industrial properties comprised of approximately 0.5 million square feet of GLA and several land parcels. We considered these properties asset acquisitions and therefore capitalized acquisition costs to the basis of the acquired assets. The following table summarizes the amounts recognized for each major class of asset and liability for the industrial properties and land parcels acquired during the nine months ended September 30, 2018:

	<b>Purchase Price</b>
Land	\$ 54,203
Building and Improvements	45,393
Other Assets (leasing commissions)	526
In-Place Leases	2,483
Above Market Leases	73
Below Market Leases	(737)
<b>Total Purchase Price</b>	<b>\$ 101,941</b>
Assumed Mortgage Loan (Note 4)	(11,654)
<b>Total Net Assets Acquired</b>	<b>\$ 90,287</b>

The revenue and net income associated with the acquisition of the industrial properties, since their respective acquisition dates, are not significant for the nine months ended September 30, 2018.

#### *Real Estate Held for Sale*

As of September 30, 2018, we had two industrial properties comprised of approximately 0.1 million square feet of GLA and one land parcel held for sale.

#### *Sales*

During the nine months ended September 30, 2018, we sold 34 industrial properties comprised of approximately 1.7 million square feet of GLA and several land parcels. Gross proceeds from the sales of these industrial properties were \$120,516. The gain on sale of real estate was \$53,291.

#### *Impairment Charges*

The impairment charges of \$2,756 recorded during the nine months ended September 30, 2018 were due to marketing one industrial property and one land parcel for sale and our assessment of the likelihood and timing of a potential sale transaction. During the nine months ended September 30, 2018, the one industrial property and one land parcel were sold.

#### 4. Indebtedness

The following table discloses certain information regarding our indebtedness:

	Outstanding Balance at		Interest Rate at September 30, 2018	Effective Interest Rate at Issuance	Maturity Date
	September 30, 2018	December 31, 2017			
<b>Mortgage Loans Payable, Gross</b>	\$ 299,464	\$ 451,602	4.03% – 8.26%	3.82% – 8.26%	July 2019 – August 2028
<i>Unamortized Debt Issuance Costs</i>	(1,417)	(1,806)			
<i>Unamortized Premiums</i>	141	260			
<b>Mortgage Loans Payable, Net</b>	<u>\$ 298,188</u>	<u>\$ 450,056</u>			
<b>Senior Unsecured Notes, Gross</b>					
2027 Notes	6,070	6,070	7.15%	7.11%	5/15/2027
2028 Notes	31,901	31,901	7.60%	8.13%	7/15/2028
2032 Notes	10,600	10,600	7.75%	7.87%	4/15/2032
2027 Private Placement Notes	125,000	125,000	4.30%	4.30%	4/20/2027
2028 Private Placement Notes	150,000	—	3.86%	3.86%	2/15/2028
2029 Private Placement Notes	75,000	75,000	4.40%	4.40%	4/20/2029
2030 Private Placement Notes	150,000	—	3.96%	3.96%	2/15/2030
<b>Subtotal</b>	<u>\$ 548,571</u>	<u>\$ 248,571</u>			
<i>Unamortized Debt Issuance Costs</i>	(4,094)	(1,814)			
<i>Unamortized Discounts</i>	(79)	(84)			
<b>Senior Unsecured Notes, Net</b>	<u>\$ 544,398</u>	<u>\$ 246,673</u>			
<b>Unsecured Term Loans, Gross</b>					
2014 Unsecured Term Loan <sup>(A)</sup>	\$ 200,000	\$ 200,000	3.39%	N/A	1/29/2021
2015 Unsecured Term Loan <sup>(A)</sup>	260,000	260,000	2.89%	N/A	9/12/2022
<b>Subtotal</b>	<u>\$ 460,000</u>	<u>\$ 460,000</u>			
<i>Unamortized Debt Issuance Costs</i>	(3,455)	(4,232)			
<b>Unsecured Term Loans, Net</b>	<u>\$ 456,545</u>	<u>\$ 455,768</u>			
<b>Unsecured Credit Facility <sup>(B)</sup></b>	<u>\$ —</u>	<u>\$ 144,500</u>	N/A	N/A	10/29/2021

<sup>(A)</sup> During the nine months ended September 30, 2018, pursuant to the agreements for our unsecured term loans entered into in 2014 and 2015 (collectively, the "Unsecured Term Loans"), we elected to have the interest spread calculated based on our investment grade rating resulting in a 10 basis point reduction in the credit spread compared to the prior rate. The interest rate at September 30, 2018 also reflects the interest rate protection agreements we entered into to effectively convert the variable rate to a fixed rate. See Note 10.

<sup>(B)</sup> The maturity date may be extended an additional year at our election, subject to certain restrictions. Amounts exclude unamortized debt issuance costs of \$3,868 and \$4,781 as of September 30, 2018 and December 31, 2017, respectively, which are included in prepaid expenses and other assets on the consolidated balance sheets.

#### **Mortgage Loans Payable, Net**

During the nine months ended September 30, 2018, we assumed a mortgage loan in the amount of \$11,654 in conjunction with the acquisition of three industrial properties, totaling approximately 0.2 million square feet of GLA. The mortgage loan bears interest at a fixed rate of 4.17%, principal payments are amortized over 30 years and the loan matures in August 2028.

During the nine months ended September 30, 2018, we paid off mortgage loans in the amount of \$157,782. In connection with the mortgage loans paid off during the nine months ended September 30, 2018, we recognized \$39 as loss from retirement of debt representing the write-off of unamortized debt issuance costs offset by the write off of an unamortized premium.

As of September 30, 2018, mortgage loans payable are collateralized, and in some instances cross-collateralized, by industrial properties with a net carrying value of \$460,550. We believe the Operating Partnership and the Company were in compliance with all covenants relating to mortgage loans as of September 30, 2018.

**Senior Unsecured Notes, Net**

During the nine months ended September 30, 2018, the Operating Partnership issued \$150,000 of 3.86% Series C Guaranteed Senior Notes due February 15, 2028 (the "2028 Private Placement Notes") and \$150,000 of 3.96% Series D Guaranteed Senior Notes due February 15, 2030 (the "2030 Private Placement Notes") (together with the 2027 Private Placement Notes and the 2029 Private Placement Notes (each as described in Note 4), collectively, the "Private Placement Notes") in a private placement pursuant to a Note and Guaranty Agreement dated December 12, 2017. The 2028 Private Placement Notes and the 2030 Private Placement Notes are unsecured obligations of the Operating Partnership that are fully and unconditionally guaranteed by the Company and require semi-annual interest payments.

**Indebtedness**

The following is a schedule of the stated maturities and scheduled principal payments of our indebtedness, exclusive of premiums, discounts and debt issuance costs, for the next five years as of September 30, and thereafter:

	<b>Amount</b>
Remainder of 2018	\$ 1,854
2019	79,600
2020	59,046
2021	267,113
2022	341,552
Thereafter	558,870
<b>Total</b>	<b>\$ 1,308,035</b>

Our unsecured credit facility (the "Unsecured Credit Facility"), the Unsecured Term Loans, the Private Placement Notes and the indentures governing our senior unsecured notes contain certain financial covenants, including limitations on incurrence of debt and debt service coverage. Under the Unsecured Credit Facility and the Unsecured Term Loans an event of default can occur if the lenders, in their good faith judgment, determine that a material adverse change has occurred which could prevent timely repayment or materially impair our ability to perform our obligations under the loan agreements. We believe the Operating Partnership and the Company were in compliance with all covenants relating to the Unsecured Credit Facility, the Unsecured Term Loans, the Private Placement Notes and the indentures governing our senior unsecured notes as of September 30, 2018. However, these financial covenants are complex and there can be no assurance that these provisions would not be interpreted by our lenders and noteholders in a manner that could impose and cause us to incur material costs.

## Fair Value

At September 30, 2018 and December 31, 2017, the fair value of our indebtedness was as follows:

	September 30, 2018		December 31, 2017	
	Carrying Amount <sup>(A)</sup>	Fair Value	Carrying Amount <sup>(A)</sup>	Fair Value
Mortgage Loans Payable, Net	\$ 299,605	\$ 305,018	\$ 451,862	\$ 467,303
Senior Unsecured Notes, Net	548,492	540,952	248,487	269,731
Unsecured Term Loans	460,000	461,426	460,000	460,000
Unsecured Credit Facility	—	—	144,500	144,500
<b>Total</b>	<b>\$ 1,308,097</b>	<b>\$ 1,307,396</b>	<b>\$ 1,304,849</b>	<b>\$ 1,341,534</b>

<sup>(A)</sup> The carrying amounts include unamortized premiums and discounts and exclude unamortized debt issuance costs.

The fair values of our mortgage loans payable were determined by discounting the future cash flows using the current rates at which similar loans would be made based upon similar remaining maturities. The current market rates we utilized were internally estimated. The fair value of the senior unsecured notes were determined by using rates, as advised by our bankers, that are based upon recent trades within the same series of the senior unsecured notes, recent trades for senior unsecured notes with comparable maturities, recent trades for fixed rate unsecured notes from companies with profiles similar to ours, as well as overall economic conditions. The fair value of the Unsecured Credit Facility and the Unsecured Term Loans was determined by discounting the future cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining term, assuming no repayment until maturity. We have concluded that our determination of fair value for each of our mortgage loans payable, senior unsecured notes, the Unsecured Term Loans and the Unsecured Credit Facility was primarily based upon Level 3 inputs.

## 5. Variable Interest Entities

### Other Real Estate Partnerships

The Other Real Estate Partnerships are variable interest entities ("VIEs") of the Operating Partnership and the Operating Partnership is the primary beneficiary, thus causing the Other Real Estate Partnerships to be consolidated by the Operating Partnership. In addition, the Operating Partnership is a VIE of the Company and the Company is the primary beneficiary.

The following table summarizes the assets and liabilities of the Other Real Estate Partnerships included in our consolidated balance sheets, net of intercompany amounts:

	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
Assets:		
Net Investment in Real Estate	\$ 265,089	\$ 270,708
Other Assets, Net	26,408	23,530
<b>Total Assets</b>	<b>\$ 291,497</b>	<b>\$ 294,238</b>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Liabilities:		
Mortgage Loans Payable, Net	\$ 20,611	\$ 61,256
Other Liabilities, Net	8,296	9,283
Partners' Capital	262,590	223,699
<b>Total Liabilities and Partners' Capital</b>	<b>\$ 291,497</b>	<b>\$ 294,238</b>

## Joint Venture

During the second quarter 2018, we entered into the Joint Venture with a third party partner for the purpose of developing, leasing, operating and potentially selling approximately 532 net developable acres of land located in the Phoenix, Arizona metropolitan area. The purchase price of the land was \$49,000 and was acquired by the Joint Venture via cash equity contributions from us and our joint venture partner. Through a wholly-owned subsidiary of the Operating Partnership, we own a 49% interest in the Joint Venture.

Under the Joint Venture's operating agreement, we act as the managing member of the Joint Venture and are entitled to receive fees for providing management, leasing, development, construction supervision, disposition and asset management services to the Joint Venture. In addition, the Joint Venture's operating agreement provides us the ability to earn an incentive fee based on the ultimate financial performance of the Joint Venture.

As part of our assessment of the appropriate accounting treatment for the Joint Venture, we reviewed the operating agreement of the Joint Venture in order to determine our rights and the rights of our joint venture partner, including whether those rights are protective or participating. We found that the operating agreement contains certain protective rights, such as the requirement of both member's approval to sell, finance or refinance the property and to pay capital expenditures and operating expenditures outside of the approved budget. However, we also found that we and our Joint Venture partner jointly (i) approve the annual budget, (ii) approve certain expenditures, (iii) review and approve the Joint Venture's tax return before filing and (iv) approve each lease at a developed property. We consider the latter rights substantive participation rights that result in shared, joint power over the activities that most significantly impact the performance of the Joint Venture. As such, we concluded to account for our investment in the Joint Venture under the equity method of accounting.

## 6. Stockholders' Equity of the Company and Partners' Capital of the Operating Partnership

### Issuance of Shares of Common Stock

During the second quarter 2018, the Company issued 4,800,000 shares of the Company's common stock in an underwritten public offering. Proceeds to the Company, net of the underwriter's discount, were \$145,584. The proceeds were contributed to the Operating Partnership in exchange for General Partner Units and are reflected in the financial statements as a general partner contribution.

### Noncontrolling Interest of the Company

The following table summarizes the changes in noncontrolling interest for the Company for the nine months ended September 30, 2018 and 2017:

	2018	2017
Balance as of December 31	\$ 48,077	\$ 43,184
Net Income	2,986	3,531
Other Comprehensive Income (Including a Reallocation of (\$77) and \$3)	208	54
Common Stock Dividends and Unit Distributions	(1,990)	(2,544)
Conversion of Limited Partner Units to Common Stock <sup>(A)</sup>	(16,509)	(39)
Retirement of Limited Partner Units <sup>(B)</sup>	(934)	—
Reallocation - Additional Paid-in-Capital	2,309	1,569
Balance as of September 30	<u>\$ 34,147</u>	<u>\$ 45,755</u>

<sup>(A)</sup> For the nine months ended September 30, 2018 and 2017, 1,343,461 and 3,437 Limited Partner Units, respectively, were converted into an equivalent number of shares of common stock of the Company.

<sup>(B)</sup> During the nine months ended September 30, 2018, 33,333 Limited Partner Units were forfeited by a unitholder and were retired by the Operating Partnership.



### Noncontrolling Interest of the Operating Partnership

The following table summarizes the changes in noncontrolling interest for the Operating Partnership for the nine months ended September 30, 2018 and 2017:

	2018	2017
Balance as of December 31	\$ 779	\$ 956
Net Income	65	96
Contributions	124	29
Distributions	(84)	(284)
Balance as of September 30	<u>\$ 884</u>	<u>\$ 797</u>

### Dividends/Distributions

During the nine months ended September 30, 2018, we declared \$83,338 common stock dividends and Unit distributions.

### 7. Accumulated Other Comprehensive Income

The following table summarizes the changes in accumulated other comprehensive income by component for the Company and the Operating Partnership for the nine months ended September 30, 2018:

	Interest Rate Protection Agreements	Accumulated Other Comprehensive Income of the Operating Partnership	Comprehensive Income Attributable to Noncontrolling Interest of the Company	Accumulated Other Comprehensive Income of the Company
Balance as of December 31, 2017	\$ 1,382	\$ 1,382	\$ (44)	\$ 1,338
Other Comprehensive Income Before Reclassifications	10,470	10,470	(208)	10,262
Amounts Reclassified from Accumulated Other Comprehensive Income	529	529	—	529
Net Current Period Other Comprehensive Income	10,999	10,999	(208)	10,791
Balance as of September 30, 2018	<u>\$ 12,381</u>	<u>\$ 12,381</u>	<u>\$ (252)</u>	<u>\$ 12,129</u>

The following table summarizes the reclassifications out of accumulated other comprehensive income for both the Company and the Operating Partnership for the three and nine months ended September 30, 2018 and 2017:

Details about Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income				Affected Line Items in the Consolidated Statements of Operations
	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	
<b>Interest Rate Protection Agreements:</b>					
Amortization of Previously Settled Interest Rate Protection Agreements	\$ 24	\$ 24	\$ 71	\$ 180	Interest Expense
Net Settlement (Receipts) Payments from/to our Counterparties	(102)	912	458	3,486	Interest Expense
Total	<u>\$ (78)</u>	<u>\$ 936</u>	<u>\$ 529</u>	<u>\$ 3,666</u>	

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in other comprehensive income and is subsequently reclassified to earnings through interest expense over the life of the derivative or over the life of the debt. In the next 12 months, we expect to amortize approximately \$95 into net income by increasing interest expense for interest rate protection agreements we settled in previous periods. Additionally, recurring settlement amounts on the 2014 Swaps and 2015 Swaps (as defined in Note 10) will also be reclassified to net income. See Note 10 for more information about our derivatives.

## 8. Earnings Per Share and Earnings Per Unit ("EPS"/"EPU")

The computation of basic and diluted EPS of the Company is presented below:

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Numerator:</b>				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	\$ 30,911	\$ 43,198	\$ 112,412	\$ 103,469
Net Income Allocable to Participating Securities	(101)	(145)	(349)	(327)
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	<u>\$ 30,810</u>	<u>\$ 43,053</u>	<u>\$ 112,063</u>	<u>\$ 103,142</u>
<b>Denominator (In Thousands):</b>				
Weighted Average Shares - Basic	125,768	119,446	123,098	117,870
<b>Effect of Dilutive Securities:</b>				
LTIP Unit Awards (As Defined in Note 9)	362	544	399	482
Weighted Average Shares - Diluted	<u>126,130</u>	<u>119,990</u>	<u>123,497</u>	<u>118,352</u>
<b>Basic EPS:</b>				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.88</u>
<b>Diluted EPS:</b>				
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>

The computation of basic and diluted EPU of the Operating Partnership is presented below:

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
<b>Numerator:</b>				
Net Income Available to Unitholders and Participating Securities	\$ 31,508	\$ 44,613	\$ 115,333	\$ 106,904
Net Income Allocable to Participating Securities	(101)	(145)	(349)	(327)
Net Income Available to Unitholders	<u>\$ 31,407</u>	<u>\$ 44,468</u>	<u>\$ 114,984</u>	<u>\$ 106,577</u>
<b>Denominator (In Thousands):</b>				
Weighted Average Units - Basic	128,526	123,483	126,380	121,909
<b>Effect of Dilutive Securities that Result in the Issuance of General Partner Units:</b>				
LTIP Unit Awards (As Defined in Note 9)	362	544	399	482
Weighted Average Units - Diluted	<u>128,888</u>	<u>124,027</u>	<u>126,779</u>	<u>122,391</u>
<b>Basic EPU:</b>				
Net Income Available to Unitholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>
<b>Diluted EPU:</b>				
Net Income Available to Unitholders	<u>\$ 0.24</u>	<u>\$ 0.36</u>	<u>\$ 0.91</u>	<u>\$ 0.87</u>

Participating securities include 413,193 and 401,217 of unvested restricted stock or restricted Unit awards outstanding at September 30, 2018 and 2017, respectively, which participate in non-forfeitable distributions. Under the two class method, participating security holders are allocated income, in proportion to total weighted average shares or Units outstanding, based upon the greater of net income or common stock dividends or Unit distributions declared.

## **9. Benefit Plans**

### ***Restricted Stock or Restricted Unit Awards***

For the nine months ended September 30, 2018, the Company awarded 211,890 shares of restricted stock awards to certain employees, which had an aggregate fair value of \$6,068 on the date such awards were approved by the Compensation Committee of the Board of Directors. These restricted stock awards were granted based upon the achievement of certain corporate performance goals and generally vest over a period of three years. Additionally, during the nine months ended September 30, 2018, the Company awarded 15,169 shares of restricted stock to non-employee members of the Board of Directors, which had an aggregate fair value of \$490 on the date of approval. These restricted stock awards vest over a one-year period. The Operating Partnership issued restricted Unit awards to the Company in the same amount for both restricted stock awards.

Compensation expense is charged to earnings over the vesting periods for the restricted stock or restricted Unit awards expected to vest except if the recipient is not required to provide future service in exchange for vesting of such restricted stock or restricted Unit awards. If vesting of a recipient's restricted stock or restricted Unit awards is not contingent upon future service, the expense is recognized immediately at the date of grant. During the nine months ended September 30, 2017, we recognized \$1,590 of compensation expense related to restricted stock or restricted Unit awards granted to our former Chief Executive Officer for which future service was not required.

### ***LTIP Unit Awards***

For the nine months ended September 30, 2018, the Company granted to certain employees 179,288 Long-Term Incentive Program ("LTIP") performance units ("LTIP Unit Awards"), which had a fair value of \$2,381 on the grant date as determined by a lattice-binomial option-pricing model based on a Monte Carlo simulation. The LTIP Unit Awards vest based upon the relative total shareholder return ("TSR") of the Company's common stock compared to the weighted average TSRs of the MSCI US REIT Index and the NAREIT Industrial Index over a performance period of three years. Compensation expense is charged to earnings on a straight-line basis over the performance period. The Operating Partnership issues General Partner Units to the Company in the same amounts for vested LTIP Unit Awards.

### ***Outstanding Restricted Stock or Restricted Unit Awards and LTIP Unit Awards***

We recognized \$2,003 and \$1,844 for the three months ended September 30, 2018 and 2017, respectively and \$5,689 and \$6,767 for the nine months ended September 30, 2018 and 2017 respectively, in amortization related to restricted stock or restricted Unit awards and LTIP Unit Awards. Restricted stock or restricted Unit award and LTIP Unit Award amortization capitalized in connection with development activities was not significant. At September 30, 2018, we had \$10,450 in unrecognized compensation related to unvested restricted stock or restricted Unit awards and LTIP Unit Awards. The weighted average period that the unrecognized compensation is expected to be recognized is 0.94 years.

### ***Severance Expense***

During the nine months ended September 30, 2018, we incurred \$1,298 of severance costs related to a reduction in personnel as a result of changes in our real estate portfolio. The severance costs are included in general and administrative expense.

## **10. Derivatives**

Our objectives in using derivatives are to add stability to interest expense and to manage our cash flow volatility and exposure to interest rate movements. To accomplish this objective, we primarily use interest rate protection agreements as part of our interest rate risk management strategy. Interest rate protection agreements designated as cash flow hedges involve the receipt of variable-rate amounts from a counterparty in exchange for fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

## Fair Value Hedges

In connection with the originations of the Unsecured Term Loans (see Note 4), we entered into interest rate protection agreements to manage our exposure to changes in the one month LIBOR rate. The four interest rate protection agreements, which fix the variable rate of the 2014 Unsecured Term Loan, have an aggregate notional value of \$200,000, mature on January 29, 2021 and fix the LIBOR rate at a weighted average rate of 2.29% (the "2014 Swaps"). The six interest rate protection agreements, which fix the variable rate of the 2015 Unsecured Term Loan, have an aggregate notional value of \$260,000, mature on September 12, 2022 and fix the LIBOR rate at a weighted average rate of 1.79% (the "2015 Swaps"). We designated the 2014 Swaps and 2015 Swaps as cash flow hedges.

Our agreements with our derivative counterparties contain provisions where if we default on any of our indebtedness, then we could also be declared in default on our derivative obligations subject to certain thresholds. As of September 30, 2018, we had not posted any collateral related to these agreements and were not in breach of any of the provisions of these agreements. If we had breached these agreements, we could have been required to settle our obligations under the agreements at their termination value.

The following table sets forth our financial assets related to the 2015 Swaps and the 2014 Swaps which are included in prepaid expenses and other assets on the consolidated balance sheets and which are accounted for at fair value on a recurring basis as of September 30, 2018:

Description	Fair Value	Fair Value Measurements:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<b>Derivatives designated as a hedging instrument:</b>				
<b>Assets:</b>				
2014 Swaps	\$ 2,512	—	\$ 2,512	—
2015 Swaps	\$ 10,803	—	\$ 10,803	—

There was no ineffectiveness recorded on the 2014 Swaps and 2015 Swaps during the nine months ended September 30, 2018. See Note 7 for more information regarding our derivatives.

The estimated fair value of the 2014 Swaps and the 2015 Swaps was determined using the market standard methodology of netting the discounted fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of interest rates (forward curves) derived from observable market interest rate curves. In addition, credit valuation adjustments are incorporated in the fair value to account for potential non-performance risk, including our own non-performance risk and the respective counterparty's non-performance risk. We determined that the significant inputs used to value the 2014 Swaps and the 2015 Swaps fell within Level 2 of the fair value hierarchy.

## 11. Related Party Transactions

During the nine months ended September 30, 2018, we recognized fees of \$74 from the Joint Venture related to asset management services provided to the Joint Venture. At September 30, 2018, we had a receivable from the Joint Venture of \$74 related to this asset management fee. See Note 5 for more information on the Joint Venture.

At September 30, 2018 and December 31, 2017, the Operating Partnership had receivable balances of \$10,168 and \$10,129, respectively, from a direct wholly-owned subsidiary of the Company.

## **12. Commitments and Contingencies**

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

In conjunction with the development of industrial properties, we have entered into agreements with general contractors for the construction of industrial properties. At September 30, 2018, we had nine industrial properties totaling approximately 3.7 million square feet of GLA under construction. The estimated total investment as of September 30, 2018 is approximately \$261,300. Of this amount, approximately \$127,500 remains to be funded. There can be no assurance that the actual completion cost will not exceed the estimated total investment.

## **13. Subsequent Events**

From October 1, 2018 to October 25, 2018, we acquired one industrial property and one land parcel for a purchase price of approximately \$16,606, excluding costs incurred in conjunction with the acquisition of the industrial property and land parcel.

From October 1, 2018 to October 25, 2018, we sold one industrial property and one land parcel for approximately \$8,325.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto appearing elsewhere in this Form 10-Q. Unless stated otherwise or the context otherwise requires, the terms "we," "our" and "us" refer to First Industrial Realty Trust, Inc. (the "Company") and its subsidiaries, including First Industrial, L.P. (the "Operating Partnership") and its consolidated subsidiaries.

**Forward-Looking Statements**

The following discussion may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on certain assumptions and describe our future plans, strategies and expectations, and are generally identifiable by use of the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "project," "seek," "target," "potential," "focus," "may," "will," "should" or similar words. Although we believe the expectations reflected in forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. Factors which could have a materially adverse effect on our operations and future prospects include, but are not limited to:

- changes in national, international, regional and local economic conditions generally and real estate markets specifically;
- changes in legislation/regulation (including changes to laws governing the taxation of real estate investment trusts) and actions of regulatory authorities;
- our ability to qualify and maintain our status as a real estate investment trust;
- the availability and attractiveness of financing (including both public and private capital) and changes in interest rates;
- the availability and attractiveness of terms of additional debt repurchases;
- changes in our credit agency ratings;
- our ability to comply with applicable financial covenants;
- our competitive environment;
- changes in supply, demand and valuation of industrial properties and land in our current and potential market areas;
- difficulties in identifying and consummating acquisitions and dispositions;
- our ability to manage the integration of properties we acquire;
- potential liability relating to environmental matters;
- defaults on or non-renewal of leases by our tenants;
- decreased rental rates or increased vacancy rates;
- higher-than-expected real estate construction costs and delays in development or lease-up schedules;
- changes in general accounting principles, policies and guidelines applicable to real estate investment trusts; and
- other risks and uncertainties described in this report, in Item 1A, "Risk Factors" and elsewhere in our annual report on Form 10-K for the year ended December 31, 2017 as well as those risks and uncertainties discussed from time to time in our other Exchange Act reports and in our other public filings with the Securities and Exchange Commission (the "SEC").

We caution you not to place undue reliance on forward-looking statements, which reflect our outlook only and speak only as of the date of this report. We assume no obligation to update or supplement forward-looking statements.

## General

The Company is a self-administered and fully integrated real estate company which owns, manages, acquires, sells, develops and redevelops industrial real estate. The Company is a Maryland corporation organized on August 10, 1993 and a real estate investment trust ("REIT") as defined in the Internal Revenue Code of 1986 (the "Code").

We began operations on July 1, 1994. The Company's operations are conducted primarily through the Operating Partnership, of which the Company is the sole general partner (the "General Partner"), with an approximate 98.0% ownership interest ("General Partner Units") at September 30, 2018. The Operating Partnership also conducts operations through eight other limited partnerships (the "Other Real Estate Partnerships"), numerous limited liability companies ("LLCs") and certain taxable REIT subsidiaries ("TRSs"), the operating data of which, together with that of the Operating Partnership, is consolidated with that of the Company as presented herein. The Operating Partnership holds at least a 99% limited partnership interest in each of Other Real Estate Partnerships. The general partners of the Other Real Estate Partnerships are separate corporations, wholly-owned by the Company, each with at least a .01% general partnership interest in the Other Real Estate Partnerships. The Company does not have any significant assets or liabilities other than its investment in the Operating Partnership and its 100% ownership interest in the general partners of the Other Real Estate Partnerships. Noncontrolling interest in the Operating Partnership of approximately 2.0% at September 30, 2018 represents the aggregate partnership interest held by the limited partners thereof ("Limited Partner Units" and together with the General Partner Units, the "Units").

We also own a 49% equity interest in, and provide various services to, a joint venture (the "Joint Venture") through a wholly-owned subsidiary of the Operating Partnership. The Joint Venture is accounted for under the equity method of accounting. The operating data of the Joint Venture is not consolidated with that of the Operating Partnership or the Company as presented herein. See Note 5 to the Consolidated Financial Statements for more information related to the Joint Venture.

Profits, losses and distributions of the Operating Partnership, the LLCs, the Other Real Estate Partnerships, the TRSs and the Joint Venture are allocated to the general partner and the limited partners, the members or the shareholders, as applicable, of such entities in accordance with the provisions contained within their respective organizational documents.

As of September 30, 2018, we owned 468 industrial properties located in 21 states, containing an aggregate of approximately 61.0 million square feet of gross leasable area ("GLA"). Of the 468 properties owned on a consolidated basis, none of them are directly owned by the Company.

## Available Information

We maintain a website at [www.firstindustrial.com](http://www.firstindustrial.com). Information on this website shall not constitute part of this Form 10-Q. Copies of our respective annual reports 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 our website as soon as reasonably practicable after such reports are filed with or furnished to the SEC. You may also read and copy any document filed at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information about the public reference facilities. These documents also may be accessed through the SEC's Interactive Data Electronic Application via the SEC's home page on the Internet ([www.sec.gov](http://www.sec.gov)). In addition, the Company's Corporate Governance Guidelines, Code of Business Conduct and Ethics, Audit Committee Charter, Compensation Committee Charter and Nominating/Corporate Governance Committee Charter, along with supplemental financial and operating information prepared by us, are all available without charge on the Company's website or upon request to the Company. Amendments to, or waivers from, our Code of Business Conduct and Ethics that apply to our executive officers or directors will also be posted to our website. We also post or otherwise make available on our website from time to time other information that may be of interest to our investors. Please direct requests as follows:

First Industrial Realty Trust, Inc.  
1 N. Wacker Drive, Suite 4200  
Chicago, IL 60606  
Attention: Investor Relations

## Management's Overview

We believe our financial condition and results of operations are, primarily, a function of our performance in four key areas: leasing of industrial properties, acquisition and development of additional industrial properties, disposition of industrial properties and access to external capital.

We generate revenue primarily from rental income and tenant recoveries from operating leases of our 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. Our revenue growth is dependent, in part, on our ability to: (i) increase rental income, through increasing either or both occupancy rates and rental rates at our 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 on the sale of our properties (as discussed below), for our liquidity. 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 our control. The leasing of property also entails various risks, including the risk of tenant default. If we were unable to maintain or increase occupancy rates and rental rates at our properties or to maintain tenant recoveries and operating and certain other expenses consistent with historical levels and proportions, our revenue would decline. Further, if a significant number of our tenants were unable to pay rent (including tenant recoveries) or if we were unable to rent our properties on favorable terms, our financial condition, results of operations, cash flow and ability to make distributions to our stockholders and Unitholders, the market price of the Company's common stock and the market value of the Units would be adversely affected.

Our revenue growth is also dependent, in part, on our ability to acquire existing, and develop new industrial properties on favorable terms. We seek to identify opportunities to acquire existing industrial properties on favorable terms, and, when conditions permit, also seek 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, which, as discussed above, are sources of funds for our distributions to our stockholders and Unitholders. The acquisition and development of properties is impacted, variously, by property specific, market specific, general economic and other conditions, many of which are beyond our control. The acquisition and development of properties also entails various risks, including the risk that our 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, we 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, we face significant competition for attractive acquisition and development opportunities from other well-capitalized real estate investors, including publicly-traded REITs and private investors. Further, as discussed below, we may not be able to finance the acquisition and development opportunities we identify. If we were unable to acquire and develop sufficient additional properties on favorable terms, or if such investments did not perform as expected, our revenue growth would be limited and our financial condition, results of operations, cash flow and ability to make distributions to our stockholders and Unitholders, the market price of the Company's common stock and the market value of the Units would be adversely affected.

We also generate income from the sale of our properties (including existing buildings, buildings which we have developed or re-developed on a merchant basis and land). The gain or loss on, and fees from, the sale of such properties are included in our income and can be a significant source of funds, in addition to revenues generated from rental income and tenant recoveries. Proceeds from sales are used to repay outstanding debt and, market conditions permitting, may be used to fund the acquisition of existing industrial properties, 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 our control. The sale of properties also entails various risks, including competition from other sellers and the availability of attractive financing for potential buyers of our properties. Further, our 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 we are unable to sell properties on favorable terms, our income growth would be limited and our financial condition, results of operations, cash flow and ability to make distributions to our stockholders and Unitholders, the market price of the Company's common stock and the market value of the Units could be adversely affected.



We utilize a portion of the net sales proceeds from property sales, borrowings under our unsecured credit facility (the "Unsecured Credit Facility") and proceeds from the issuance, when and as warranted, of additional debt and equity securities to refinance debt and finance future acquisitions and developments. Access to external capital on favorable terms plays a key role in our financial condition and results of operations, as it impacts our cost of capital and our ability and cost to refinance existing indebtedness as it matures and our ability to fund acquisitions and developments. Our ability to access external capital on favorable terms is dependent on various factors, including general market conditions, interest rates, credit ratings on our debt, the market's perception of our growth potential, our current and potential future earnings and cash distributions and the market price of the Company's common stock. If we were unable to access external capital on favorable terms, our financial condition, results of operations, cash flow and ability to make distributions to our stockholders and Unitholders, the market price of the Company's common stock and the market value of the Units could be adversely affected.

## Summary of Significant Transactions During the Nine Months Ended September 30, 2018

During the nine months ended September 30, 2018, we completed the following significant real estate transactions and financing activities:

- We acquired six industrial properties comprised of approximately 0.5 million square feet of GLA located in our Orlando, Seattle and Southern California markets for an aggregate purchase price of \$71.7 million, excluding costs incurred in conjunction with these acquisitions.
- We acquired 252 acres of land for development located in our Dallas, Denver, Seattle and Southern California markets for an aggregate purchase price of \$30.3 million, excluding costs incurred in conjunction with these acquisitions.
- We sold 34 industrial properties comprised of approximately 1.7 million square feet of GLA and several land parcels for total gross sales proceeds of \$120.5 million.
- We entered into the Joint Venture and, through the Joint Venture acquired, for a purchase price of \$49.0 million, approximately 532 net developable acres of land located in Phoenix for the purpose of developing, leasing, operating and potentially selling industrial properties.
- We issued \$150.0 million of ten-year private placement notes at a rate of 3.86% and \$150.0 million of twelve-year private placement notes at a rate of 3.96%.
- We issued 4,800,000 shares of the Company's common stock in an underwritten public offering. Proceeds to the Company, net of the underwriter's discount, were \$145.6 million.
- We paid off \$157.8 million in mortgage loans payable.
- We declared a first, second and third quarter cash dividend of \$0.2175 per common share or Unit per quarter, an increase of 3.6% from the 2017 quarterly rate.

## Results of Operations

The tables below summarize our revenues, property expenses and depreciation and other amortization by various categories for the three and nine months ended September 30, 2018 and 2017. Same store properties are properties owned prior to January 1, 2017 and held as an in-service property through September 30, 2018 and developments and redevelopments that were placed in service prior to January 1, 2017. Properties which are at least 75% occupied at acquisition are placed in service, unless we anticipate tenant move-outs within two years of ownership would drop occupancy below 75%. Acquisitions that are less than 75% occupied at the date of acquisition and developments and redevelopments are placed in service as they reach the earlier of a) stabilized occupancy (generally defined as 90% occupied), or b) one year subsequent to acquisition or development/redevelopment construction completion. Acquired properties with occupancy greater than 75% at acquisition, but with tenants that we anticipate will move out in the first year of ownership, will be placed in service upon the earlier of reaching 90% occupancy or twelve months after move out. Properties are moved from the same store classification to the redevelopment classification when capital expenditures for a project are estimated to exceed 25% of the undepreciated gross book value of the property. Acquired properties are properties that were acquired subsequent to December 31, 2016 and held as an operating property through September 30, 2018. Sold properties are properties that were sold subsequent to December 31, 2016. (Re)Developments include developments and redevelopments that were not: a) substantially complete 12 months prior to January 1, 2017; or b) stabilized prior to January 1, 2017. Other revenues are derived from the operations of properties not placed in service under one of the categories discussed above, the operations of our maintenance company and other miscellaneous revenues. Other property expenses are derived from the operations of properties not placed in service under one of the categories discussed above, the operations of our maintenance company, vacant land expenses and other miscellaneous regional expenses.

During the nine months ended September 30, 2018, one industrial property, comprising approximately 0.1 million square feet of GLA, was taken out of service for redevelopment. As a result of taking this industrial property out of service, the results of operations attributable to such property were reclassified from the same store property classification to the re(development) classification.

Our future financial condition and results of operations, including rental revenues, may be impacted by the future acquisition, (re)development and sale of properties. Our future revenues and expenses may vary materially from historical rates.

### Comparison of Nine Months Ended September 30, 2018 to Nine Months Ended September 30, 2017

Our net income was \$115.4 million and \$107.0 million for the nine months ended September 30, 2018 and 2017, respectively.

For the nine months ended September 30, 2018 and 2017, the average occupancy rates of our same store properties were 97.2% and 95.6%, respectively.

	Nine Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>REVENUES</b>				
Same Store Properties	\$ 276,779	\$ 263,767	\$ 13,012	4.9 %
Acquired Properties	9,081	1,935	7,146	369.3 %
Sold Properties	3,998	24,004	(20,006)	(83.3)%
(Re)Developments	7,020	3,234	3,786	117.1 %
Other	1,994	1,332	662	49.7 %
<b>Total Revenues</b>	<b>\$ 298,872</b>	<b>\$ 294,272</b>	<b>\$ 4,600</b>	<b>1.6 %</b>

Revenues from same store properties increased \$13.0 million primarily due to an increase in occupancy and rental rates as well as tenant recoveries. Revenues from acquired properties increased \$7.1 million due to the 14 industrial properties acquired subsequent to December 31, 2016 totaling approximately 1.6 million square feet of GLA. Revenues from sold properties decreased \$20.0 million due to the 94 industrial properties sold subsequent to December 31, 2016 totaling approximately 6.4 million square feet of GLA. Revenues from (re)developments increased \$3.8 million due to an increase in occupancy. Revenues from other increased \$0.7 million primarily due to an increase in interest income earned on our cash equivalents, as well as an increase in occupancy related to one property acquired in 2016 and placed in service during 2017.

	Nine Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>PROPERTY EXPENSES</b>				
Same Store Properties	\$ 73,889	\$ 68,871	\$ 5,018	7.3 %
Acquired Properties	2,741	468	2,273	485.7 %
Sold Properties	1,507	7,878	(6,371)	(80.9)%
(Re)Developments	2,740	852	1,888	221.6 %
Other	5,553	5,766	(213)	(3.7)%
<b>Total Property Expenses</b>	<b>\$ 86,430</b>	<b>\$ 83,835</b>	<b>\$ 2,595</b>	<b>3.1 %</b>

Property expenses include real estate taxes, repairs and maintenance, property management, utilities, insurance and other property related expenses. Property expenses from same store properties increased \$5.0 million primarily due to increases in real estate taxes, snow removal costs and insurance expense. Property expenses from acquired properties increased \$2.3 million due to properties acquired subsequent to December 31, 2016. Property expenses from sold properties decreased \$6.4 million due to properties sold subsequent to December 31, 2016. Property expenses from (re)developments increased \$1.9 million primarily due to the substantial completion of developments. Property expenses from other decreased \$0.2 million due to a decrease in certain miscellaneous expenses offset by an increase in real estate taxes.

General and administrative expense remained relatively unchanged. However, during the nine months ended September 30, 2018, we incurred \$1.3 million of severance expense. The increase in severance expense is offset by a decrease in amortization of restricted stock, which decrease is primarily due to immediate recognition of \$1.6 million of expense related to the issuance of restricted stock to our former CEO during the three months ended March 31, 2017.

The impairment charge for the nine months ended September 30, 2018 of \$2.8 million is due to marketing a property and a land parcel for sale and our assessment of the likelihood of potential sales transaction.

	Nine Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>DEPRECIATION AND OTHER AMORTIZATION</b>				
Same Store Properties	\$ 75,835	\$ 77,958	\$ (2,123)	(2.7)%
Acquired Properties	5,282	1,081	4,201	388.6 %
Sold Properties	869	6,341	(5,472)	(86.3)%
(Re) Developments	2,621	1,056	1,565	148.2 %
Corporate Furniture, Fixtures and Equipment and Other	989	794	195	24.6 %
Total Depreciation and Other Amortization	<u>\$ 85,596</u>	<u>\$ 87,230</u>	<u>\$ (1,634)</u>	<u>(1.9)%</u>

Depreciation and other amortization from same store properties decreased \$2.1 million primarily due to certain leasing intangibles becoming fully amortized in 2017. Depreciation and other amortization from acquired properties increased \$4.2 million due to properties acquired subsequent to December 31, 2016. Depreciation and other amortization from sold properties decreased \$5.5 million due to properties sold subsequent to December 31, 2016. Depreciation and other amortization from (re)developments increased \$1.6 million primarily due to an increase in depreciation and amortization related to completed developments. Depreciation from corporate furniture, fixtures and equipment and other increased \$0.2 million primarily due to capital expenditures incurred at one property that was acquired in 2016 and placed in service in 2017.

For the nine months ended September 30, 2018, we recognized \$53.3 million of gain on sale of real estate related to the sale of 34 industrial properties comprised of approximately 1.7 million square feet of GLA and several land parcels. For the nine months ended September 30, 2017, we recognized \$52.1 million of gain on sale of real estate related to the sale of 30 industrial properties comprising approximately 1.9 million square feet of GLA.

Interest expense decreased \$5.8 million, or 13.4%, primarily due to a decrease in the weighted average interest rate for the nine months ended September 30, 2018 (4.25%) as compared to the nine months ended September 30, 2017 (4.47%), an increase in development activities resulting in an increase in capitalized interest of \$1.9 million for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 and a decrease in the weighted average debt balance outstanding for the nine months ended September 30, 2018 (\$1,343.7 million) as compared to the nine months ended September 30, 2017 (\$1,396.2 million).

Amortization of debt issuance costs remained relatively unchanged.

In September 2017, we entered into two interest rate protection agreements (the "Treasury Locks") in order to fix the interest rate on an anticipated unsecured debt offering. Due to the strict requirements surrounding the application of hedge accounting, we elected not to designate the Treasury Locks as hedges. As such, the full change in the fair value of the Treasury Locks during the third quarter of 2017 was recorded as a mark-to-market gain on interest rate protection agreements within the income statement as opposed to being recorded in other comprehensive income. Mark-to-market gain was \$1.8 million for the nine months ended September 30, 2017.

For the nine months ended September 30, 2018, we recognized a loss from retirement of debt of \$0.04 million due to early payoff of certain mortgage loans which resulted in the write-off of unamortized debt issuance costs partially offset by the write off of an unamortized premium. For the nine months ended September 30, 2017, we recognized a loss from retirement of debt of \$1.7 million, due to the early payoff of certain mortgage loans which resulted in the payment of prepayment penalties and the write-off of unamortized debt issuance costs.

Equity in loss of Joint Venture was not significant.

For the nine months ended September 30, 2018, income tax benefits were not significant. For the nine months ended September 30, 2017, we recognized an income tax provision of \$1.2 million primarily related to taxable gain from the sale of real estate from one of our TRSs.

### Comparison of Three Months Ended September 30, 2018 to Three Months Ended September 30, 2017

Our net income was \$31.5 million and \$44.7 million for the three months ended September 30, 2018 and 2017, respectively.

For the three months ended September 30, 2018 and 2017, the average occupancy rates of our same store properties were 97.5% and 95.7%, respectively.

	Three Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>REVENUES</b>				
Same Store Properties	\$ 92,919	\$ 88,495	\$ 4,424	5.0 %
Acquired Properties	3,227	1,507	1,720	114.1 %
Sold Properties	223	7,128	(6,905)	(96.9)%
(Re)Developments	3,040	1,629	1,411	86.6 %
Other	847	551	296	53.7 %
<b>Total Revenues</b>	<b>\$ 100,256</b>	<b>\$ 99,310</b>	<b>\$ 946</b>	<b>1.0 %</b>

Revenues from same store properties increased \$4.4 million primarily due to an increase in occupancy and rental rates as well as tenant recoveries. Revenues from acquired properties increased \$1.7 million due to the 14 industrial properties acquired subsequent to December 31, 2016 totaling approximately 1.6 million square feet of GLA. Revenues from sold properties decreased \$6.9 million due to the 94 industrial properties sold subsequent to December 31, 2016 totaling approximately 6.4 million square feet of GLA. Revenues from (re)developments increased \$1.4 million due to an increase in occupancy. Revenues from other increased \$0.3 million primarily due to an increase in interest income earned on our cash equivalents, as well as an increase in occupancy related to one property acquired in 2016 and placed in service during 2017.

	Three Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>PROPERTY EXPENSES</b>				
Same Store Properties	\$ 24,198	\$ 23,603	\$ 595	2.5 %
Acquired Properties	1,063	364	699	192.0 %
Sold Properties	17	2,264	(2,247)	(99.2)%
(Re)Developments	1,155	418	737	176.3 %
Other	2,033	1,803	230	12.8 %
<b>Total Property Expenses</b>	<b>\$ 28,466</b>	<b>\$ 28,452</b>	<b>\$ 14</b>	<b>— %</b>

Property expenses include real estate taxes, repairs and maintenance, property management, utilities, insurance and other property related expenses. Property expenses from same store properties increased \$0.6 million primarily due to an increase in insurance expense. Property expenses from acquired properties increased \$0.7 million due to properties acquired subsequent to December 31, 2016. Property expenses from sold properties decreased \$2.2 million due to properties sold subsequent to December 31, 2016. Property expenses from (re)developments increased \$0.7 million primarily due to the substantial completion of developments. Property expenses from other increased \$0.2 million due to an increase in certain miscellaneous expenses.

General and administrative expense remained relatively unchanged.

	Three Months Ended September 30,			
	2018	2017	\$ Change	% Change
(\$ in 000's)				
<b>DEPRECIATION AND OTHER AMORTIZATION</b>				
Same Store Properties	\$ 25,222	\$ 26,074	\$ (852)	(3.3)%
Acquired Properties	1,869	931	938	100.8 %
Sold Properties	3	1,851	(1,848)	(99.8)%
(Re) Developments	1,201	576	625	108.5 %
Corporate Furniture, Fixtures and Equipment and Other	350	264	86	32.6 %
Total Depreciation and Other Amortization	<u>\$ 28,645</u>	<u>\$ 29,696</u>	<u>\$ (1,051)</u>	<u>(3.5)%</u>

Depreciation and other amortization from same store properties decreased \$0.9 million primarily due to certain leasing intangibles becoming fully amortized in 2017. Depreciation and other amortization from acquired properties increased \$0.9 million due to properties acquired subsequent to December 31, 2016. Depreciation and other amortization from sold properties decreased \$1.8 million due to properties sold subsequent to December 31, 2016. Depreciation and other amortization from (re)developments increased \$0.6 million primarily due to an increase in depreciation and amortization related to completed developments. Depreciation from corporate furniture, fixtures and equipment and other increased \$0.1 million due to capital expenditures incurred at one property that was acquired in 2016 and placed in service in 2017.

For the three months ended September 30, 2018, we recognized \$8.1 million of gain on sale of real estate related to the sale of four industrial properties comprised of approximately 0.4 million square feet of GLA and several land parcels. For the three months ended September 30, 2017, we recognized \$23.3 million of gain on sale of real estate related to the sale of 10 industrial properties comprising approximately 0.9 million square feet of GLA.

Interest expense decreased \$2.0 million, or 13.6%, primarily due to a decrease in the weighted average interest rate for the three months ended September 30, 2018 (4.24%) as compared to the three months ended September 30, 2017 (4.44%), an increase in development activities resulting in an increase in capitalized interest of \$0.4 million for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 and a decrease in the weighted average debt balance outstanding for the three months ended September 30, 2018 (\$1,308.8 million) as compared to the three months ended September 30, 2017 (\$1,384.3 million).

Amortization of debt issuance costs remained relatively unchanged.

Mark-to-market gain on interest rate protection agreements relates to the Treasury Locks and was \$1.8 million for the three months ended September 30, 2017.

Equity in loss of Joint Venture and income tax benefits were not significant.

## Leasing Activity

The following table provides a summary of our commenced leases for the three and nine months ended September 30, 2018. The table does not include month-to-month leases or leases with terms less than twelve months.

<b>Three Months Ended</b>	<b>Number of Leases Commenced</b>	<b>Square Feet Commenced (in 000's)</b>	<b>Net Rent Per Square Foot<sup>(A)</sup></b>	<b>Straight Line Basis Rent Growth<sup>(B)</sup></b>	<b>Weighted Average Lease Term<sup>(C)</sup></b>	<b>Lease Costs Per Square Foot<sup>(D)</sup></b>	<b>Weighted Average Tenant Retention<sup>(E)</sup></b>
New Leases	25	512	\$ 5.38	21.5%	5.6	\$ 4.32	N/A
Renewal Leases	36	904	\$ 6.07	18.8%	4.2	\$ 1.08	84.3%
Development / Acquisition Leases	4	415	\$ 6.35	N/A	6.1	N/A	N/A
Total / Weighted Average	<u>65</u>	<u>1,831</u>	\$ 5.94	19.7%	5.0	\$ 2.25	84.3%
<b>Nine Months Ended</b>							
New Leases	88	1,628	\$ 5.57	22.5%	5.6	\$ 5.25	N/A
Renewal Leases	141	6,199	\$ 5.01	21.3%	4.6	\$ 1.53	83.0%
Development / Acquisition Leases	9	876	\$ 6.10	N/A	5.6	N/A	N/A
Total / Weighted Average	<u>238</u>	<u>8,703</u>	\$ 5.23	21.6%	4.9	\$ 2.30	83.0%

(A) Net rent is the average base rent calculated in accordance with GAAP, over the term of the lease.

(B) Straight Line basis rent growth is a ratio of the change in net rent (including straight line rent adjustments) on a new or renewal lease compared to the net rent (including straight line rent adjustments) of the comparable lease. New leases where there were no prior comparable leases are excluded.

(C) The lease term is expressed in years. Assumes no exercise of lease renewal options, if any.

(D) Lease costs are comprised of the costs incurred or capitalized for improvements of vacant and renewal spaces, as well as the commissions paid and costs capitalized for leasing transactions. Lease costs per square foot represent the total turnover costs expected to be incurred on the leases that commenced during the period and do not reflect actual expenditures for the period.

(E) Represents the weighted average square feet of tenants renewing their respective leases.

The following table provides a summary of our leases that commenced during the three and nine months ended September 30, 2018, which included rent concessions during the lease term.

<b>Three Months Ended</b>	<b>Number of Leases With Rent Concessions</b>	<b>Square Feet (in 000's)</b>	<b>Rent Concessions (\$)</b>
New Leases	15	297	\$ 342
Renewal Leases	2	38	\$ 41
Development / Acquisition Leases	4	415	\$ 1,197
Total	<u>21</u>	<u>750</u>	<u>\$ 1,580</u>
<b>Nine Months Ended</b>			
New Leases	54	1,158	\$ 1,479
Renewal Leases	10	383	\$ 661
Development / Acquisition Leases	9	876	\$ 1,696
Total	<u>73</u>	<u>2,417</u>	<u>\$ 3,836</u>

## Liquidity and Capital Resources

At September 30, 2018, our cash and cash equivalents and restricted cash were approximately \$52.7 million and \$19.0 million, respectively. Restricted cash is comprised of gross proceeds from the sales of certain industrial properties. These sale proceeds will be disbursed as we exchange industrial properties under Section 1031 of the Code. We also had \$720.8 million available for additional borrowings under our Unsecured Credit Facility as of September 30, 2018.

We have considered our short-term (through September 30, 2019) liquidity needs and the adequacy of our estimated cash flow from operations and other expected liquidity sources to meet these needs. We have \$108.6 million in mortgage loans payable outstanding at September 30, 2018 that we anticipate (pre)paying (without penalty) prior to September 30, 2019. We expect to satisfy these payment obligations with borrowings under our Unsecured Credit Facility and/or excess cash flow. With the exception of these payment obligations, we believe that our principal short-term liquidity needs are to fund normal recurring expenses, property acquisitions, developments, renovations, expansions and other nonrecurring capital improvements, debt service requirements, the minimum distributions required to maintain the Company's REIT qualification under the Code and distributions approved by the Company's Board of Directors. We anticipate that these needs will be met with cash flows provided by operating activities as well as the disposition of select assets. These needs may also be met by the issuance of additional equity or debt securities, subject to market conditions and contractual restrictions or borrowings under our Unsecured Credit Facility.

We expect to meet long-term (after September 30, 2019) 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 and secured indebtedness and the issuance of additional equity or debt securities, subject to market conditions.

As of October 25, 2018, we had approximately \$720.6 million available for additional borrowings under our Unsecured Credit Facility. Our Unsecured Credit Facility contains certain financial covenants including limitations on incurrence of debt and debt service coverage. Our access to borrowings may be limited if we fail to meet any of these covenants. We believe that we were in compliance with our financial covenants as of September 30, 2018, and we anticipate that we will be able to operate in compliance with our financial covenants for the remainder of 2018.

Our senior unsecured notes have been assigned credit ratings from Standard & Poor's, Moody's and Fitch Ratings of BBB/Stable, Baa2/Stable and BBB/Stable, respectively. In the event of a downgrade, we believe we would continue to have access to sufficient capital; however, our cost of borrowing would increase and our ability to access certain financial markets may be limited.



## Cash Flow Activity

The following table summarizes our cash flow activity for the Company for the nine months ended September 30, 2018 and 2017:

	2018	2017
	(In millions)	
Net cash provided by operating activities	\$ 151.0	\$ 148.2
Net cash used in investing activities	(172.5)	(171.1)
Net cash provided by financing activities	46.7	16.1

The following table summarizes our cash flow activity for the Operating Partnership for the nine months ended September 30, 2018 and 2017:

	2018	2017
	(In millions)	
Net cash provided by operating activities	\$ 151.0	\$ 148.4
Net cash used in investing activities	(172.5)	(171.1)
Net cash provided by financing activities	46.7	15.8

Changes in cash flow for the nine months ended September 30, 2018, compared to the prior year comparable period are described as follows:

*Operating Activities:* Cash provided by operating activities increased \$2.8 million for the Company (increased \$2.6 million for the Operating Partnership), primarily due to the following:

- decrease in interest expense of \$5.8 million; and
  - increase in NOI from same store properties, acquired properties and recently developed properties of \$14.8 million offset by decreases in NOI due to building disposals of \$13.6 million;
- offset by:
- decrease in accounts payable and other liabilities due to timing of cash payments.

*Investing Activities:* Cash used in investing activities increased \$1.4 million, primarily due to the following:

increase in cash used of \$64.0 million related to non-acquisition additions and improvements to real estate primarily due to an increase in development expenditures in 2018; and

- increase in cash used of \$23.4 million related to our net contributions to the Joint Venture in 2018;

offset by:

- decrease in cash used of \$68.3 million of cash required to acquire real estate in 2018; and
- decrease in cash used of \$20.9 million due to higher proceeds received from the disposition of real estate in 2018.

*Financing Activities:* Cash provided by financing activities increased \$30.6 million for the Company (increased \$30.9 million for the Operating Partnership), primarily due to the following:

- increase in cash provided of \$100.0 million related to the issuance of Unsecured Private Placement notes in 2018;
  - increase in cash provided of \$70.7 million related to the proceeds received from the issuance of common stock in an underwritten public offering during both 2018 and 2017; and
  - the payoff of Senior Unsecured Notes during 2017 in the amount of \$101.9 million;
- offset by an increase in cash used:
- increase in repayments of Mortgage Loans Payable of \$119.6 million;
  - increase in net repayments of Unsecured Credit Facility of \$112.0 million; and
  - increase in Dividend and Unit Distributions of \$7.1 million primarily due to the Company raising the dividend rate in 2018.

## **Market Risk**

The following discussion about our 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. Our business subjects us to market risk from interest rates, as described below.

## **Interest Rate Risk**

The following analysis presents the hypothetical gain or loss in earnings, cash flows or fair value of the financial instruments and derivative instruments which are held by us at September 30, 2018 that are sensitive to changes in interest rates. While this analysis may have some use as a benchmark, it should not be viewed as a forecast.

In the normal course of business, we also face 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 September 30, 2018, 100.0% of our total debt was fixed rate debt. At December 31, 2017, \$1,160.3 million or 88.9% of our total debt, excluding unamortized debt issuance costs, was fixed rate debt and \$144.5 million or 11.1% of our total debt, excluding unamortized debt issuance costs, was variable rate debt.

At September 30, 2018 and December 31, 2017, the fixed rate debt amounts include \$460.0 million of variable-rate debt that has been effectively swapped to a fixed rate through the use of interest rate protection agreements with a notional aggregate amount outstanding of \$460.0 million, which mitigate our exposure to our Unsecured Term Loans' variable interest rates, which are based upon LIBOR, as defined in the loan agreements. Currently, we do not enter into financial instruments for trading or other speculative purposes.

For fixed rate debt, changes in interest rates generally affect the fair value of the debt, but not our earnings or cash flows. Conversely, for variable rate debt, changes in the base interest rate used to calculate the all-in interest rate generally do not impact the fair value of the debt, but would affect our 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 us until we are required to refinance such debt. See Note 4 to the Consolidated Financial Statements for a discussion of the maturity dates of our various fixed rate debt.

Our variable rate debt is subject to risk based upon prevailing market interest rates. If the LIBOR rates relevant to our variable rate debt were to have increased 10%, we estimate that our interest expense during the nine months ended September 30, 2018 would have increased by approximately \$0.07 million based on our average outstanding floating-rate debt during the nine months ended September 30, 2018. Additionally, if weighted average interest rates on our fixed rate debt were to have increased by 10% due to refinancing, interest expense would have increased by approximately \$4.2 million during the nine months ended September 30, 2018.

As of September 30, 2018, the estimated fair value of our debt was approximately \$1,307.4 million based on our estimate of the then-current market interest rates.

## **Supplemental Earnings Measure**

Investors in and industry analysts following the real estate industry utilize funds from operations ("FFO") and net operating income ("NOI") as supplemental operating performance measures of an equity REIT. Historical cost accounting for real estate assets in accordance with accounting principles generally accepted in the United States of America ("GAAP") implicitly assumes that the value of real estate assets diminishes predictably over time through depreciation. Since real estate values instead have historically risen or fallen with market conditions, many industry analysts and investors prefer to supplement operating results that use historical cost accounting with measures such as FFO and NOI, among others. We provide information related to FFO and same store NOI ("SS NOI") both because such industry analysts are interested in such information, and because our management believes FFO and SS NOI are important performance measures. FFO and SS NOI are factors used by management in measuring our performance, including for purposes of determining the compensation of our executive officers under our 2018 incentive compensation plan.

Neither FFO nor SS NOI should be considered as a substitute for net income, or any other measures derived in accordance with GAAP. Neither FFO nor SS NOI represents cash generated from operating activities in accordance with GAAP and neither should be considered as an alternative to cash flow from operating activities as a measure of our liquidity, nor is either indicative of funds available for our cash needs, including our ability to make cash distributions.

## Funds From Operations

The National Association of Real Estate Investment Trusts ("NAREIT") has recognized and defined for the real estate industry a supplemental measure of REIT operating performance, FFO, that excludes historical cost depreciation, among other items, from net income determined in accordance with GAAP. FFO is a non-GAAP financial measure. FFO is calculated by us in accordance with the definition adopted by the Board of Governors of NAREIT and may not be comparable to other similarly titled measures of other companies.

Management believes that the use of FFO available to common stockholders and participating securities, combined with net income (which remains the primary measure of performance), improves the understanding of operating results of REITs among the investing public and makes comparisons of REIT operating results more meaningful. Management believes that, by excluding gains or losses related to sales of previously depreciated real estate assets, impairment of previously depreciated real estate assets and real estate asset depreciation and amortization, investors and analysts are able to identify the operating results of the long-term assets that form the core of a REIT's activity and use these operating results for assistance in comparing these operating results between periods or to those of different companies.

The following table shows a reconciliation of net income available to common stockholders and participating securities to the calculation of FFO available to common stockholders and participating securities for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(In thousands)		(In thousands)	
Net Income Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	\$ 30,911	\$ 43,198	\$ 112,412	\$ 103,469
Adjustments:				
Depreciation and Other Amortization of Real Estate	28,439	29,530	85,019	86,729
Impairment of Depreciable Real Estate	—	—	2,285	—
Gain on Sale of Depreciable Real Estate	(7,520)	(23,271)	(52,660)	(52,140)
Noncontrolling Interest Share of Adjustments	(503)	(202)	(878)	(1,141)
Funds from Operations Available to First Industrial Realty Trust, Inc.'s Common Stockholders and Participating Securities	\$ 51,327	\$ 49,255	\$ 146,178	\$ 136,917

### Same Store Net Operating Income

SS NOI is a non-GAAP financial measure that provides a measure of rental operations and, as calculated by us, that does not factor in depreciation and amortization, general and administrative expense, interest expense, impairment charges, income tax benefit and expense, gains and losses on retirement of debt and sale of real estate. We define SS NOI as revenues minus property expenses such as real estate taxes, repairs and maintenance, property management, utilities, insurance and other expenses, minus the NOI of properties that are not same store properties and minus the impact of straight-line rent, the amortization of above/below market rent and lease termination fees. As so defined, SS NOI may not be comparable to same store net operating income or similar measures reported by other REITs that define same store properties or NOI differently. The major factors influencing SS NOI are occupancy levels, rental rate increases or decreases and tenant recoveries increases or decreases. Our success depends largely upon our ability to lease space and to recover the operating costs associated with those leases from our tenants.

The following table shows a reconciliation of the same store revenues and property expenses disclosed in the results of operations (and reconciled to revenues and expenses reflected on the statements of operations) to SS NOI for the three and nine months ended September 30, 2018 and 2017.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
	(In thousands)			(In thousands)		
Same Store Revenues	\$ 92,919	\$ 88,495		\$ 276,779	\$ 263,767	
Same Store Property Expenses	(24,198)	(23,603)		(73,889)	(68,871)	
Same Store Net Operating Income Before Same Store Adjustments	\$ 68,721	\$ 64,892	5.9%	\$ 202,890	\$ 194,896	4.1%
Same Store Adjustments:						
Straight-line Rent	405	31		286	(2,308)	
Above / Below Market Rent Amortization	(201)	(242)		(606)	(766)	
Lease Termination Fees	(88)	(211)		(268)	(668)	
Same Store Net Operating Income	\$ 68,837	\$ 64,470	6.8%	\$ 202,302	\$ 191,154	5.8%

### Recent Accounting Pronouncements

Refer to Note 2 to the Consolidated Financial Statements.

### Subsequent Events

From October 1, 2018 to October 25, 2018, we acquired one industrial property and one land parcel for a purchase price of approximately \$16.6 million, excluding costs incurred in conjunction with the acquisition of the industrial property and land parcel.

From October 1, 2018 to October 25, 2018, we sold one industrial property and one land parcel for approximately \$8.3 million.

**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**

**First Industrial Realty Trust, Inc.**

The Company's management, including its principal executive officer and principal financial officer, have conducted an evaluation of 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), the Company's principal executive officer and principal financial officer 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.

**First Industrial, L.P.**

The Company's management, including its principal executive officer and principal financial officer, on behalf of the Company in its capacity as the general partner of the Operating Partnership, have conducted an evaluation of the effectiveness of the Operating Partnership'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), the Company's principal executive officer and principal financial officer, on behalf of the Company in its capacity as the general partner of the Operating Partnership, have concluded that as of the end of such period the Operating Partnership's disclosure controls and procedures were effective.

There has been no change in the Operating Partnership'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 Operating Partnership's internal control over financial reporting.

**PART II: OTHER INFORMATION**

**Item 1.           *Legal Proceedings***

None.

**Item 1A.          *Risk Factors***

There have been no material changes to the risk factors disclosed in our annual report on Form 10-K for the year ended December 31, 2017, except to the extent factual information disclosed elsewhere in this Form 10-Q relates to such risk factors, or as otherwise disclosed in the Form 10-Q for the three months ended March 31, 2018. For a full description of these risk factors, please refer to "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2017 and in our quarterly report on Form 10-Q for the three months ended March 31, 2018.

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

None.

**Item 3.           *Defaults Upon Senior Securities***

None.

**Item 4.           *Mine Safety Disclosures***

None.

**Item 5.           *Other Information***

None.

**Item 6.           *Exhibits***

The exhibits required by this item are set forth on the Exhibit Index attached hereto.

## EXHIBIT INDEX

<b>Exhibits</b>	<b>Description</b>
<a href="#">3.9*</a>	<a href="#">Conformed Twelfth Amended and Restated Limited Partnership Agreement of First Industrial, L.P.</a>
<a href="#">31.1*</a>	<a href="#">Certification of Principal Executive Officer of First Industrial Realty Trust, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</a>
<a href="#">31.2*</a>	<a href="#">Certification of Principal Financial Officer of First Industrial Realty Trust, Inc. pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</a>
<a href="#">31.3*</a>	<a href="#">Certification of Principal Executive Officer of First Industrial Realty Trust, Inc., in its capacity as the sole general partner of First Industrial, L.P., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</a>
<a href="#">31.4*</a>	<a href="#">Certification of Principal Financial Officer of First Industrial Realty Trust, Inc., in its capacity as the sole general partner of First Industrial, L.P., pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended</a>
<a href="#">32.1**</a>	<a href="#">Certification of the Principal Executive Officer and Principal Financial Officer of First Industrial Realty Trust, Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.2**</a>	<a href="#">Certification of the Principal Executive Officer and Principal Financial Officer of First Industrial Realty Trust, Inc., in its capacity as the sole general partner of First Industrial, L.P., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.1*	The following financial statements from First Industrial Realty Trust, Inc.'s and First Industrial L.P.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, formatted in XBRL: (i) Consolidated Balance Sheets (unaudited), (ii) Consolidated Statements of Operations (unaudited), (iii) Consolidated Statements of Comprehensive Income (unaudited), (iv) Consolidated Statement of Changes in Stockholders' Equity / Consolidated Statement of Changes in Partners' Capital (unaudited), (v) Consolidated Statements of Cash Flows (unaudited) and (vi) Notes to Consolidated Financial Statements (unaudited)

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have 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 Financial Officer  
(Principal Financial Officer)**

By: \_\_\_\_\_ /S/ SARA E. NIEMIEC

**Sara E. Niemiec  
Chief Accounting Officer  
(Principal Accounting Officer)**

**FIRST INDUSTRIAL, L.P.**

By: **FIRST INDUSTRIAL REALTY TRUST, INC.  
as general partner**

By: \_\_\_\_\_ /S/ SCOTT A. MUSIL

**Scott A. Musil  
Chief Financial Officer  
(Principal Financial Officer)**

By: \_\_\_\_\_ /S/ SARA E. NIEMIEC

**Sara E. Niemiec  
Chief Accounting Officer  
(Principal Accounting Officer)**

Date: October 25, 2018



CONFORMED COPY  
as amended by First Amendment to the Twelfth Amended and Restated  
Limited Partnership Agreement of First Industrial, L.P., dated as of 1/1/2018  
and [Second Amendment to the Twelfth Amended and Restated Limited  
Partnership Agreement of First Industrial, L.P., dated as of 9/1/2018](#)

**FIRST INDUSTRIAL, L.P.**  
**TWELFTH AMENDED AND RESTATED**  
**LIMITED PARTNERSHIP AGREEMENT**

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS PURSUANT TO A REGISTRATION OR EXEMPTION THEREFROM.

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Exhibit 1A	0	First Highland Partners
Exhibit 1B	0	Schedule of Partners
Exhibit 1C	0	LB Partners
Exhibit 1D	0	Contributor Partners
Exhibit 2	0	Form of Redemption Notice
Exhibit 3	0	Form of Registration Rights Agreement

CONFORMED COPY  
as amended by First Amendment to the Twelfth Amended and Restated  
Limited Partnership Agreement of First Industrial, L.P., dated as of 1/1/2018,  
and [Second Amendment to the Twelfth Amended and Restated Limited  
Partnership Agreement of First Industrial, L.P., dated as of 9/1/2018](#)

**FIRST INDUSTRIAL, L.P.**  
**TWELFTH AMENDED AND RESTATED**  
**LIMITED PARTNERSHIP AGREEMENT**

The undersigned, being the sole general partner of First Industrial, L.P. (the "Partnership"), a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act, does hereby amend and restate the Eleventh Partnership Agreement (as defined below) this 27<sup>th</sup> day of February, 2012 as follows:

**R E C I T A L S:**

**A.** The Partnership was formed pursuant to a Certificate of Limited Partnership filed on November 23, 1993 with the Secretary of State of the State of Delaware under the name "ProVest, L.P." and a Limited Partnership Agreement dated November 23, 1993 (the "Original Partnership Agreement").

**B.** The Original Partnership Agreement was amended and restated as of January 28, 1994 (such amended and restated partnership agreement, the "Prior Partnership Agreement").

**C.** A Second Amended and Restated Limited Partnership Agreement was executed as of June 30, 1994, a Third Amended and Restated Limited Partnership Agreement was executed as of May 14, 1997, a Fourth Amended and Restated Limited Partnership Agreement was executed as of June 6, 1997, a Fifth Amended and Restated Limited Partnership Agreement was executed as of February 4, 1998, a Sixth Amended and Restated Limited Partnership Agreement was executed as of March 18, 1998, a Seventh Amended and Restated Limited Partnership Agreement was executed as of May 26, 2004, an Eighth Amended and Restated Limited Partnership Agreement was executed as of June 2, 2004, a Ninth Amended and Restated Limited Partnership Agreement was executed as of November 8, 2005, a Tenth Amended and Restated Limited Partnership Agreement was executed as of January 13, 2006 and an Eleventh Amended and Restated Limited Partnership Agreement was executed as of August 21, 2006 (the "Eleventh Partnership Agreement").

**D.** The General Partner desires to amend and restate the Eleventh Partnership Agreement, effective March 17, 2012, to (i) reflect the first amendment to the Eleventh Partnership Agreement made effective as of March 17, 2012 and (ii) set forth the understandings and agreements, including certain rights and obligations, among the Partners (as hereinafter defined) with respect to the Partnership.

**ARTICLE I. INTERPRETIVE PROVISIONS**

**Section 1. Certain Definitions**

. The following terms have the definitions hereinafter indicated whenever used in this Agreement with initial capital letters:

**Act:** The Delaware Revised Uniform Limited Partnership Act, Sections 17-101 to 17-1109 of the Delaware Code Annotated, Title 6, as amended from time to time.

**Additional Limited Partner:** A Person admitted to the Partnership as a Limited Partner in accordance with Section 8.7 hereof and who is shown as such on the books and records of the Partnership.

**Adjusted Capital Account:** With respect to any Partner, such Partner's Capital Account maintained in accordance with Section 4.4 hereof, as of the end of the relevant Fiscal Year of the Partnership, after giving effect to the following adjustments:

(A) Credit to such Capital Account such Partner's share of Partnership Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(g)(1) and such Partner's share of Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(i)(5).

(B) Debit to such Capital Account the items described in Treasury Regulations Section 1.704- 1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of "Adjusted Capital Account" is intended to comply with the provisions of Treasury Regulations Sections 1.704-1(b)(2)(ii) and 1.704-2 and shall be interpreted consistently therewith.

**Adjusted Capital Account Deficit:** With respect to any Partner, the deficit balance, if any, in that Partner's Adjusted Capital Account as of the end of the relevant Fiscal Year of the Partnership.

**Affiliate:** With respect to any referenced Person, (i) a member of such Person's immediate family; (ii) any Person who directly or indirectly owns, controls or holds the power to vote ten percent (10%) or more of the outstanding voting securities of the Person in question; (iii) any Person ten percent (10%) or more of whose outstanding securities are directly or indirectly owned, controlled, or held with power to vote by the Person in question; (iv) any Person directly or indirectly controlling, controlled by, or under direct or indirect common control with the Person in question; (v) if the Person in question is a corporation, any executive officer or director of such Person or of any corporation directly or indirectly controlling such Person; and (vi) if the Person in question is a partnership, any general partner of the partnership or any limited partner owning or controlling ten percent (10%) or more of either the capital or profits interest in such partnership. As used herein, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

**Aggregate Protected Amount:** With respect to the Contributor Partners, as a group, the aggregate balances of the Protected Amounts, if any, of the Contributor Partners, as determined on the date in question.

**Agreed Value:** In the case of any (i) Contributed Property acquired pursuant to a Contribution Agreement, the value of such Contributed Property as set forth in such Contribution Agreement or, if no such value is set forth for such Contributed Property, the portion of the consideration provided for under such Contribution Agreement allocable to such Contributed Property, as determined by the General Partner in its reasonable discretion, (ii) Contributed Property acquired other than pursuant to a Contribution Agreement, the fair market value of such property at the time of contribution, as determined by the General Partner using such method of valuation as it may adopt in its reasonable discretion and (iii) property distributed to a Partner by the Partnership, the Partnership's Book Value of such property at the time such property is distributed without taking into account, in the case of each of (i), (ii) and (iii), the amount of any related indebtedness assumed by the Partnership (or the Partner in the case of clause (iii)) or to which the Contributed Property (or distributed property in the case of clause (iii)) is taken subject.

**Agreement:** This Twelfth Amended and Restated Limited Partnership Agreement and all Exhibits attached hereto, as the same may be amended or restated and in effect from time to time.

**Assignee:** Any Person to whom one or more Partnership Units have been Transferred as permitted under this Agreement but who has not become a Substituted Limited Partner in accordance with the provisions hereof.

**Bankruptcy:** Either (i) a referenced Person's making an assignment for the benefit of creditors, (ii) the filing by a referenced Person of a voluntary petition in bankruptcy, (iii) a referenced Person's being adjudged insolvent or having entered against him an order for relief in any bankruptcy or insolvency proceeding, (iv) the filing by a referenced Person of an answer seeking any reorganization, composition, readjustment, liquidation, dissolution, or similar relief under any law or regulation, (v) the filing by a referenced Person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him in any proceeding of reorganization, composition, readjustment, liquidation, dissolution, or for similar relief under any statute, law or regulation or (vi) a referenced Person's seeking, consenting to, or acquiescing in the appointment of a trustee, receiver or liquidator for all or substantially all of his property (or court appointment of such trustee, receiver or liquidator).

**Book-Tax Disparity:** With respect to any item of Contributed Property, or property the Book Value of which has been adjusted in accordance with Section 4.4(D), as of the date of determination, the difference between the Book Value of such property and the adjusted basis of such property for federal income tax purposes.

**Book Value:** With respect to any Contributed Property, the Agreed Value of such property reduced (but not below zero) by all Depreciation with respect to such property properly charged to the Partners' Capital Accounts, and with respect to any other asset, the asset's adjusted basis for federal income tax purposes; *provided, however*, (a) the Book Value of all Partnership Assets shall be adjusted in the event of a revaluation of Partnership Assets in accordance with Section 4.4(D) hereof, (b) the Book Value of any Partnership Asset distributed to any Partner shall be the fair market value of such asset on the date of distribution as determined by the General Partner and (c) such Book Value shall be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

**Capital Account:** The account maintained by the Partnership for each Partner described in Section 4.4 hereof.

**Capital Contribution:** The total amount of cash or cash equivalents and the Agreed Value (reduced to take into account the amount of any related indebtedness assumed by the Partnership, or to which the Contributed Property is subject) of Contributed Property which a Partner contributes or is deemed to contribute to the Partnership pursuant to the terms of this Agreement.

**Cash Payment:** The payment to a Redeeming Party of a cash amount determined by multiplying (i) the number of Partnership Units tendered for redemption by such Redeeming Party pursuant to a validly proffered Redemption Notice by (ii) the Unit Value on the date the Redemption Notice is received by the General Partner.

**Certificate:** The Partnership's Certificate of Limited Partnership filed in the office of the Secretary of State of the State of Delaware, as amended from time to time.

**Class C Deemed Original Issue Date:** (i) In the case of any Class C Unit which is part of the first issuance of such units or part of a subsequent issuance of such units prior to October 1, 1997, the date of such first issuance and (ii) in the case of any such unit which is part of a subsequent issuance of such units on or after October 1, 1997, the later of (x) October 1, 1997 and (y) the last Class C Distribution Period Commencement Date which precedes the date of issuance of such unit and which succeeds the last Class C Distribution Period for which full cumulative Class C Priority Return Amounts have been paid; *provided, however*, that, in the case of any such unit which is part of a subsequent issuance on or after October 1, 1997, the date of issuance of which falls between (a) the record date for dividends payable on the Series C Preferred Shares on the first succeeding dividend payment date on such stock and (b) such dividend payment date, the "Class C Deemed Original Issue Date" means the date of the Class C Distribution Period Commencement Date that immediately follows the date of issuance of such unit.

**Class C Distribution Period:** The Class C Initial Distribution Period and each quarterly distribution period thereafter, commencing on January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the next Class C Distribution Period Commencement Date.

**Class C Distribution Period Commencement Date:** January 1, April 1, July 1 and October 1 of each year commencing October 1, 1997.

**Class C Initial Distribution Period:** The period from the Class C Deemed Original Issue Date for a Class C Unit to, but excluding, October 1, 1997.

**Class C Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class C Units.

**Class C Priority Return Amount:** With respect to each Class C Unit, (i) for the Class C Initial Distribution Period, the pro rata portion of the amount referred to in clause (ii) of this definition, computed in accordance with the last sentence of Section 5.3(A) hereof, and (ii) for each Class C Distribution Period thereafter, an amount equal to 2.15625% of that portion of the Capital Contribution of the Class C Limited Partner allocable to each such unit. Class C Priority Return Amounts on each Class C Unit that are not distributed as provided in Section 5.3(A) shall be cumulative from the Class C Deemed Original Issue Date of such unit.

**Class C Redemption:** As defined in Section 9.1(C) hereof.

**Class C Redemption Price:** As defined in Section 9.1(C) hereof.

**Class C Unit:** The Partnership Interest held by the Class C Limited Partner, each full Class C Unit representing a \$2,500 Capital Contribution.

**Class F Distribution Date:** Each dividend payment date for the Series F Preferred Shares.

**Class F Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class F Units.

**Class F Priority Return Amount:** With respect to each Class F Unit, that portion of the Capital Contribution of the Class F Limited Partner, allocable to each such unit, multiplied by the Dividend Rate in effect for the Series F Preferred Shares, in each case during the period with respect to which the Class F Priority Return Amount is to be determined.

**Class F Redemption:** As defined in Section 9.1(D) hereof.

**Class F Redemption Price:** As defined in Section 9.1(D) hereof.

**Class F Unit:** The Partnership Interest held by the Class F Limited Partner, each full Class F Unit representing a \$100,000 Capital Contribution.

**Class G Distribution Date:** Each dividend payment date for the Series G Preferred Shares.

**Class G Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class G Units.

**Class G Priority Return Amount:** With respect to each Class G Unit, that portion of the Capital Contribution of the Class G Limited Partner, allocable to each such unit, multiplied by the Dividend Rate in effect for the Series G Preferred Shares, in each case during the period with respect to which the Class G Priority Return Amount is to be determined.

**Class G Redemption:** As defined in Section 9.1(E) hereof.

**Class G Redemption Price:** As defined in Section 9.1(E) hereof.

**Class G Unit:** The Partnership Interest held by the Class G Limited Partner, each full Class G Unit representing a \$100,000 Capital Contribution.

**Class I Distribution Date:** Each dividend payment date for the Series I Preferred Shares.

**Class I Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class I Units.

**Class I Priority Return Amount:** With respect to each Class I Unit, that portion of the Capital Contribution of the Class I Limited Partner, allocable to each such unit, multiplied by the Dividend Rate in effect for the Series I Preferred Shares, in each case during the period with respect to which the Class I Priority Return Amount is to be determined.

**Class I Redemption:** As defined in Section 9.1(F) hereof.

**Class I Redemption Price:** As defined in Section 9.1(F) hereof.

**Class I Unit:** The Partnership Interest held by the Class I Limited Partner, each full Class I Unit representing a \$250,000 Capital Contribution.

**Class J Distribution Date:** Each dividend payment date for the Series J Preferred Shares.

**Class J Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class J Units.

**Class J Priority Return Amount:** With respect to each Class J Unit, that portion of the Capital Contribution of the Class J Limited Partner, allocable to each such unit, multiplied by the Dividend Rate in effect for the Series J Preferred Shares, in each case during the period with respect to which the Class J Priority Return Amount is to be determined.

**Class J Redemption:** As defined in Section 9.1(G) hereof.

**Class J Redemption Price:** As defined in Section 9.1(G) hereof.

**Class J Unit:** The Partnership Interest held by the Class J Limited Partner, each full Class J Unit representing a \$250,000 Capital Contribution.

**Class K Distribution Date:** Each dividend payment date for the Series K Preferred Shares.

**Class K Limited Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, in its capacity as a limited partner in the Partnership holding Class K Units.

**Class K Priority Return Amount:** With respect to each Class K Unit, that portion of the Capital Contribution of the Class K Limited Partner, allocable to each such unit, multiplied by the Dividend Rate in effect for the Series K Preferred Shares, in each case during the period with respect to which the Class K Priority Return Amount is to be determined.

**Class K Redemption:** As defined in Section 9.1(G) hereof.

**Class K Redemption Price:** As defined in Section 9.1(G) hereof.

**Class K Unit:** The Partnership Interest held by the Class K Limited Partner, each full Class K Unit representing a \$250,000 Capital Contribution.

**Code:** The Internal Revenue Code of 1986, as amended from time to time.

**Consent:** Either the written consent of a Person or the affirmative vote of such Person at a meeting duly called and held pursuant to this Agreement, as the case may be, to do the act or thing for which the consent is required or solicited, or the act of granting such consent, as the context may require.

**Contributed Property:** Each property or other asset (excluding cash and cash equivalents) contributed or deemed contributed to the Partnership.

**Contribution Agreements:** Those certain agreements among one or more of the Initial Limited Partners (or Persons in which such Initial Limited Partners have direct or indirect interests) and the Partnership pursuant to which, *inter alia*, the Initial Limited Partners (or such Persons), directly or indirectly, are contributing property to the Partnership on the Effective Date in exchange for Partnership Units.

**Contributor Partner(s):** That or those Limited Partner(s) listed as Contributor Partner(s) on Exhibit 1D attached hereto and made a part hereof, as such Exhibit may be amended from time to time by the General Partner, whether by express amendment to this Partnership Agreement or by execution of a written instrument by and between any additional Contributor Partner(s) being affected thereby and the General Partner, acting on behalf of the Partnership and without the prior consent of the Limited Partners (whether or not Contributor Partners other than the Contributor Partner(s) being affected thereby). For purposes hereof, any successor, assignee, or transferee of the Interest of a Contributor Partner (other than the Partnership in connection with a redemption pursuant to Article IX hereof) shall be considered a Contributor Partner for purposes hereof.

**Conversion Factor:** The factor applied for converting Partnership Units to REIT Shares, which shall initially be 1.0; *provided, however*, in the event that the REIT (i) declares or pays a dividend on its outstanding REIT Shares in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares in REIT Shares, (ii) subdivides its outstanding REIT Shares or (iii) combines its outstanding REIT Shares into a smaller number of REIT Shares, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (assuming for such purposes that such dividend, distribution, subdivision or combination has occurred as of such time), and the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, subdivision or combination; *provided, further*, in the event that the Partnership (a) declares or pays a distribution on the outstanding Partnership Units in Partnership Units or makes a distribution to all Partners in Partnership Units, (b) subdivides the outstanding Partnership Units or (c) combines the outstanding Partnership Units into a smaller number of Partnership Units, the Conversion Factor shall be adjusted by multiplying the Conversion Factor by a fraction, the numerator of which shall be the actual number of Partnership Units issued and outstanding on the record date (determined without giving effect to such dividend, distribution, subdivision or combination), and the denominator of which shall be the actual number of Partnership Units (determined after giving effect to such dividend, distribution, subdivision or combination) issued and outstanding on such record date. Any adjustment to the Conversion Factor shall become effective immediately after the effective date of such event retroactive to the record date, if any, for such event.

**Depreciation:** For each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Book Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be adjusted as necessary so as to be an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to the beginning adjusted tax basis; *provided, however*, that if the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation for such year or other period shall be determined with reference to such beginning Book Value using any reasonable method approved by the General Partner.



**Distributable Cash:** With respect to any period, and without duplication:

(i) all cash receipts of the Partnership during such period from all sources;

(ii) less all cash disbursements of the Partnership during such period, including, without limitation, disbursements for operating expenses, taxes, debt service (including, without limitation, the payment of principal, premium and interest), redemption of Partnership Interests and capital expenditures;

(iii) less amounts added to reserves in the sole discretion of the General Partner, plus amounts withdrawn from reserves in the reasonable discretion of the General Partner.

**Effective Date:** June 30, 1994.

**ERISA:** The Employee Retirement Income Security Act of 1976, as amended from time to time.

**First Highland Limited Partners:** Those Limited Partners identified on Exhibit 1A hereto.

**First Highland Properties:** Those certain properties acquired by the Partnership pursuant to that certain Contribution Agreement, dated as of March 19, 1996.

**First Highland Units:** The Partnership Units issued to the First Highland Limited Partners in connection with the acquisition of the First Highland Properties by the Partnership.

**Fiscal Year:** The calendar year or in the event of a termination of the Partnership pursuant to Code Section 708, an appropriate portion of such year.

**General Partner:** First Industrial Realty Trust, Inc., a Maryland corporation, and its respective successor(s) who or which become Successor General Partner(s) in accordance with the terms of this Agreement.

**General Partner Interest:** A Partnership Interest held by the General Partner including both its General Partner and Limited Partner Interests. A General Partner Interest may be expressed as a number of Partnership Units.

**Involuntary Withdrawal:** As to any (i) individual shall mean such individual's death, incapacity or adjudication of incompetence, (ii) corporation shall mean its dissolution or revocation of its charter (unless such revocation is promptly corrected upon notice thereof), (iii) partnership shall mean the dissolution and commencement of winding up of its affairs, (iv) trust shall mean the termination of the trust (but not the substitution of trustees), (v) estate shall mean the distribution by the fiduciary of the estate's complete interest in the Partnership and (vi) any Partner shall mean the Bankruptcy of such Partner.

**IRS:** The Internal Revenue Service, which administers the internal revenue laws of the United States.

**LB Closing Date:** January 31, 1997.

**LB Partners:** The persons identified on Exhibit 1C hereto, following their admission to the Partnership as Additional Limited Partners.

**LB Units:** The Partnership Units issued to the LB Partners in connection with the acquisition by the Partnership of certain properties on the LB Closing Date.

**Limited Partner:** Those Persons listed as such on Exhibit 1B attached hereto and made a part hereof, as such Exhibit may be amended from time to time, including any Person who becomes a Substituted Limited Partner or an Additional Limited Partner in accordance with the terms of this Agreement; *provided* such term shall not include the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner or the Class K Limited Partner.

**Limited Partner Interest:** A Partnership Interest held by a Limited Partner that is a limited partner interest. A Limited Partner Interest may be expressed as a number of Partnership Units.

**Merger:** As defined in Section 3.3 hereof.

**Nonrecourse Liability:** A liability as defined in Treasury Regulations Section 1.704-2(b)(3).

**Notice:** A writing containing the information required by this Agreement to be communicated to a Person and delivered to such Person in accordance with Section 12.4; *provided, however*, that any written communication containing such information actually received by such Person shall constitute Notice for all purposes of this Agreement.

**Partner Minimum Gain:** The gain (regardless of character) which would be realized by the Partnership if property of the Partnership subject to a partner nonrecourse debt (as such term is defined in Treasury Regulations Section 1.704-2(b)(4)) were disposed of in full satisfaction of such debt on the relevant date. The adjusted basis of property subject to more than one partner nonrecourse debt shall be allocated in a manner consistent with the allocation of basis for purposes of determining Partnership Minimum Gain hereunder. Partner Minimum Gain shall be computed hereunder using the Book Value, rather than the adjusted tax basis, of the Partnership property in accordance with Treasury Regulations Section 1.704-2(d)(3).

**Partner Nonrecourse Deductions:** With respect to any partner nonrecourse debt (as such term is defined in Treasury Regulations Section 1.704-2(b)(4)), the increase in Partner Minimum Gain during the tax year plus any increase in Partner Minimum Gain for a prior tax year which has not previously generated a Partner Nonrecourse Deduction hereunder. The determination of which Partnership items constitute Partner Nonrecourse Deductions shall be made in a manner consistent with the manner in which Partnership Nonrecourse Deductions are determined hereunder.

**Partners:** The General Partner, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner and the Limited Partners as a group. The term "Partner" shall mean a General Partner, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner, the Class K Limited Partner or a Limited Partner. Such terms shall be deemed to include such other Persons who become Partners pursuant to the terms of this Agreement.

**Partnership:** The Delaware limited partnership referred to herein as First Industrial, L.P., as such partnership may from time to time be constituted.

**Partnership Assets:** At any particular time, any assets or property (tangible or intangible, choate or inchoate, fixed or contingent) owned by the Partnership.

**Partnership Interest or Interest:** As to any Partner, such Partner's ownership interest in the Partnership and including such Partner's right to distributions under this Agreement and any other rights or benefits which such Partner has in the Partnership, together with any and all obligations of such Person to comply with the terms and provisions of this Agreement. A Partnership Interest may be expressed as a number of Partnership Units.

**Partnership Minimum Gain:** The aggregate gain (regardless of character) which would be realized by the Partnership if all of the property of the Partnership subject to nonrecourse debt (other than partner nonrecourse debt as such term is defined in Treasury Regulations Section 1.704-2(b)(4)) were disposed of in full satisfaction of such debt and for no other consideration on the relevant date. In the case of any Nonrecourse Liability of the Partnership which is not secured by a mortgage with respect to any specific property of the Partnership, any and all property of the Partnership to which the holder of said liability has recourse shall be treated as subject to such Nonrecourse Liability for purposes of the preceding sentence. Partnership Minimum Gain shall be computed separately for each Nonrecourse Liability of the Partnership. For this purpose, the adjusted basis of property subject to two or more liabilities of equal priority shall be allocated among such liabilities in proportion to the outstanding balance of such liabilities, and the adjusted basis of property subject to two or more liabilities of unequal priority shall be allocated to the liability of inferior priority only to the extent of the excess, if any, of the adjusted basis of such property over the outstanding balance of the liability of superior priority. Partnership Minimum Gain shall be computed hereunder using the Book Value, rather than the adjusted tax basis, of the Partnership property in accordance with Treasury Regulations Section 1.704-2(d)(3).

**Partnership Nonrecourse Deductions:** The amount of Partnership deductions equal to the increase, if any, in the amount of the aggregate Partnership Minimum Gain during the tax year (plus any increase in Partnership Minimum Gain for a prior tax year which has not previously generated a Partnership Nonrecourse Deduction) reduced (but not below zero) by the aggregate distributions made during the tax year of the proceeds of a Nonrecourse Liability of the Partnership which are attributable to an increase in Partnership Minimum Gain within the meaning of Treasury Regulations Section 1.704-2(d). The Partnership Nonrecourse Deductions for a Partnership tax year shall consist first of depreciation or cost recovery deductions with respect to each property of the Partnership giving rise to such increase in Partnership Minimum Gain on a pro rata basis to the extent of each such increase, with any excess made up pro rata of all items of deduction.

**Partnership Representative:** The General Partner or such other Partner who becomes the Partnership Representative pursuant to the terms of this Agreement.

**Partnership Unit:** A fractional, undivided share of the Partnership Interests of all Partners (other than the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner) issued pursuant to [Section 4.1 hereof](#) of this Agreement.

**Percentage Interest:** As to any Partner, the percentage in the Partnership, as determined by dividing the Partnership Units then owned by such Partner by the total number of Partnership Units then outstanding, as the same may be automatically adjusted from time to time to reflect the issuance and redemption of Partnership Units in accordance with this Agreement, without requiring the amendment of [Exhibit 1B](#) to reflect any such issuance or redemption.

**Person:** Any individual, partnership, corporation, trust or other entity.

**Profits and Losses:** For each Fiscal Year or other period, an amount equal to the Partnership's taxable income or loss (as the case may be) for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

a. Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition shall be added to such taxable income or loss;

b. Any expenditures of the Partnership described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

c. Gain or loss resulting from any disposition of Partnership property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of notwithstanding that the adjusted tax basis of such property differs from such Book Value;

d. In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period, computed in accordance with the definition of "Depreciation" herein; and

e. In the event that any item of income, gain, loss or deduction that has been included in the initial computation of Profit or Loss is subject to the special allocation rules of Sections 5.2(C), 5.2(D) and 5.2(I) through 5.2(L), Profit or Loss shall be recomputed without regard to such item.

**Protected Amount:** With respect to any Contributor Partner, the amount set forth or otherwise described opposite the name of such Contributor Partner on [Exhibit 1D](#) attached hereto and made a part hereof, as such Exhibit may be modified from time to time by an amendment to the Partnership Agreement or by execution of a written instrument by and between the Contributor Partner being affected thereby and the General Partner, acting on behalf of the Partnership and without the prior written consent of the Limited Partners (whether or not Contributor Partners other than the Contributor Partner being affected thereby); *provided, however*, that no Contributor Partner shall be considered to have a Protected Amount from and following the first date upon which such Partner is no longer a Partner of the Partnership.

**Record Date:** The record date established by the General Partner for distributions pursuant to Section 5.3 hereof, which record date shall be the same as the record date established by the General Partner for a distribution to its stockholders of some or all of its portion of such distribution.

**Recourse Liabilities:** The amount of liabilities owed by the Partnership (other than nonrecourse liabilities and liabilities to which Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)).

**Redeeming Party:** A Limited Partner or Assignee (other than the General Partner) who tenders Partnership Units for redemption pursuant to a Redemption Notice.

**Redemption Date:** The date for redemption of Partnership Units as set forth in Section 9.2.

**Redemption Effective Date:** The first date on which a Redeeming Party may elect to redeem Partnership Units, which date shall be the later of (i) the first anniversary of the date such Partnership Units are issued and (ii) the effective date of any registration statement filed by the Partnership with respect to the REIT Shares to be issued upon redemption of Partnership Units by a Redeeming Party.

**Redemption Notice:** A Notice to the General Partner by a Redeeming Party, substantially in the form attached as Exhibit 2, pursuant to which the Redeeming Party requests the redemption of Partnership Units in accordance with Article IX.

**Redemption Obligation:** The obligation of the Partnership to redeem the Partnership Units as set forth in Section 9.1(A).

**Redemption Period:** The 45-day period immediately following the filing with the SEC by the General Partner of an annual report of the General Partner on Form 10-K or a quarterly report of the General Partner on Form 10-Q or such other period or periods as the General Partner may otherwise determine.

**Redemption Restriction:** A restriction on the ability of the Partnership to redeem the Partnership Units as set forth in Section 9.1(A).

**Registration Rights Agreement:** A Registration Rights Agreement, substantially in the form of Exhibit 3 hereto, pursuant to which First Industrial will agree to register under the Securities Act of 1933, as amended, REIT Shares issued in connection with Share Payments made under Article IX hereof.

**REIT:** A real estate investment trust, as defined in Code Section 856.

**REIT Charter:** The Articles of Incorporation of First Industrial filed with the Department of Assessments and Taxation of the State of Maryland on August 10, 1993, as the same may be amended or restated and in effect from time to time.

**REIT Share:** A share of common stock representing an ownership interest in the General Partner.

**REIT Share Rights:** Rights to acquire additional REIT Shares issued to all holders of REIT Shares, whether in the form of rights, options, warrants or convertible or exchangeable securities, to the extent the same have been issued without additional consideration after the initial acquisition of such REIT Shares.

**Revised Partnership Audit Rules:** The provisions of Subchapter C of Subtitle F, Chapter 63 of the Code, as amended by P.L. 114-74, the Bipartisan Budget Act of 2015 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof) or any similar procedures established by a state, local, or non-U.S. taxing authority.

**SEC:** The Securities and Exchange Commission.

**Series C Preferred Shares:** 8 5/8% Series C Cumulative Preferred Stock of First Industrial Realty Trust, Inc.

**Series F Preferred Shares:** Series F Flexible Cumulative Redeemable Preferred Stock of First Industrial Realty Trust, Inc.

**Series G Preferred Shares:** Series G Flexible Cumulative Redeemable Preferred Stock of First Industrial Realty Trust, Inc.

**Series I Preferred Shares:** Series I Flexible Cumulative Redeemable Preferred Stock of First Industrial Realty Trust, Inc.

**Series J Preferred Shares:** Series J Cumulative Redeemable Preferred Stock of First Industrial Realty Trust, Inc.

**Series K Preferred Shares:** Series K Cumulative Redeemable Preferred Stock of First Industrial Realty Trust, Inc.

**Share Payment:** The payment to a Redeeming Party of a number of REIT Shares determined by multiplying (i) the number of Partnership Units tendered for redemption by such Redeeming Party pursuant to a validly proffered Redemption Notice by (ii) the Conversion Factor. In the event the General Partner grants any REIT Share Rights prior to such payment, any Share Payment shall include for the Redeeming Party his ratable share of such REIT Share Rights other than REIT Share Rights which have expired.

**Subsidiary:** With respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

**Substituted Limited Partner:** That Person or those Persons admitted to the Partnership as substitute Limited Partner(s), in accordance with the provisions of this Agreement. A Substituted Limited Partner, upon his admission as such, shall succeed to the rights, privileges and liabilities of his predecessor in interest as a Limited Partner.

**Successor General Partner:** Any Person who is admitted to the Partnership as substitute General Partner pursuant to this Agreement. A Successor General Partner, upon its admission as such, shall succeed to the rights, privileges and liabilities of its predecessor in interest as General Partner, in accordance with the provisions of the Act.

**Tax Matters Partner:** The General Partner or such other Partner who becomes Tax Matters Partner pursuant to the terms of this Agreement.

**Terminating Capital Transaction:** The sale or other disposition of all or substantially all of the Partnership Assets or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the Partnership Assets.

**Threshold Percentage:** A percentage equal to 85% on the LB Closing Date and thereafter adjusted upwards (but not downwards) immediately prior to each solicitation of any vote of, or the seeking of any consent, approval or waiver from, the Limited Partners generally, to the sum of (i) 85% and (ii) the number of percentage points equal to the positive difference, if any, between (a) the aggregate Percentage Interest represented by the LB Units immediately following the LB Closing Date and (b) the aggregate Percentage Interest represented by the LP Units immediately prior to any such solicitation. For example, if on the LB Closing Date the LB Units represent a 10% aggregate Percentage Interest, and if immediately prior to a solicitation the Threshold Percentage is 85% and the aggregate Percentage Interest represented by the LB Units is 8%, the Threshold Percentage would be increased to 87% (85% + (10% - 8%)).

**Transfer:** With respect to any Partnership Unit shall mean a transaction in which a Partner assigns his Partnership Interest to another Person and includes any sale, assignment, gift, pledge, mortgage, exchange, hypothecation, encumbrance or other disposition by law or otherwise; *provided, however*, the redemption of any Partnership Interest pursuant to Article IX hereof shall not constitute a "Transfer" for purposes hereof.

**Transfer Restriction Date:** June 23, 1995.

**Treasury Regulations:** The Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**Unit Value:** With respect to any Partnership Unit, the average of the daily market price for a REIT Share for the ten (10) consecutive trading days immediately preceding the date of receipt of a Redemption Notice by the General Partner multiplied by the Conversion Factor. If the REIT Shares are traded on a securities exchange or the NASDAQ-National Market System, the market price for each such trading day shall be the reported last sale price on such day or, if no sales take place on such day, the average of the closing bid and asked prices on such day. If the REIT Shares are not traded on a securities exchange or the NASDAQ-National Market System, the market price for each such trading day shall be determined by the General Partner using any reasonable method of valuation. If a Share Payment would include any REIT Share Rights, the value of such REIT Share Rights shall be determined by the General Partner using any reasonable method of valuation, taking into account the Unit Value determined hereunder and the factors used to make such determination and the value of such REIT Share Rights shall be included in the Unit Value.

**Voting Termination Date:** The first date after the LB Closing Date on which either (i) the General Partner holds 90% or more of all Partnership Units or (ii) the aggregate number of Partnership Units held by the General Partner and the LB Partners is less than the product of the Threshold Percentage and the total number of Partnership Units then outstanding.

## Section 2.

### Rules of Construction

. The following rules of construction shall apply to this Agreement:

(A) All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

(B) All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa, as the context may require.

(C) Each provision of this Agreement shall be considered severable from the rest, and if any provision of this Agreement or its application to any Person or circumstances shall be held invalid and contrary to any existing or future law or unenforceable to any extent, the remainder of this Agreement and the application of any other provision to any Person or circumstances shall not be affected thereby and shall be interpreted and enforced to the greatest extent permitted by law so as to give effect to the original intent of the parties hereto.

(D) Unless otherwise specifically and expressly limited in the context, any reference herein to a decision, determination, act, action, exercise of a right, power or privilege, or other procedure by the General Partner shall mean and refer to the decision, determination, act, action, exercise or other procedure by the General Partner in its sole and absolute discretion.

## ARTICLE II. CONTINUATION

### Section 1. Continuation

. The Partners hereby continue the Partnership as a limited partnership under the Act. The General Partner shall take all action required by law to perfect and maintain the Partnership as a limited partnership under the Act and under the laws of all other jurisdictions in which the Partnership may elect to conduct business, including but not limited to the filing of amendments to the Certificate with the Delaware Secretary of State, and qualification of the Partnership as a foreign limited partnership in the jurisdictions in which such qualification shall be required, as determined by the General Partner. The General Partner shall also promptly register the Partnership under applicable assumed or fictitious name statutes or similar laws.

### Section 2. Name

. The name of the Partnership is First Industrial, L.P. The General Partner may adopt such assumed or fictitious names as it deems appropriate in connection with the qualifications and registrations referred to in Section 2.1.

### Section 3. Place of Business; Registered Agent

. The principal office of the Partnership is located at 311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606, which office may be changed to such other place as the General Partner may from time to time designate. The Partnership may establish offices for the Partnership within or without the State of Delaware as may be determined by the General Partner. The initial registered agent for the Partnership in the State of Delaware is The Corporation Trust Company, whose address is c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

## ARTICLE III. BUSINESS PURPOSE

### Section 1. Business

. The business of the Partnership shall be (i) conducting any business that may be lawfully conducted by a limited partnership pursuant to the Act including, without limitation, acquiring, owning, managing, developing, leasing, marketing, operating and, if and when appropriate, selling, industrial properties, (ii) entering into any partnership, joint venture or other relationship to engage in any of the foregoing or the ownership of interests in any entity engaged in any of the foregoing, (iii) making loans, guarantees, indemnities or other financial accommodations and borrowing money and pledging its assets to secure the repayment thereof, (iv) to do any of the foregoing with respect to any Affiliate or Subsidiary and (v) doing anything necessary or incidental to the foregoing; *provided, however*, that business of the Partnership shall be limited so as to permit the General Partner to elect and maintain its status as a REIT (unless the General Partner determines no longer to qualify as a REIT).

### Section 2. Authorized Activities

. In carrying out the purposes of the Partnership, but subject to all other provisions of this Agreement, the Partnership is authorized to engage in any kind of lawful activity, and perform and carry out contracts of any kind, necessary or advisable in connection with the accomplishment of the purposes and business of the Partnership described herein and for the protection and benefit of the Partnership; *provided* that the General Partner shall not be obligated to cause the Partnership to take, or refraining from taking, any action which, in the judgment of the General Partner, (i) could adversely affect the ability of the General Partner to qualify and continue to qualify as a REIT, (ii) could subject the General Partner to additional taxes under Code Section 857 or 4981 or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the General Partner or its securities.

### Section 3. Specific Authorization of Merger or Consolidation

. Notwithstanding any other provision of this Agreement, with the Consent of the holders of a majority of the Partnership Units, (a) the General Partner is hereby authorized to cause the Partnership to merge or consolidate with and into one more other entities (whether the Partnership or such other entity survives or a new entity results under state law) to the extent permitted by

law (the "Merger"), and (b) the Partnership, and the General Partner on behalf of the Partnership, is hereby authorized to execute, deliver and perform an agreement and plan of merger or consolidation with respect to the Merger and all other documents that the General Partner determines to be necessary, advisable or convenient to or for the furtherance of the Merger, all to be on such terms as determined by the General Partner, in its sole discretion. The provisions of this Section shall not be construed to limit the accomplishment of a merger or consolidation or of any of the matters referred to herein by any other means otherwise permitted by law.

#### ARTICLE IV. CAPITAL CONTRIBUTIONS

##### Section 1. Capital Contributions.

(A) Upon the contribution to the Partnership of property in accordance with a Contribution Agreement, Partnership Units shall be issued in accordance with, and as contemplated by, such Contribution Agreement, and the Persons receiving such Partnership Units shall become Partners and shall be deemed to have made a Capital Contribution as set forth on Exhibit 1. Exhibit 1 also sets forth the initial number of Partnership Units owned by each Partner and the Percentage Interest of each Partner, which Percentage Interest shall be adjusted from time to time by the General Partner to reflect the issuance of additional Partnership Units, the redemption of Partnership Units, additional Capital Contributions and similar events having an effect on a Partner's Percentage Interest. Except as set forth in Section 4.2 (regarding issuance of additional Partnership Units) or Section 7.6 (regarding withholding obligations), no Partner shall be required under any circumstances to contribute to the capital of the Partnership any amount beyond that sum required pursuant to this Article IV.

(B) Anything in the foregoing Section 4.1(A) or elsewhere in this Agreement notwithstanding, the Partnership Units held by the General Partner shall, at all times, be deemed to be General Partner units and shall constitute the General Partner Interest.

##### Section 2. Additional Partnership Interests.

(A) The Partnership may issue additional ~~limited partnership interests in the form of~~ Partnership Units ~~for any or other~~ Partnership ~~purpose at any time or from time to time~~ Interests to any Partner or other Person (other than the General Partner, except in accordance with Section 4.2(B) below) ~~in such classes and having such designations, preferences and relative rights (including preferences and rights senior to the existing Limited Partner Interests) as shall be determined by the General Partner in accordance with the Act and governing law.~~

(B) The Partnership also may from time to time issue to the General Partner additional Partnership Units or other Partnership Interests in such classes and having such designations, preferences and relative rights (including preferences and rights senior to the existing Limited Partner Interests) as shall be determined by the General Partner in accordance with the Act and governing law. Except as provided in Article IX, any such issuance of Partnership Units or Partnership Interests to the General Partner shall be conditioned upon (i) the undertaking by the General Partner of a related issuance of its capital stock (with such shares having designations, rights and preferences such that the economic rights of the holders of such capital stock are substantially similar to the rights of the additional Partnership Interests issued to the General Partner) and the General Partner making a Capital Contribution (a) in an amount equal to the net proceeds raised in the issuance of such capital stock, in the event such capital stock is sold for cash or cash equivalents or (b) the property received in consideration for such capital stock, in the event such capital stock is issued in consideration for other property or (ii) the issuance by the General Partner of capital stock under any stock option or bonus plan and the General Partner making a Capital Contribution in an amount equal to the exercise price of the option exercised pursuant to such stock option or other bonus plan.

(C) Except as contemplated by Article IX (regarding redemptions) or Section 4.2(B), the General Partner shall not issue any (i) additional REIT Shares, (ii) rights, options or warrants containing the right to subscribe for or purchase REIT Shares or (iii) securities convertible or exchangeable into REIT Shares (collectively, "Additional REIT Securities") other than to all holders of REIT Shares, pro rata, unless (x) the Partnership issues to the General Partner (i) Partnership Interests, (ii) rights, options or warrants containing the right to subscribe for or purchase Partnership Interests or (iii) securities convertible or exchangeable into Partnership Interests such that the General Partner receives an economic interest in the Partnership substantially similar to the economic interest in the General Partner represented by the Additional REIT Securities and (y) the General Partner contributes to the Partnership the net proceeds from, or the property received in consideration for, the issuance of the Additional REIT Securities and the exercise of any rights contained in any Additional REIT Securities.

(D) Notwithstanding anything in this Agreement to the contrary, the requirements of Section 4.2(B) and (C) shall be satisfied in the event of any acquisition, merger, consolidation, share exchange or other similar transaction of the General Partner if substantially all of the assets, other than Partnership Interests, owned by any General Partner surviving or resulting from any acquisition, merger, consolidation, share exchange or other similar transaction consummated by such General Partner, is contributed to the Partnership if not already owned thereby, or such General Partner causes an acquisition, merger,

consolidation, share exchange or other similar transaction to be consummated by the Partnership in connection therewith such that the Partnership receives substantially all of the assets, other than Partnership Interests, owned by such General Partner.

Section 3. **No Third Party Beneficiaries**

. The foregoing provisions of this Article IV are not intended to be for the benefit of any creditor of the Partnership or other Person to whom any debts, liabilities or obligations are owed by (or who otherwise has any claim against) the Partnership or any of the Partners and no such creditor or other Person shall obtain any right under any such foregoing provision against the Partnership or any of the Partners by reason of any debt, liability or obligation (or otherwise).

Section 4. **Capital Accounts.**

(A) The Partnership shall establish and maintain a separate Capital Account for each Partner in accordance with Code Section 704 and Treasury Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Partner shall be credited with:

(1) the amount of all Capital Contributions made to the Partnership by such Partner in accordance with this Agreement;  
plus

(2) all income and gain of the Partnership computed in accordance with this Section 4.4 and allocated to such Partner pursuant to Article V (including for purposes of this Section 4.4(A), income and gain exempt from tax);  
and shall be debited with the sum of:

(3) all losses or deductions of the Partnership computed in accordance with this Section 4.4 and allocated to such Partner pursuant to Article V,

(4) such Partner's distributive share of expenditures of the Partnership described in Code Section 705(a)(2)(B), and

(5) all cash and the Agreed Value (reduced to take into account the amount of any related indebtedness assumed by the Partner, or to which the distributed property is subject) of any property actually distributed or deemed distributed by the Partnership to such Partner pursuant to the terms of this Agreement.

Any reference in any section or subsection of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above.

(B) For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of each such item shall be the same as its determination, recognition and classification for federal income tax purposes, determined in accordance with Code Section 703(a) and accounting for those adjustments set forth in the definition of Profits and Losses, with the following additional adjustments:

(1) the computation of all items of income, gain, loss and deduction shall be made without regard to any Code Section 754 election that may be made by the Partnership, except to the extent required in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(m); and

(2) in the event the Book Value of any Partnership Asset is adjusted pursuant to Section 4.4(D) below, the amount of such adjustment shall be treated as gain or loss from the disposition of such asset.

(C) Any transferee of a Partnership Interest shall succeed to a *pro rata* portion of the transferor's Capital Account transferred.

(D) Consistent with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv)(f), (i) immediately prior to the acquisition of an additional Partnership Interest by any new or existing Partner in connection with the contribution of money or other property (other than a *de minimis* amount) to the Partnership, (ii) immediately prior to the distribution by the Partnership to a Partner of Partnership property (other than a *de minimis* amount) as consideration for a Partnership Interest, (iii) immediately prior to the liquidation of the Partnership as defined in Treasury Regulations Section 1.704-1(b)(2)(ii)(g) and (iv) immediately prior to any other event for which the Treasury Regulation Section 1.704-1(b)(2)(iv)(f) permits an adjustment to book value, the Book Value of all Partnership Assets shall be revalued upward or downward to reflect the fair market value of each such Partnership Asset as determined by the General Partner using such reasonable method of valuation as it may adopt.

(E) The foregoing provisions of this Section 4.4 are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the General



Partner shall determine that it is prudent to modify the manner in which the Partners' Capital Accounts are computed hereunder in order to comply with such Treasury Regulations, the General Partner may make such modification if such modification is not likely to have a material effect on the amount distributable to any Partner under the terms of this Agreement and the General Partner notifies the other Partners in writing of such modification prior to making such modification.

**Section 5. Return of Capital Account; Interest**

. Except as otherwise specifically provided in this Agreement, (i) no Partner shall have any right to withdraw or reduce its Capital Contributions or Capital Account, or to demand and receive property other than cash from the Partnership in return for its Capital Contributions or Capital Account; (ii) no Partner shall have any priority over any other Partners as to the return of its Capital Contributions or Capital Account; (iii) any return of Capital Contributions or Capital Accounts to the Partners shall be solely from the Partnership Assets, and no Partner shall be personally liable for any such return; and (iv) no interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.

**Section 6. Preemptive Rights**

. No Person shall have any preemptive or similar rights with respect to the issuance or sale of additional Partnership Units.

**Section 7. REIT Share Purchases**

. If the General Partner acquires additional REIT Shares pursuant to Article IX of the REIT Charter, the Partnership shall purchase from the General Partner that number of Partnership Units determined by applying the Conversion Multiple to the number of REIT Shares purchased by the General Partner at the same price and on the same terms as those upon which the General Partner purchased such REIT Shares.

**ARTICLE V. ALLOCATIONS AND DISTRIBUTIONS**

**Section 1. Limited Liability**

. For bookkeeping purposes, the Profits of the Partnership shall be shared, and the Losses of the Partnership shall be borne, by the Partners as provided in Section 5.2(B) below; *provided, however*, that except as expressly provided in this Agreement, neither any Limited Partner (in its capacity as a Limited Partner), the Class C Limited Partner (in its capacity as Class C Limited Partner), the Class F Limited Partner (in its capacity as Class F Limited Partner), the Class G Limited Partner (in its capacity as Class G Limited Partner), the Class I Limited Partner (in its capacity as Class I Limited Partner), the Class J Limited Partner (in its capacity as Class J Limited Partner) nor the Class K Limited Partner (in its capacity as Class K Limited Partner) shall be personally liable for losses, costs, expenses, liabilities or obligations of the Partnership in excess of its Capital Contribution required under Article IV hereof.

**Section 2. Profits, Losses and Distributive Shares.**

(A) **Profits.** After giving effect to the special allocations, if any, provided in Sections (C), (D), (I), (J), (K) and (L), Profits in each Fiscal Year shall be allocated in the following order:

(1) First, to the General Partner until the cumulative Profits allocated to the General Partner under this Section 5.2(A)(1), whether in the current or in any prior Fiscal Year equal the cumulative Losses allocated to such Partner under Section 5.2(B)(6), whether in the current or in any prior Fiscal Year;

(2) Second, to the Class C Limited Partner, Class F Limited Partner, Class G Limited Partner, Class I Limited Partner, Class J Limited Partner and Class K Limited Partner, in proportion to the cumulative Losses allocated to each such Partner under Section 5.2(B)(5), whether in the current or in any prior Fiscal Year until the cumulative Profits allocated to each such Partner under this Section 5.2(A)(2) equal the cumulative Losses allocated to each such Partner under Section 5.2(B)(5), whether in the current or in any prior Fiscal Year;

(3) Third, to each Partner in proportion to the cumulative Losses allocated to such Partner under Section 5.2(B)(4), whether in the current or in any prior Fiscal Year, until the cumulative Profits allocated to such Partner under this Section 5.2(A)(3) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(4), whether in the current or in any prior Fiscal Year;

(4) Fourth, to the General Partner until the cumulative Profits allocated to the General Partner under this Section 5.2(A)(4), whether in the current or in any prior Fiscal Year equal the cumulative Losses allocated to such Partner under Section 5.2(B)(3), whether in the current or in any prior Fiscal Year;

(5) Fifth, to each Partner in proportion to the cumulative Losses allocated to such Partner under Section 5.2(B)(2), whether in the current or in any prior Fiscal Year, until the cumulative Profits allocated to such Partner under

this Section 5.2(A)(5) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(2), whether in the current or in any prior Fiscal Year;

(6) Sixth, to each Partner in proportion to the cumulative Losses allocated to such Partner under Section 5.2(B)(1), whether in the current or in any prior Fiscal Year, until the cumulative Profits allocated to such Partner under this Section 5.2(A)(6) equal the cumulative Losses allocated to such Partner under Section 5.2(B)(1), whether in the current or in any prior Fiscal Year; and

(7) Then, the balance, if any, to the Partners in proportion to their respective Percentage Interests.

(B) **Losses.** After giving effect to the special allocations, if any, provided in Sections (C), (D), (I), (J), (K) and (L), Losses in each Fiscal Year shall be allocated in the following order of priority:

(1) First, to the Partners (other than the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner), in proportion to their respective Percentage Interests, but not in excess of the positive Adjusted Capital Account balance of any Partner prior to the allocation provided for in this Section 5.2(B)(1);

(2) Second, to the Partners (other than the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner) with positive Adjusted Capital Account balances prior to the allocation provided for in this Section 5.2(B)(2), in proportion to the amount of such balances until all such balances are reduced to zero;

(3) Third, to the General Partner until (i) the excess of (a) the cumulative Losses allocated under this Section 5.2(B)(3), whether in the current or in any prior Fiscal Year, over (b) the cumulative Profits allocated under Section 5.2(A)(4), whether in the current or in any prior Fiscal Year, equals (ii) the excess of (a) the amount of Recourse Liabilities over (b) the Aggregate Protected Amount;

(4) Fourth, to and among the Contributor Partners, in accordance with their respective Protected Amounts, until the excess of (a) the cumulative Losses allocated under this Section 5.2(B)(4), whether in the current or in any prior Fiscal Year, over (b) the cumulative Profits allocated under , whether in the current or in any prior Fiscal Year, equals the Aggregate Protected Amount (as of the close of the Fiscal Year to which such allocation relates);

(5) Fifth, to the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner, in accordance with their respective Adjusted Capital Accounts, until their Adjusted Capital Accounts are reduced to zero; and

(6) Thereafter, to the General Partner;

*provided, however*, (i) that, from and following the first Fiscal Year upon which a Contributor Partner is no longer a Partner of the Partnership, the provisions of this Section 5.2(B) shall be null, void and without further force and effect with respect to such Contributor Partner; (ii) that this Section 5.2(B) shall control, notwithstanding any reallocation or adjustment of taxable income, loss or other items by the Internal Revenue Service or any other taxing authority; *provided, however*, that neither the Partnership nor the General Partner (nor any of their respective affiliates) is required to indemnify any Contributor Partner (or its affiliates) for the loss of any tax benefit resulting from any reallocation or adjustment of taxable income, loss or other items by the Internal Revenue Service or other taxing authority; and (iii) that, during such period as there are Contributor Partners in the Partnership, the provisions of Section 5.2(B)(4) shall not be amended in a manner which adversely affects the Contributor Partners (without the consent of each Contributor Partner so affected).

(C) **Special Allocations.** Except as otherwise provided in this Agreement, the following special allocations will be made in the following order and priority:

(1) **Partnership Minimum Gain Chargeback.** Notwithstanding any other provision of this Article V, if there is a net decrease in Partnership Minimum Gain during any tax year or other period for which allocations are made, each Partner will be specially allocated items of Partnership income and gain for that tax year or other period (and, if necessary, subsequent periods) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain during such tax year or other period determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the preceding sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 5.2(C)(1) is intended to comply with the minimum gain chargeback requirements set forth in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith, including the exceptions to the minimum gain chargeback requirement set forth in Treasury Regulations Section 1.704-2(f) and (3). If the General Partner concludes, after consultation with

tax counsel, that the Partnership meets the requirements for a waiver of the minimum gain chargeback requirement as set forth in Treasury Regulations Section 1.704-2(f)(4), the General Partner may take steps reasonably necessary or appropriate in order to obtain such waiver.

(2) **Partner Nonrecourse Debt Minimum Gain Chargeback.** Notwithstanding any other provision of this Section (other than Section 5.2(C)(1) which shall be applied before this Section 5.2(C)(2)), if there is a net decrease in Partner Minimum Gain during any tax year or other period for which allocations are made, each Partner with a share of Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(i)(5) shall be specially allocated items of Partnership income and gain for that period (and, if necessary, subsequent periods) in an amount equal to such Partner's share of the net decrease in Partner Minimum Gain determined in accordance with Treasury Regulations Section 1.704-2(i)(4). The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2)(ii). This Section 5.2(C)(2) is intended to comply with the minimum gain chargeback requirements of Treasury Regulations Section and shall be interpreted consistently therewith, including the exceptions set forth in Treasury Regulations Section 1.704-2(f)(2) and (3) to the extent such exceptions apply to Treasury Regulations Sections 1.704-2(i)(4). If the General Partner concludes, after consultation with tax counsel, that the Partnership meets the requirements for a waiver of the Partner Minimum Gain chargeback requirement set forth in Treasury Regulation 1.704-2(f), but only to the extent such exception applies to Treasury Regulations Section 1.704-2(i)(4), the General Partner may take steps necessary or appropriate to obtain such waiver.

(3) **Qualified Income Offset.** A Partner who unexpectedly receives any adjustment, allocation or distribution described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) will be specially allocated items of Partnership income and gain in an amount and manner sufficient to eliminate, to the extent required by Treasury Regulations 1.704-1(b)(2)(ii)(d), the Adjusted Capital Account Deficit of the Partner as quickly as possible, *provided* that an allocation pursuant to this Section 5.2(C)(3) shall be made if and only to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.2(C)(3) were not contained in this Agreement.

(4) **Partnership Nonrecourse Deductions.** Partnership Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated among the Partners in proportion to their respective Percentage Interests.

(5) **Partner Nonrecourse Deductions.** Notwithstanding anything to the contrary in this Agreement, any Partner Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated to the Partner who bears the economic risk of loss with respect to the liability to which the Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).

(6) **Code Section 754 Adjustments.** To the extent an adjustment to the adjusted tax basis of any Partnership asset under Code Section 734(b) or 743(b) is required to be taken into account in determining Capital Accounts under Treasury Regulations Section 1.704-1(b)(2)(iv)(m) (2) or (4), the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset), and the gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted under Treasury Regulations Section 1.704-1(b)(2)(iv)(m).

(7) **Depreciation Recapture.** In the event there is any recapture of Depreciation or investment tax credit, the allocation thereof shall be made among the Partners in the same proportion as the deduction for such Depreciation or investment tax credit was allocated.

(8) **Interest in Partnership.** Notwithstanding any other provision of this Agreement, no allocation of Profit or Loss (or item of Profit or Loss) will be made to a Partner if the allocation would not have "economic effect" under Treasury Regulations Section 1.704-1(b)(2)(ii)(a) or otherwise would not be in accordance with the Partner's interest in the Partnership within the meaning of Treasury Regulations Section 1.704-1(b)(3).

(D) **Curative Allocations.** The allocations set forth in Section 5.2(C)(1) through (8) (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may not be consistent with the manner in which the Partners intend to divide Partnership distributions. Accordingly, the General Partner is authorized to further allocate Profits, Losses, and other items among the Partners in a reasonable manner so as to prevent the Regulatory Allocations from distorting the manner in which Partnership distributions would be divided among the Partners under Section 5.3, but for application of the Regulatory Allocations. In general, the reallocation will be accomplished by specially allocating other Profits, Losses and items of income, gain, loss and deduction, to the extent they exist, among the Partners so that the net amount of the Regulatory Allocations and the special allocations to each Partner is zero. The General Partner may accomplish this result in any reasonable manner that is consistent with Code Section 704 and the related Treasury Regulations.

(E) **Tax Allocations.**

(1) Except as otherwise provided in Section 5.2(E)(2), each item of income, gain, loss and deduction shall be allocated for federal income tax purposes in the same manner as each correlative item of income, gain, loss or deduction, is allocated for book purposes pursuant to the provisions of Section 5.1 hereof.

(2) Notwithstanding anything to the contrary in this Article V, in an attempt to eliminate any Book-Tax Disparity with respect to a Contributed Property, items of income, gain, loss or deduction with respect to each such property shall be allocated for federal income tax purposes among the Partners as follows:

(a) *Depreciation, Amortization and Other Cost Recovery Items.* In the case of each Contributed Property with a Book-Tax Disparity, any item of depreciation, amortization or other cost recovery allowance attributable to such property shall be allocated as follows: (x) first, to Partners (the “Non-Contributing Partners”) other than the Partners who contributed such property to the Partnership (or are deemed to have contributed the property pursuant to Section 4.1(A)) (the “Contributing Partners”) in an amount up to the book allocation of such items made to the Non-Contributing Partners pursuant to Section 5.1 hereof, *pro rata* in proportion to the respective amount of book items so allocated to the Non-Contributing Partners pursuant to Section 5.1 hereof; and (y) any remaining depreciation, amortization or other cost recovery allowance to the Contributing Partners in proportion to their Percentage Interests. In no event shall the total depreciation, amortization or other cost recovery allowance allocated hereunder exceed the amount of the Partnership’s depreciation, amortization or other cost recovery allowance with respect to such property.

(b) *Gain or Loss on Disposition.* In the event the Partnership sells or otherwise disposes of a Contributed Property with a Book-Tax Disparity, any gain or loss recognized by the Partnership in connection with such sale or other disposition shall be allocated among the Partners as follows: (x) first, any gain or loss shall be allocated to the Contributing Partners in proportion to their Percentage Interests to the extent required to eliminate any Book-Tax Disparity with respect to such property; and (y) any remaining gain or loss shall be allocated among the Partners in the same manner that the correlative items of book gain or loss are allocated among the Partners pursuant to Section 5.1 hereof.

(3) In the event the Book Value of a Partnership Asset (including a Contributed Property) is adjusted pursuant to Section 4.4(D) hereof, all items of income, gain, loss or deduction in respect of such property shall be allocated for federal income tax purposes among the Partners in the same manner as provided in Section 5.2(E)(2) hereof to take into account any variation between the fair market value of the property, as determined by the General Partner using such reasonable method of valuation as it may adopt, and the Book Value of such property, both determined as of the date of such adjustment.

(4) The General Partner shall have the authority to elect alternative methods to eliminate the Book-Tax Disparity with respect to one or more Contributed Properties, as permitted by Treasury Regulations Sections 1.704-3 and 1.704-3T, and such election shall be binding on all of the Partners.

(5) The Partners hereby intend that the allocation of tax items pursuant to this Section 5.2(E) comply with the requirements of Code Section 704(c) and Treasury Regulations Sections 1.704-3 and 1.704-3T.

(6) The allocation of items of income, gain, loss or deduction pursuant to this Section 5.2(E) are solely for federal, state and local income tax purposes, and the Capital Account balances of the Partners shall be adjusted solely for allocations of “book” items in respect of Partnership Assets pursuant to Section 5.1 hereof.

(F) **Other Allocation Rules.** The following rules will apply to the calculation and allocation of Profits, Losses and other items:

(1) Except as otherwise provided in this Agreement, all Profits, Losses and other items allocated to the Partners will be allocated among them in proportion to their Percentage Interests.

(2) For purposes of determining the Profits, Losses or any other item allocable to any period, Profits, Losses and other items will be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the related Treasury Regulations.

(3) Except as otherwise provided in this Agreement, all items of Partnership income, gain, loss and deduction, and other allocations not provided for in this Agreement will be divided among the Partners in the same proportions as they share Profits and Losses, *provided* that any credits shall be allocated in accordance with Treasury Regulations Section 1.704-1(b)(4)(ii).

(4) For purposes of Treasury Regulations Section 1.752-3(a), the Partners hereby agree that any Nonrecourse Liabilities of the Partnership in excess of the sum of (i) the Partnership Minimum Gain and (ii) the aggregate amount of taxable gain that would be allocated to the Partners under Section 704(c) (or in the same manner as Section 704(c) in connection with a revaluation of Partnership property) if the Partnership disposed of (in a taxable transaction) all Partnership property subject to one or more Nonrecourse Liabilities of the Partnership in full satisfaction of such Liabilities and for no other consideration, shall be allocated among the Partners in accordance with their respective Partnership Interests; *provided* that the General Partner shall have discretion in any Fiscal Year to allocate such excess Nonrecourse Liabilities among the Partners (a) in a manner reasonably consistent with allocations (that have substantial economic effect) of some other significant item of Partnership income or gain or (b) in accordance with the manner in which it is reasonably expected that the deductions attributable to the excess Nonrecourse Liabilities will be allocated.

(G) **Partner Acknowledgment.** The Partners agree to be bound by the provisions of this Section 5.2 in reporting their shares of Partnership income, gain, loss, deduction and credit for income tax purposes.

(H) **Regulatory Compliance.** The foregoing provisions of this Section 5.2 relating to the allocation of Profits, Losses and other items for federal income tax purposes are intended to comply with Treasury Regulations Sections 1.704-1(b), 1.704-2, 1.704-3 and 1.704-3T and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

(I) **Class C Priority Allocation.** The holders of the Class C Units shall be allocated gross income such that, from the inception of the partnership through the end of the Fiscal Year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(I) equals (or approaches as nearly as possible) the sum of all Class C Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

(J) **Class F Priority Allocation.** The holders of Class F Units shall be allocated gross income such that, from the inception of the partnership through the end of the fiscal year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(J) equals (or approaches as nearly as possible) the sum of all Class F Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

(K) **Class G Priority Allocation.** The holders of Class G Units shall be allocated gross income such that, from the inception of the partnership through the end of the fiscal year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(K) equals (or approaches as nearly as possible) the sum of all Class G Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

(L) **Class I Priority Allocation.** The holders of Class I Units shall be allocated gross income such that, from the inception of the partnership through the end of the fiscal year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(L) equals (or approaches as nearly as possible) the sum of all Class I Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

(M) **Class J Priority Allocation.** The holders of Class J Units shall be allocated gross income such that, from the inception of the partnership through the end of the fiscal year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(M) equals (or approaches as nearly as possible) the sum of all Class J Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

(N) **Class K Priority Allocation.** The holders of Class K Units shall be allocated gross income such that, from the inception of the partnership through the end of the fiscal year to which the allocation relates, including the year of liquidation of the Partnership in accordance with Article X, the sum of all priority allocations pursuant to this Section 5.2(M) equals (or approaches as nearly as possible) the sum of all Class K Priority Return Amounts accrued through the end of the fiscal year to which the allocation relates.

### Section 3. **Distributions.**

(A) The General Partner shall cause the Partnership to distribute to the holder of each Class C Unit an amount in cash equal to the cumulative undistributed Class C Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(A) shall not be in excess of the Distributable Cash) on March 31, June 30, September 30 and December 31 of each year, commencing on September 30, 1997 (or in the case of a Class C Unit with a

Class C Deemed Original Issue Date after September 30, 1997, on the first such distribution date following the applicable Class C Deemed Original Issue Date); *provided* that if any such distribution date shall be a Saturday, Sunday or day on which banking institutions in the State of New York are authorized or obligated by law to close, or a day which is declared a national or New York State holiday (any of the foregoing, a “Non-business Day”), then such distribution shall be made on the next succeeding day which is not a Non-business Day. Class C Priority Return Amounts that are distributable with respect to a period greater or less than a full Class C Distribution Period shall be computed on the basis of a 360-day year consisting of 12 30-day months.

(B) The General Partner shall cause the Partnership to distribute to the holder of each Class F Unit an amount in cash equal to the cumulative undistributed Class F Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(B) shall not be in excess of the Distributable Cash) on each Class F Distribution Date.

(C) The General Partner shall cause the Partnership to distribute to the holder of each Class G Unit an amount in cash equal to the cumulative undistributed Class G Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(C) shall not be in excess of the Distributable Cash) on each Class G Distribution Date.

(D) The General Partner shall cause the Partnership to distribute to the holder of each Class I Unit an amount in cash equal to the cumulative undistributed Class I Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(D) shall not be in excess of the Distributable Cash) on each Class I Distribution Date.

(E) The General Partner shall cause the Partnership to distribute to the holder of each Class J Unit an amount in cash equal to the cumulative undistributed Class J Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(E) shall not be in excess of the Distributable Cash) on each Class J Distribution Date.

(F) The General Partner shall cause the Partnership to distribute to the holder of each Class K Unit an amount in cash equal to the cumulative undistributed Class K Priority Return Amount with respect to each such unit (*provided* that the amount distributable pursuant to this Section 5.3(F) shall not be in excess of the Distributable Cash) on each Class K Distribution Date.

(G) After giving effect to (A), (B), (C), (D), (E) and (F), if applicable, the General Partner shall have the authority to cause the Partnership to make distributions from time to time as it determines, including without limitation, distributions which are sufficient to enable the General Partner to (i) maintain its status as a REIT, (ii) avoid the imposition of any tax under Code Section 857 and (iii) avoid the imposition of any excise tax under Code Section 4981. Except as otherwise expressly set forth in this Section 5.3(G), all Distributions pursuant to this Section 5.3 shall be made on a *pari passu* basis.

(H) Distributions pursuant to Section 5.3(G) shall be made *pro rata* among the Partners of record on the Record Date established by the General Partner for the distribution, in accordance with their respective Percentage Interests, without regard to the length of time the record holder has been such except that the first distribution paid on Units issued after June 1, 1996 shall be pro rated to reflect the actual portion of the period for which the distribution is being paid during which such Units were outstanding, or shall be in such other amount or computed on such other basis as may be agreed by the General Partner and the holders of such Units, *provided* that such other amount or the amount so computed, as applicable, may not exceed the aforementioned pro rated amount.

(I) The General Partner shall use its reasonable efforts to make distributions to the Partners so as to preclude any distribution or portion thereof from being treated as part of a sale of property to the Partnership by a Partner under Section 707 of the Code or the Treasury Regulations thereunder; *provided* that the General Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any distribution to a Partner being so treated.

#### Section 4. **Distribution upon Redemption**

. Notwithstanding any other provision hereof, proceeds of (i) a Class C Redemption shall be distributed to the Class C Limited Partner in accordance with Section 9.1(C), (ii) a Class F Redemption shall be distributed to the Class F Limited Partner in accordance with Section 9.1(D), (iii) a Class G Redemption shall be distributed to the Class G Limited Partner in accordance with Section 9.1(E), (iv) a Class I Redemption shall be distributed to the Class I Limited Partner in accordance with Section 9.1(F), (v) a Class J Redemption shall be distributed to the Class J Limited Partner in accordance with Section 9.1(G) and (vi) a Class K Redemption shall be distributed to the Class K Limited Partner in accordance with Section 9.1(H).

#### Section 5. **Distributions upon Liquidation**

. Notwithstanding any other provision hereof, proceeds of a Terminating Capital Transaction shall be distributed to the Partners in accordance with Section 10.2.

Section 6. **Amounts Withheld**

. All amounts withheld pursuant to the Code or any provision of state or local tax law and Section 7.6 of this Agreement with respect to any allocation, payment or distribution to the General Partner, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner, the Class K Limited Partner, the Limited Partners or Assignees shall be treated as amounts distributed to such General Partner, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner, the Class K Limited Partner, the Limited Partners or Assignees, as applicable, pursuant to Section 5.3 of this Agreement.

ARTICLE VI. **PARTNERSHIP MANAGEMENT**

Section 1. **Management and Control of Partnership Business.**

(A) Except as otherwise expressly provided or limited by the provisions of this Agreement, the General Partner shall have full, exclusive and complete discretion to manage the business and affairs of the Partnership, to make all decisions affecting the business and affairs of the Partnership and to take all such action as it deems necessary or appropriate to accomplish the purposes of the Partnership as set forth herein. Except as set forth in this Agreement, the Limited Partners shall not have any authority, right, or power to bind the Partnership, or to manage, or to participate in the management of the business and affairs of the Partnership in any manner whatsoever. Such management shall in every respect be the full and complete responsibility of the General Partner alone as herein provided.

(B) In carrying out the purposes of the Partnership, the General Partner shall be authorized to take all actions it deems necessary and appropriate to carry on the business of the Partnership. The Limited Partners, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner, by execution hereof, agree that the General Partner is authorized to execute, deliver and perform any agreement and/or transaction on behalf of the Partnership.

(C) The General Partner and its Affiliates may acquire Limited Partner Interests from Limited Partners who agree so to transfer Limited Partner Interests or from the Partnership in accordance with Section 4.2(A). Any Limited Partner Interest acquired by the General Partner shall be converted into a General Partner Interest. Upon acquisition of any Limited Partner Interest, any Affiliate of the General Partner shall have all the rights of a Limited Partner.

Section 2. **No Management by Limited Partners; Limitation of Liability.**

(A) Neither the Limited Partners, in their capacity as Limited Partners, the Class C Limited Partner, in its capacity as Class C Limited Partner, the Class F Limited Partner, in its capacity as Class F Limited Partner, the Class G Limited Partner, in its capacity as Class G Limited Partner, the Class I Limited Partner, in its capacity as Class I Limited Partner, the Class J Limited Partner, in its capacity as Class J Limited Partner, nor the Class K Limited Partner, in its capacity as Class K Limited Partner, shall take part in the day-to-day management, operation or control of the business and affairs of the Partnership or have any right, power, or authority to act for or on behalf of or to bind the Partnership or transact any business in the name of the Partnership. Neither the Limited Partners, the Class C Limited Partner, in its capacity as Class C Limited Partner, the Class F Limited Partner, in its capacity as Class F Limited Partner, the Class G Limited Partner, in its capacity as Class G Limited Partner, the Class I Limited Partner, in its capacity as Class I Limited Partner, the Class J Limited Partner, in its capacity as Class J Limited Partner, nor the Class K Limited Partner, in its capacity as Class K Limited Partner, shall have any rights other than those specifically provided herein or granted by law where consistent with a valid provision hereof. Any approvals rendered or withheld by the Limited Partners, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner or the Class K Limited Partner pursuant to this Agreement shall be deemed as consultation with or advice to the General Partner in connection with the business of the Partnership and, in accordance with the Act, shall not be deemed as participation by the Limited Partners, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner or the Class K Limited Partner in the business of the Partnership and are not intended to create any inference that the Limited Partners, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner or the Class K Limited Partner should be classified as general partners under the Act.

(B) Neither the Limited Partner, the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner nor the Class K Limited Partner shall have any liability under this Agreement except with respect to withholding under Section 7.6, in connection with a violation of any provision of this

Agreement by such Limited Partner, Class C Limited Partner, Class F Limited Partner, Class G Limited Partner, Class I Limited Partner, Class J Limited Partner or Class K Limited Partner or as provided in the Act.

(C) The General Partner shall not take any action which would subject a Limited Partner (in its capacity as Limited Partner), the Class C Limited Partner (in its capacity as Class C Limited Partner), the Class F Limited Partner (in its capacity as Class F Limited Partner), the Class G Limited Partner (in its capacity as Class G Limited Partner), the Class I Limited Partner (in its capacity as Class I Limited Partner), the Class J Limited Partner (in its capacity as Class J Limited Partner) or the Class K Limited Partner (in its capacity as Class K Limited Partner) to liability as a general partner.

Section 3. **Limitations on Partners.**

(A) No Partner or Affiliate of a Partner shall have any authority to perform (i) any act in violation of any applicable law or regulation thereunder, (ii) any act prohibited by Section 6.2(C), or (iii) any act which is required to be Consented to or ratified pursuant to this Agreement without such Consent or ratification.

(B) No action shall be taken by a Partner if it would cause the Partnership to be treated as an association taxable as a corporation for federal income tax purposes or, without the consent of the General Partner, as a publicly-traded partnership within the meaning of Section 7704 of the Code. A determination of whether such action will have the above described effect shall be based upon a declaratory judgment or similar relief obtained from a court of competent jurisdiction, a favorable ruling from the IRS or the receipt of an opinion of counsel.

Section 4. **Business with Affiliates.**

(A) The General Partner, in its discretion, may cause the Partnership to transact business with any Partner or its Affiliates for goods or services reasonably required in the conduct of the Partnership's business; *provided* that any such transaction shall be effected only on terms competitive with those that may be obtained in the marketplace from unaffiliated Persons. The foregoing proviso shall not apply to transactions between the Partnership and its Subsidiaries. In addition, neither the General Partner nor any Affiliate of the General Partner may sell, transfer or otherwise convey any property to, or purchase any property from, the Partnership, except (i) on terms competitive with those that may be obtained in the marketplace from unaffiliated Persons or (ii) where the General Partner determines, in its sole judgment, that such sale, transfer or conveyance confers benefits on the General Partner or the Partnership in respect of matters of tax or corporate or financial structure; *provided*, in the case of this clause (ii), such sale, transfer, or conveyance is not being effected for the purpose of materially disadvantaging the Limited Partners.

(B) In furtherance of Section 6.4(A), the Partnership may lend or contribute to its Subsidiaries on terms and conditions established by the General Partner.

Section 5. **Compensation; Reimbursement of Expenses**

. In consideration for the General Partner's services to the Partnership in its capacity as General Partner, the Partnership shall pay on behalf of or reimburse to the General Partner (i) all expenses of the General Partner incurred in connection with the management of the business and affairs of the Partnership, including all employee compensation of employees of the General Partner and indemnity or other payments made pursuant to agreements entered into in furtherance of the Partnership's business, (ii) all amounts payable by the General Partner under the Registration Rights Agreement and (iii) all general and administrative expenses incurred by the General Partner. Except as otherwise set forth in this Agreement, the General Partner shall be fully and entirely reimbursed by the Partnership for any and all direct and indirect costs and expenses incurred in connection with the organization and continuation of the Partnership pursuant to this Agreement. In addition, the General Partner shall be reimbursed for all expenses incurred by the General Partner in connection with (i) the initial public offering of REIT Shares by the General Partner and (ii) any other issuance of additional Partnership Interests or REIT Shares.

Section 6. **Liability for Acts and Omissions.**

(A) The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or any of the other Partners for any act or omission performed or omitted in good faith on behalf of the Partnership and in a manner reasonably believed to be (i) within the scope of the authority granted by this Agreement and (ii) in the best interests of the Partnership or the stockholders of the General Partner. In exercising its authority hereunder, the General Partner may, but shall not be under any obligation to, take into account the tax consequences to any Partner of any action it undertakes on behalf of the Partnership. Neither the General Partner nor the Partnership shall have any liability as a result of any income tax liability incurred by a Partner as a result of any action or inaction of the General Partner hereunder and, by their execution of this Agreement, the Limited Partners acknowledge the foregoing.



(B) Unless otherwise prohibited hereunder, the General Partner shall be entitled to exercise any of the powers granted to it and perform any of the duties required of it under this Agreement directly or through any agent. The General Partner shall not be responsible for any misconduct or negligence on the part of any agent; *provided* that the General Partner selected or appointed such agent in good faith.

The General Partner acknowledges that it owes fiduciary duties both to its stockholders and to the Limited Partners and it shall use its reasonable efforts to discharge such duties to each; *provided, however*, that in the event of a conflict between the interests of the stockholders of the General Partner and the interests of the Limited Partners, the Limited Partners agree that the General Partner shall discharge its fiduciary duties to the Limited Partners by acting in the best interests of the General Partner's stockholders. Nothing contained in the preceding sentence shall be construed as entitling the General Partner to realize any profit or gain from any transaction between the General Partner and the Partnership (except in connection with a distribution in accordance with this Agreement), including from the lending of money by the General Partner to the Partnership or the contribution of property by the General Partner to the Partnership, it being understood that in any such transaction the General Partner shall be entitled to cost recovery only.

#### Section 7. **Indemnification.**

(A) The Partnership shall indemnify the General Partner and each director, officer and stockholder of the General Partner and each Person (including any Affiliate) designated as an agent by the General Partner in its reasonable discretion (each, an "Indemnified Party") to the fullest extent permitted under the Act (including any procedures set forth therein regarding advancement of expenses to such Indemnified Party) from and against any and all losses, claims, damages, liabilities, expenses (including reasonable attorneys' fees), judgments, fines, settlements and any other amounts arising out of or in connection with any claims, demands, actions, suits or proceedings (civil, criminal or administrative) relating to or resulting (directly or indirectly) from the operations of the Partnership, in which such Indemnified Party becomes involved, or reasonably believes it may become involved, as a result of the capacity referred to above.

(B) The Partnership shall have the authority to purchase and maintain such insurance policies on behalf of the Indemnified Parties as the General Partner shall determine, which policies may cover those liabilities the General Partner reasonably believes may be incurred by an Indemnified Party in connection with the operation of the business of the Partnership. The right to procure such insurance on behalf of the Indemnified Parties shall in no way mitigate or otherwise affect the right of any such Indemnified Party to indemnification pursuant to Section 6.7(A) hereof.

(C) The provisions of this Section 6.7 are for the benefit of the Indemnified Parties, their heirs, successors, assigns and administrators and shall not be deemed to create any rights in or benefit to any other Person.

### ARTICLE VII. **ADMINISTRATIVE, FINANCIAL AND TAX MATTERS**

#### Section 1. **Books and Records**

. The General Partner shall maintain at the office of the Partnership full and accurate books of the Partnership showing all receipts and expenditures, assets and liabilities, profits and losses, names and current addresses of Partners, and all other records necessary for recording the Partnership's business and affairs. Each Limited Partner shall have, upon written demand and at such Limited Partner's expense, the right to receive true and complete information regarding Partnership matters to the extent required (and subject to the limitations) under Delaware law.

#### Section 2. **Annual Audit and Accounting**

. The books and records of the Partnership shall be kept for financial and tax reporting purposes on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"). The accounts of the Partnership shall be audited annually by a nationally recognized accounting firm of independent public accountants selected by the General Partner (the "Independent Accountants").

#### Section 3. **Partnership Funds**

. The General Partner shall have responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in its direct or indirect possession or control. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signatures as the General Partner may from time to time determine.

#### Section 4. **Reports and Notices**

. The General Partner shall provide all Partners with the following reports no later than the dates indicated or as soon thereafter as circumstances permit:

(A) By March 31 of each year, IRS Form 1065 and Schedule K-1, or similar forms as may be required by the IRS, stating each Partner's allocable share of income, gain, loss, deduction or credit for the prior Fiscal Year;

(B) Within ninety (90) days after the end of each of the first three (3) fiscal quarters, as of the last day of the fiscal quarter, a report containing unaudited financial statements of the Partnership, or of the General Partner if such statements are prepared on a consolidated basis with the General Partner, and such other information as may be legally required or determined to be appropriate by the General Partner; and

(C) Within one hundred twenty (120) days after the end of each Fiscal Year, as of the close of the Fiscal Year, an annual report containing audited financial statements of the Partnership, or of the General Partner if such statements are prepared on a consolidated basis with the General Partner, presented in accordance with GAAP and certified by the Independent Accountants.

Section 5. **Tax Matters.**

(A) For tax returns filed with respect to Fiscal Years beginning before January 1, 2018, the General Partner shall be the Tax Matters Partner of the Partnership for federal income tax matters pursuant to Code Section 6231(a)(7)(A) (as in effect prior to the effective date of the Revised Partnership Audit Rules). The Tax Matters Partner is authorized and required to represent the Partnership (at the expense of the Partnership) in connection with all examinations of the affairs of the Partnership by any federal, state, or local tax authorities, including any resulting administrative and judicial proceedings, and to expend funds of the Partnership for professional services and costs associated therewith. The Tax Matters Partner shall deliver to the Limited Partners within ten (10) business days of the receipt thereof a copy of any notice or other communication with respect to the Partnership received from the IRS (or other governmental tax authority), or any court, in each case with respect to any administrative or judicial proceeding involving the Partnership. The Partners agree to cooperate with each other in connection with the conduct of all proceedings pursuant to this Section 7.5(A).

(B) For tax returns filed with respect to Fiscal Years beginning after December 31, 2017, the General Partner, in its sole discretion, may cause, and take such actions as it determines necessary or appropriate to enable the Partnership to elect out of the application of the provisions of Code Sections 6221 through 6241 under the Revised Partnership Audit Rules. If, however, such provisions do apply to the Partnership for any Fiscal Year, the General Partner shall also act as the Partnership Representative within the meaning of Code Section 6223(a) under the Revised Partnership Audit Rules, for purposes of Code Sections 6221 through 6241. Each Partner hereby consents to the General Partner serving as the Partnership Representative and agrees upon request of the General Partner to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such further documents as may be necessary or appropriate to evidence such consent. The Partnership Representative will be authorized to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to (i) sign consents, enter into settlement and other agreements with such authorities with respect to any such examinations or proceedings and (ii) expend the Partnership's funds for professional services incurred in connection therewith. Each Partner hereby agrees to execute, certify, acknowledge and deliver such documents and certifications as the Partnership Representative may request in connection with any such examinations and proceedings. The Partnership Representative may duly and timely elect under Code Section 6226 and the Treasury Regulations promulgated thereunder to require each Person who was a Partner during the Fiscal Year of the Partnership that was audited to personally bear any tax, interest and penalty resulting from adjustments based on such audit and, if such an election is made, shall notify each such Person (and the IRS) of their share of such audit adjustments. If for any reason the Partnership is liable for a tax (including imputed underpayments), interest, addition to tax or penalty as a result of any audit (including state and local audits), each Person who was a Partner during the Fiscal Year of the Partnership that was audited, even if such Person is no longer a Partner (unless a Substitute Limited Partner has agreed to bear such liability in an appropriate document evidencing a transfer), shall pay to the Partnership an amount equal to such Person's proportionate share of such liability (and any expenses incurred by the Partnership in adjudicating or otherwise resolving such liability), as determined by the General Partner, based on the amount each such Person should have borne (computed at the tax rate used to compute the Partnership's liability) had the Partnership's tax return for such Fiscal Year reflected the audit adjustment, and the expense for the Partnership's payment, adjudication or other resolution of such tax, interest, addition to tax and penalty shall be specially allocated to such Persons (or their successors) in such proportions.

(C) The Tax Matters Partner or Partnership Representative, as applicable, shall receive no compensation for its services in such capacity. If the Tax Matters Partner or Partnership Representative, as applicable, incurs any costs related to any tax audit, declaration of any tax deficiency or any administrative proceeding or litigation involving any Partnership tax matter, such amount shall be an expense of the Partnership, and the Tax Matters Partner or Partnership Representative, as applicable, shall be entitled to full reimbursement therefor.

(D) The General Partner shall cause to be prepared all federal, state and local income tax returns required of the Partnership at the Partnership's expense.

(E) Except as set forth herein, the General Partner shall determine whether to make (and, if necessary, revoke) any tax election available to the Partnership under the Code or any state tax law; provided, however, upon the request of any Partner, the General Partner shall make the election under Code Section 754 and the Treasury Regulations promulgated thereunder. The Partnership shall elect to deduct expenses, if any, incurred by it in organizing the Partnership in accordance with the provisions of Code Section 709.

**Section 6. Withholding**

. Each Partner hereby authorizes the Partnership to withhold from or pay to any taxing authority on behalf of such Partner any tax that the General Partner determines the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Partner. Any amount paid to any taxing authority which does not constitute a reduction in the amount otherwise distributable to such Partner shall be treated as a loan from the Partnership to such Partner, which loan shall bear interest at the "prime rate" as published from time to time in *The Wall Street Journal* plus two (2) percentage points, and shall be repaid within ten (10) business days after request for repayment from the General Partner. The obligation to repay any such loan shall be secured by such Partner's Partnership Interest and each Partner hereby grants the Partnership a security interest in his Partnership Interest for the purposes set forth in this Section 7.6, this Section 7.6 being intended to serve as a security agreement for purposes of the Uniform Commercial Code with the General Partner having in respect hereof all of the remedies of a secured party under the Uniform Commercial Code. Each Partner agrees to take such reasonable actions as the General Partner may request to perfect and continue the perfection of the security interest granted hereby. In the event any Partner fails to repay any deemed loan pursuant to this Section 7.6 the Partnership shall be entitled to avail itself of any rights and remedies it may have. Furthermore, upon the expiration of ten (10) business days after demand for payment, the General Partner shall have the right, but not the obligation, to make the payment to the Partnership on behalf of the defaulting Partner and thereupon be subrogated to the rights of the Partnership with respect to such defaulting Partner.

**ARTICLE VIII. TRANSFER OF PARTNERSHIP INTERESTS; ADMISSIONS OF PARTNERS**

**Section 1. Transfer by General Partner**

. The General Partner may not voluntarily withdraw or Transfer all or any portion of its General Partner Interest. Notwithstanding the foregoing, the General Partner may (i) consummate any acquisition, merger, consolidation, share exchange or other similar transaction provided that (A) substantially all of the assets of the General Partner surviving or resulting from such transaction, other than Partnership Interests, are contributed to the Partnership if not already owned thereby as a Capital Contribution in exchange for Partnership Interests or are otherwise received by the Partnership through any acquisition, merger, consolidation, share exchange or other similar transaction approved in accordance with Section 3.3 and consummated by the Partnership in connection with such transaction consummated by the General Partner or (B) in connection with such transaction (including, without limitation, through any acquisition, merger, consolidation, share exchange or other similar transaction approved in accordance with Section 3.3 and consummated by the Partnership), each Partnership Unit either will receive, or will have the right to elect to receive, an amount of cash, securities or other property equal to the product of the Conversion Factor multiplied by the greatest amount of cash, securities or other property paid in consideration of one REIT Share pursuant to such transaction or (ii) pledge its General Partner Interest in furtherance of the Partnership's business (including without limitation, in connection with a loan agreement under which the Partnership is a borrower) without the consent of any Partner.

**Section 2. Obligations of a Prior General Partner**

. Upon an Involuntary Withdrawal of the General Partner and the subsequent Transfer of the General Partner's Interest, such General Partner shall (i) remain liable for all obligations and liabilities (other than Partnership liabilities payable solely from Partnership Assets) incurred by it as General Partner before the effective date of such event and (ii) pay all costs associated with the admission of its Successor General Partner. However, such General Partner shall be free of and held harmless by the Partnership against any obligation or liability incurred on account of the activities of the Partnership from and after the effective date of such event, except as provided in this Agreement.

**Section 3. Successor General Partner**

. Except as provided in the last sentence of this section, a successor to all of a General Partner's General Partner Interest who is proposed to be admitted to the Partnership as a Successor General Partner shall be admitted as the General Partner, effective upon the Transfer. Any such transferee shall carry on the business of the Partnership without dissolution. In addition, the following conditions must be satisfied:

(A) The Person shall have accepted and agreed to be bound by all the terms and provisions of this Agreement by executing a counterpart thereof and such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner;

(B) An amendment to this Agreement evidencing the admission of such Person as a General Partner shall have been executed by all General Partners and an amendment to the Certificate shall have been filed for recordation as required by the Act; and

(C) Any consent required under Section 10.1(A) hereof shall have been obtained.

Notwithstanding anything in this Agreement to the contrary, any successor to a General Partner by merger, consolidation, share exchange or other similar transaction shall, without further act, be the General Partner hereunder, and such merger, consolidation share exchange or other similar transaction shall not constitute an assignment for purposes of this Agreement, and the Partnership shall continue without dissolution.

#### Section 4. **Restrictions on Transfer and Withdrawal by Limited Partner.**

(A) Subject to the provisions of Section 8.4(D), no Limited Partner may Transfer all or any portion of his Partnership Interest without first obtaining the Consent of the General Partner, which Consent may be granted or withheld in the sole and absolute discretion of the General Partner. Any such purported transfer undertaken without such Consent shall be considered to be null and void *ab initio* and shall not be given effect. Each Limited Partner acknowledges that the General Partner has agreed not to grant any such consent prior to the Transfer Restriction Date.

(B) No Limited Partner may withdraw from the Partnership other than as a result of a permitted Transfer (i.e., a Transfer consented to as contemplated by clause (A) above or clause (D) below or a Transfer pursuant to clause (C) below) of all of his Partnership Units pursuant to this Article VIII or pursuant to a redemption or exchange of all of his Partnership Units pursuant to Article IX. Upon the permitted Transfer or redemption of all of a Limited Partner's Partnership Units, such Limited Partner shall cease to be a Limited Partner.

(C) Upon the Involuntary Withdrawal of any Limited Partner (which shall under no circumstance cause the dissolution of the Partnership), the executor, administrator, trustee, guardian, receiver or conservator of such Limited Partner's estate shall become a Substituted Limited Partner upon compliance with the provisions of Section 8.5(A)(1)-(3).

(D) Subject to Section 8.4(E), a Limited Partner may Transfer, with the Consent of the General Partner, all or a portion of his Partnership Units to (a) a parent or parents, spouse, natural or adopted descendant or descendants, spouse of such a descendant, or brother or sister, or a trust created by such Limited Partner for the benefit of such Limited Partner and/or any such person(s), of which trust such Limited Partner or any such person(s) is a trustee, (b) a corporation controlled by a Person or Persons named in (a) above, or (c) if the Limited Partner is an entity, its beneficial owners, and the General Partner shall grant its Consent to any Transfer pursuant to this Section 8.4(D) unless such Transfer, in the reasonable judgment of the General Partner, would cause (or have the potential to cause) the General Partner to fail to qualify for taxation as a REIT, in which case the General Partner shall have the absolute right to refuse to permit such Transfer, and any purported Transfer in violation of this Section 8.4(D) shall be null and void *ab initio*.

(E) No Transfer of Limited Partnership Units shall be made if such Transfer would (i) in the opinion of Partnership counsel, cause the Partnership to be terminated for federal income tax purposes or to be treated as an association taxable as a corporation (rather than a partnership) for federal income tax purposes; (ii) be effected through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 and the Treasury Regulations thereunder, (iii) in the opinion of Partnership counsel, violate the provisions of applicable securities laws; (iv) violate the terms of (or result in a default or acceleration under) any law, rule, regulation, agreement or commitment binding on the Partnership; (v) cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(e) of the Code); (vi) in the opinion of counsel to the Partnership, cause any portion of the underlying assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; or (vii) result in a deemed distribution to any Partner attributable to a failure to meet the requirements of Treasury Regulations Section 1.752-2(d)(1), unless such Partner consents thereto.

(F) Prior to the consummation of any Transfer under this Section 8.4, the transferor and/or the transferee shall deliver to the General Partner such opinions, certificates and other documents as the General Partner shall request in connection with such Transfer.

Section 5. **Substituted Limited Partner.**

(A) No transferee shall become a Substituted Limited Partner in place of his assignor unless and until the following conditions have been satisfied:

- (1) The assignor and transferee file a Notice or other evidence of Transfer and such other information reasonably required by the General Partner, including, without limitation, names, addresses and telephone numbers of the assignor and transferee;
- (2) The transferee executes, adopts and acknowledges this Agreement, or a counterpart hereto, and such other documents as may be reasonably requested by the General Partner, including without limitation, all documents necessary to comply with applicable tax and/or securities rules and regulations;
- (3) The assignor or transferee pays all costs and fees incurred or charged by the Partnership to effect the Transfer and substitution; and
- (4) The assignor or transferee obtains the written Consent of the General Partner, which may be given or withheld in its sole and absolute discretion.

(B) If a transferee of a Limited Partner does not become a Substituted Limited Partner pursuant to Section 8.5(A), such transferee shall be an Assignee and shall not have any rights to require any information on account of the Partnership's business, to inspect the Partnership's books or to vote or otherwise take part in the affairs of the Partnership (such Partnership Units being deemed to have been voted in the same proportion as all other Partnership Units held by Limited Partners have been voted). Such Assignee shall be entitled, however, to all the rights of an assignee of a limited partnership interest under the Act. Any Assignee wishing to Transfer the Partnership Units acquired shall be subject to the restrictions set forth in this Article VIII.

Section 6. **Timing and Effect of Transfers**

. Unless the General Partner agrees otherwise, Transfers under this Article VIII may only be made as of the first day of a fiscal quarter of the Partnership. Upon any Transfer of a Partnership Interest in accordance with this Article VIII or redemption of a Partnership Interest in accordance with Article IX, the Partnership shall allocate all items of Profit and Loss between the assignor Partner and the transferee Partner in accordance with Section 5.2(F) (2) hereof. The assignor Partner shall have the right to receive all distributions as to which the Record Date precedes the date of Transfer and the transferee Partner shall have the right to receive all distributions thereafter.

Section 7. **Additional Limited Partners**

. Other than in accordance with the transactions specified in the Contribution Agreements, after the initial execution of this Agreement and the admission to the Partnership of the Initial Limited Partners, any Person making a Capital Contribution to the Partnership in accordance herewith shall be admitted as an Additional Limited Partner of the Partnership only (i) with the Consent of the General Partner and (ii) upon execution, adoption and acknowledgment of this Agreement, or a counterpart hereto, and such other documents as may be reasonably requested by the General Partner, including without limitation, the power of attorney required under Section 12.3. Upon satisfaction of the foregoing requirements, such Person shall be admitted as an Additional Limited Partner effective on the date upon which the name of such Person is recorded on the books of the Partnership.

Section 8. **Amendment of Agreement and Certificate**

. Upon any admission of a Person as a Partner to the Partnership, the General Partner shall make any necessary amendment to this Agreement to reflect such admission and, if required by the Act, to cause to be filed an amendment to the Certificate.

ARTICLE IX. **REDEMPTION**

Section 1. **Right of Redemption.**

(A) Subject to any restriction on the General Partner, which restriction may arise as a result of the REIT Charter, the laws governing the General Partner or otherwise (a "Redemption Restriction"), beginning on the Redemption Effective Date, during each Redemption Period each Redeeming Party shall have the right to require the Partnership to redeem all or a portion of the Partnership Units held by such Redeeming Party by providing the General Partner with a Redemption Notice. A Limited Partner may invoke its rights under this Article IX with respect to 100 Partnership Units or an integral multiple thereof or all of the Partnership Units held by such Limited Partner. Upon the General Partner's receipt of a Redemption Notice from a Redeeming Party, the Partnership shall be obligated (subject to the existence of any Redemption Restriction) to redeem the Partnership Units from such Redeeming Party (the "Redemption Obligation").

(B) Upon receipt of a Redemption Notice from a Redeeming Party, the General Partner shall either (i) cause the Partnership to redeem the Partnership Units tendered in the Redemption Notice, (ii) assume the Redemption Obligation, as set forth in Section 9.4 hereof, or (iii) provide written Notice to the Redeeming Party of each applicable Redemption Restriction.

(C) On and after June 6, 2007 at any time or from time to time, the Partnership may redeem all or such other number of Class C Units (any such redemption, a “Class C Redemption”) at a cash redemption price per Class C Unit equal to that portion of the Capital Contribution of the Class C Limited Partner allocable to each such unit, plus all accumulated and unpaid Class C Priority Return Amounts to the date of Class C Redemption (such price, the “Class C Redemption Price”). Upon any Class C Redemption, an amount equal to the product of the Class C Redemption Price and the number of Class C Units redeemed by the Partnership shall be distributed by the Partnership to the Class C Limited Partner.

(D) The Partnership may redeem all or such other number of Class F Units (any such redemption, a “Class F Redemption”) on any applicable date of redemption of any Class F Preferred Shares, at a cash redemption price per Class F Unit equal to that portion of the Capital Contribution of the Class F Limited Partner allocable to each such unit, plus all accumulated and unpaid Class F Priority Return Amounts to the date of Class F Redemption (such price, the “Class F Redemption Price”). Upon any Class F Redemption, an amount equal to the product of the Class F Redemption Price and the number of Class F Units redeemed by the Partnership shall be distributed by the Partnership to the Class F Limited Partner.

(E) The Partnership may redeem all or such other number of Class G Units (any such redemption, a “Class G Redemption”) on any applicable date of redemption of any Class G Preferred Shares, at a cash redemption price per Class G Unit equal to that portion of the Capital Contribution of the Class G Limited Partner allocable to each such unit, plus all accumulated and unpaid Class G Priority Return Amounts to the date of Class G Redemption (such price, the “Class G Redemption Price”). Upon any Class G Redemption, an amount equal to the product of the Class G Redemption Price and the number of Class G Units redeemed by the Partnership shall be distributed by the Partnership to the Class G Limited Partner.

(F) The Partnership may redeem all or such other number of Class I Units (any such redemption, a “Class I Redemption”) on any applicable date of redemption of any Class I Preferred Shares, at a cash redemption price per Class I Unit equal to that portion of the Capital Contribution of the Class I Limited Partner allocable to each such unit multiplied by the redemption premium then applicable to the Class I Preferred Shares, plus all accumulated and unpaid Class I Priority Return Amounts to the date of Class I Redemption (such price, the “Class I Redemption Price”). Upon any Class I Redemption, an amount equal to the product of the Class I Redemption Price and the number of Class I Units redeemed by the Partnership shall be distributed by the Partnership to the Class I Limited Partner.

(G) The Partnership may redeem all or such other number of Class J Units (any such redemption, a “Class J Redemption”) on any applicable date of redemption of any Class J Preferred Shares, at a cash redemption price per Class J Unit equal to that portion of the Capital Contribution of the Class J Limited Partner allocable to each such unit multiplied by the redemption premium then applicable to the Class J Preferred Shares, plus all accumulated and unpaid Class J Priority Return Amounts to the date of Class J Redemption (such price, the “Class J Redemption Price”). Upon any Class J Redemption, an amount equal to the product of the Class J Redemption Price and the number of Class J Units redeemed by the Partnership shall be distributed by the Partnership to the Class J Limited Partner.

(H) The Partnership may redeem all or such other number of Class K Units (any such redemption, a “Class K Redemption”) on any applicable date of redemption of any Class K Preferred Shares, at a cash redemption price per Class K Unit equal to that portion of the Capital Contribution of the Class K Limited Partner allocable to each such unit multiplied by the redemption premium then applicable to the Class K Preferred Shares, plus all accumulated and unpaid Class K Priority Return Amounts to the date of Class K Redemption (such price, the “Class K Redemption Price”). Upon any Class K Redemption, an amount equal to the product of the Class K Redemption Price and the number of Class K Units redeemed by the Partnership shall be distributed by the Partnership to the Class K Limited Partner.

**Section 2. Timing of Redemption**

. The Redemption Obligation (or the obligation to provide Notice of an applicable Redemption Restriction, if one exists) shall mature on the date which is seven (7) business days after the receipt by the General Partner of a Redemption Notice from the Redeeming Party (the “Redemption Date”).

**Section 3. Redemption Price**

. On or before the Redemption Date, the Partnership (or the General Partner if it elects pursuant to Section 9.4 hereof) shall deliver to the Redeeming Party, in the sole and absolute discretion of the General Partner either (i) a Share Payment or (ii) a Cash Payment. In order to enable the Partnership to effect a redemption by making a Share Payment pursuant to this Section 9.3, the General Partner in its sole and absolute discretion may issue to the Partnership the number of REIT Shares required to

make such Share Payment in exchange for the issuance to the General Partner of Partnership Units equal in number to the quotient of the number of REIT Shares issued and Conversion Factor.

Section 4. **Assumption of Redemption Obligation**

. Upon receipt of a Redemption Notice, the General Partner, in its sole and absolute discretion, shall have the right to assume the Redemption Obligation of the Partnership. In such case, the General Partner shall be substituted for the Partnership for all purposes of this Article IX and, upon acquisition of the Partnership Units tendered by the Redeeming Party pursuant to the Redemption Notice shall be treated for all purposes of this Agreement as the owner of such Partnership Units. Such exchange transaction shall be treated for federal income tax purposes by the Partnership, the General Partner and the Redeeming Party as a sale by the Redeeming Party as seller to the General Partner as purchaser.

Section 5. **Further Assurances; Certain Representations**

. Each party to this Agreement agrees to execute any documents deemed reasonably necessary by the General Partner to evidence the issuance of any Share Payment to a Redeeming Party. Notwithstanding anything herein to the contrary, each holder of First Highland Units agrees that, if the General Partner shall elect to satisfy a Redemption Obligation with respect to First Highland Units by making a Share Payment, such Redemption Obligation shall mature on the date which is seven (7) business days after receipt by the Partnership and the General Partner of documents similar to the "Investor Materials" submitted in connection with the sale of the First Highland Properties to the Partnership and any other similar documents reasonably required by, and in form reasonably satisfactory to, the Partnership. Each Limited Partner, by executing this Agreement, shall be deemed to have represented to the General Partner and the Partnership that (i) its acquisition of its Partnership Interest on the date hereof is made as a principal for its own account, for investment purposes only and not with a view to the resale or distribution of such Partnership Interest and (ii) if it shall receive REIT Shares pursuant to this Article IX other than pursuant to an effective registration statement under the Securities Act of 1933, as amended, that its acquisition of such REIT Shares is made as a principal for its own account, for investment purposes only and not with a view to the resale or distribution of such REIT Shares and agrees that such REIT Shares may bear a legend to the effect that such REIT Shares have not been so registered and may not be sold other than pursuant to such a registration statement or an exemption from the registration requirements of such Act.

Section 6. **Effect of Redemption**

. Upon the satisfaction of the Redemption Obligation by the Partnership or the General Partner, as the case may be, the Redeeming Party shall have no further right to receive any Partnership distributions in respect of the Partnership Units so redeemed and shall be deemed to have represented to the Partnership and the General Partner that the Partnership Units tendered for redemption are not subject to any liens, claims or encumbrances. Upon a Class C Redemption by the Partnership, the Class C Limited Partner shall have no further right to receive any Partnership distributions or allocations in respect of the Class C Units so redeemed. Upon a Class F Redemption by the Partnership, the Class F Limited Partner shall have no further right to receive any Partnership distributions in respect of the Class F Units so redeemed. Upon a Class G Redemption by the Partnership, the Class G Limited Partner shall have no further right to receive any Partnership distributions in respect of the Class G Units so redeemed. Upon a Class I Redemption by the Partnership, the Class I Limited Partner shall have no further right to receive any Partnership distributions in respect of the Class I Units so redeemed. Upon a Class J Redemption by the Partnership, the Class J Limited Partner shall have no further right to receive any Partnership distributions in respect of the Class J Units so redeemed. Upon a Class K Redemption by the Partnership, the Class K Limited Partner shall have no further right to receive any Partnership distributions in respect of the Class K Units so redeemed.

Section 7. **Registration Rights**

. In the event a Limited Partner receives REIT Shares in connection with a redemption of Partnership Units originally issued to Initial Limited Partners on June 30, 1994 pursuant to this Article IX, such Limited Partner shall be entitled to have such REIT Shares registered under the Securities Act of 1933, as amended, as provided in the Registration Rights Agreement.

Section 8. **Redemption upon REIT Share Repurchases by the General Partner**

. If the General Partner acquires outstanding REIT Shares then the Partnership shall redeem from the General Partner the General Partner's interest in the Partnership representing such acquired REIT Shares and pay to the General Partner, in cash, an amount equal to the consideration, if any, paid by or for the account of the General Partner for the acquired REIT Shares. The Partnership shall make such cash payment, if any, to the General Partner within three (3) business days after the General Partner notifies the Partnership that the General Partner is committed to acquiring REIT Shares and requests payment under this Section 9.8. Any REIT Shares acquired by the General Partner that are thereafter disposed of by the General Partner (which term shall not include cancellation) shall for the purposes of Section 4.2(B) and (C), be deemed issued at the time of such disposition.

**ARTICLE X. DISSOLUTION AND LIQUIDATION**

Section 1. **Term and Dissolution**

. The Partnership commenced as of November 23, 1993, and shall continue until December 31, 2092, at which time the Partnership shall dissolve or until dissolution occurs prior to that date for any one of the following reasons:

(A) An Involuntary Withdrawal or a voluntary withdrawal, even though in violation of this Agreement, of the General Partner, or any other event causing the General Partner to cease to be a general partner of the Partnership, unless, (a) at the time of the occurrence of such event there is at least one remaining general partner of the Partnership who is hereby authorized to and does carry on the business of the Partnership, or (b) within ninety (90) days after such event of withdrawal all the remaining Partners agree in writing to the continuation of the Partnership and to the appointment of a Successor General Partner;

(B) Entry of a decree of judicial dissolution of the Partnership under the Act; or

(C) The sale, exchange or other disposition of all or substantially all of the Partnership Assets.

Section 2. **Liquidation of Partnership Assets.**

(A) Subject to Section 10.2(E), in the event of dissolution pursuant to Section 10.1, the Partnership shall continue solely for purposes of winding up the affairs of, achieving a final termination of, and satisfaction of the creditors of, the Partnership. The General Partner (or, if there is no General Partner remaining, any Person elected by a majority in interest of the Limited Partners (the "Liquidator")) shall be responsible for oversight of the winding up and dissolution of the Partnership. The Liquidator shall obtain a full accounting of the assets and liabilities of the Partnership and such Partnership Assets shall be liquidated (including, at the discretion of the Liquidator, in exchange, in whole or in part, for REIT Shares) as promptly as the Liquidator is able to do so without any undue loss in value, with the proceeds therefrom applied and distributed in the following order:

(1) First, to the discharge of Partnership debts and liabilities to creditors other than Partners;

(2) Second, to the discharge of Partnership debts and liabilities to the Partners;

(3) Third, after giving effect to all contributions, distributions, and allocations for all periods, to (i) the Class C Limited Partner in an amount equal to any unpaid Class C Priority Return Amounts, (ii) the Class F Limited Partner in an amount equal to any unpaid Class F Priority Return Amounts, (iii) the Class G Limited Partner in an amount equal to any unpaid Class G Priority Return Amounts, (iv) the Class I Limited Partner in an amount equal to any unpaid Class I Return Amounts, (v) the Class J Limited Partner in an amount equal to any unpaid Class J Return Amounts and (vi) the Class K Limited Partner in an amount equal to any unpaid Class K Return Amounts; *provided* that if the proceeds are inadequate to pay all of the unpaid Class C Priority Return Amounts, the unpaid Class F Priority Return Amounts, the unpaid Class G Priority Return Amounts, the unpaid Class I Priority Return Amounts, the unpaid Class J Priority Return Amounts and the unpaid Class K Priority Return Amounts, such proceeds shall be distributed to the Class C Limited Partner, the Class F Limited Partner, the Class G Limited Partner, the Class I Limited Partner, the Class J Limited Partner and the Class K Limited Partner *pro rata* based on the unpaid Class C Priority Return Amounts, the unpaid Class F Priority Return Amounts, the unpaid Class G Priority Return Amounts, the unpaid Class I Priority Return Amounts, the unpaid Class J Priority Return Amounts and the unpaid Class K Priority Return Amounts;

(4) The balance, if any, to the Partners in accordance with their positive Capital Accounts after giving effect to all contributions, distributions and allocations for all periods.

(B) In accordance with Section 10.2(A), the Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership Assets; *provided, however*, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership Assets would cause undue loss to the Partners, the Liquidator may defer the liquidation except (i) to the extent provided by the Act or (ii) as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners.

(C) If, in the sole and absolute discretion of the Liquidator, there are Partnership Assets that the Liquidator will not be able to liquidate, or if the liquidation of such assets would result in undue loss to the Partners, the Liquidator may distribute such Partnership Assets to the Partners in-kind, in lieu of cash, as tenants-in-common in accordance with the provisions of Section 10.2(A). The foregoing notwithstanding, such in-kind distributions shall only be made if in the Liquidator's good faith judgment that is in the best interest of the Partners.

(D) Upon the complete liquidation and distribution of the Partnership Assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by law to terminate the Partnership. Upon the dissolution of the Partnership pursuant to Section 10.1, the Liquidator shall cause to be prepared, and shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership. Promptly



following the complete liquidation and distribution of the Partnership Assets, the Liquidator shall furnish to each Partner a statement showing the manner in which the Partnership Assets were liquidated and distributed.

(E) Notwithstanding the foregoing provisions of this Section 10.2, in the event that the Partnership shall dissolve as a result of the expiration of the term provided for herein or as a result of the occurrence of an event of the type described in Section 10.1(B) or (C), then each Limited Partner shall be deemed to have delivered a Redemption Notice on the date of such dissolution. In connection with each such Redemption Notice, the General Partner shall have the option of either (i) complying with the redemption procedures contained in Article IX or (ii) at the request of any Limited Partner, delivering to such Limited Partner, Partnership property approximately equal in value to the value of such Limited Partner's Partnership Units upon the assumption by such Limited Partner of such Limited Partner's proportionate share of the Partnership's liabilities and payment by such Limited Partner (or the Partnership) of any excess (or deficiency) of the value of the property so delivered over the value of such Limited Partner's Partnership Units. In lieu of requiring such Limited Partner to assume its proportionate share of Partnership liabilities, the General Partner may deliver to such Limited Partner unencumbered Partnership property approximately equal in value to the net value of such Limited Partner's Partnership Units.

Section 3. **Effect of Treasury Regulations.**

(A) In the event the Partnership is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g), distributions made to Partners pursuant to Section 10.2(A) shall be made within the time period provided in Treasury Regulations Section 1.704-1(b)(2)(ii)(b) (2). If any Contributor Partner has a deficit balance in its Capital Account (after giving effect to all contributions (without regard to this Section 10.3(A)), distributions and allocations), each such Contributor Partner shall contribute to the capital of the Partnership an amount equal to its respective deficit balance, such obligation to be satisfied within ninety (90) days following the liquidation and dissolution of the Partnership in accordance with the provisions of this Article X hereof. Conversely, if any Partner other than a Contributor Partner has a deficit balance in its Capital Account (after giving effect to all contributions (without regard to this Section 10.3(A)), distributions and allocations), such Partner shall have no obligation to make any contribution to the capital of the Partnership. Any deficit restoration obligation pursuant to the provisions hereof shall be for the benefit of creditors of the Partnership or any other Person to whom any debts, liabilities, or obligations are owed by (or who otherwise has any claim against) the Partnership or the general partner, in its capacity as General Partner of the Partnership. For purposes of computing each Contributor Partner's deficit balance in its Capital Account and its corresponding obligations to contribute additional capital to the Partnership, only items of income, gain and loss actually recognized shall be reflected.

(B) In the event the Partnership is "liquidated" within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g) but there has been no dissolution of the Partnership under Section 10.1 hereof, then the Partnership Assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. In the event of such a liquidation there shall be deemed to have been a distribution of Partnership Assets in kind to the Partners in accordance with Section 10.2 followed by a recontribution of such Partnership Assets by the Partners in the same proportions.

Section 4. **Time for Winding-Up**

. Anything in this Article X notwithstanding, a reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of the Partnership Assets in order to minimize any potential for losses as a result of such process. During the period of winding-up, this Agreement shall remain in full force and effect and shall govern the rights and relationships of the Partners *inter se*.

ARTICLE XI. **AMENDMENTS AND MEETINGS**

Section 1. **Amendment Procedure.**

(A) Amendments to this Agreement may be proposed by the General Partner. An amendment proposed at any time when the General Partner holds less than 90% of all Partnership Units will be adopted and effective only if it receives the Consent of the holders of a majority of the Partnership Units not then held by the General Partner and an amendment proposed at any time when the General Partner holds 90% or more of all Partnership Units may be made by the General Partner without the Consent of any Limited Partner; *provided, however*, no amendment shall be adopted if it would (i) convert a Limited Partner's Interest in the Partnership into a general partner interest, (ii) increase the liability of a Limited Partner under this Agreement, (iii) except as otherwise permitted in this Agreement, alter the Partner's rights to distributions set forth in Article V, or the allocations set forth in Article V, (iv) alter or modify any aspect of the Partners' rights with respect to redemption of Partnership Units, (v) cause the early termination of the Partnership (other than pursuant to the terms hereof) or (vi) amend this Section 11.1(A), in each case without the Consent of each Partner adversely affected thereby. In connection with any proposed amendment of this Agreement requiring Consent, the General Partner shall either call a meeting to solicit the vote of the Partners or seek the written vote of the Partners to such amendment. In the case of a request for a written vote, the General Partner shall be authorized to impose such

reasonable time limitations for response, but in no event less than ten (10) days, with the failure to respond being deemed a vote consistent with the vote of the General Partner.

(B) Notwithstanding the foregoing, amendments may be made to this Agreement by the General Partner, without the Consent of any Limited Partner, to (i) add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner herein; (ii) cure any ambiguity, correct or supplement any provision herein which may be inconsistent with any other provision herein or make any other provisions with respect to matters or questions arising hereunder which will not be inconsistent with any other provision hereof; (iii) reflect the admission, substitution, termination or withdrawal of Partners in accordance with this Agreement; or (iv) satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law. The General Partner shall reasonably promptly notify the Limited Partners whenever it exercises its authority pursuant to this Section 11.1(B).

(C) Within ten (10) days of the making of any proposal to amend this Agreement for which the Consent of any Limited Partner is required, the General Partner shall give all Limited Partners Notice of such proposal (along with the text of the proposed amendment and a statement of its purposes). Within ten (10) days following the effectiveness of any amendment to this Agreement, the General Partner shall give all Limited Partners Notice of such amendment (along with the text of such amendment) which may be comprised of a copy of any publicly filed report of the General Partner under the Securities Exchange Act of 1934 that describes and contains (including as an exhibit) the text of such amendment.

## Section 2. **Meetings and Voting.**

(A) Meetings of Partners may be called by the General Partner. The General Partner shall give all Partners Notice of the purpose of such proposed meeting not less than seven (7) days nor more than thirty (30) days prior to the date of the meeting. Meetings shall be held at a reasonable time and place selected by the General Partner. Whenever the vote or Consent of Partners is permitted or required hereunder, such vote or Consent shall be requested by the General Partner and may be given by the Partners in the same manner as set forth for a vote with respect to an amendment to this Agreement in Section 11.1(A).

(B) Any action required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a written consent setting forth the action to be taken is signed by the Partners owning Percentage Interests required to vote in favor of such action, which consent may be evidenced in one or more instruments. Consents need not be solicited from any other Partner if the written consent of a sufficient number of Partners has been obtained to take the action for which such solicitation was required.

(C) Each Limited Partner may authorize any Person or Persons, including without limitation the General Partner, to act for him by proxy on all matters on which a Limited Partner may participate. Every proxy (i) must be signed by the Limited Partner or his attorney-in-fact, (ii) shall expire eleven (11) months from the date thereof unless the proxy provides otherwise and (iii) shall be revocable at the discretion of the Limited Partner granting such proxy.

## Section 3. **Voting of LB Units**

. On any matter on which the Limited Partners shall be entitled to vote, consent or grant an approval or waiver, following the admissions of the LB Partners to the Partnership as Additional Limited Partners and through the Voting Termination Date, each holder of the LB Units shall be deemed (i) in connection with any matter submitted to a vote, to have cast all votes attributable to such holder's LB Units in the same manner as the votes attributable to the Units held by the General Partner are cast on such matter, and (ii) in connection with any consent, approval or waiver, to have taken the same action as the General Partner shall have taken with respect to its Units in connection therewith. If the General Partner shall not have the right to vote, consent or grant an approval or waiver on a matter, each holder of LB Units shall vote or act as directed by the General Partner.

## ARTICLE XII. **MISCELLANEOUS PROVISIONS**

### Section 1. **Title to Property**

. All property owned by the Partnership, whether real or personal, tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually, shall have any ownership of such property. The Partnership may hold any of its assets in its own name or, in the name of its nominee, which nominee may be one or more individuals, corporations, partnerships, trusts or other entities.

### Section 2. **Other Activities of Limited Partners**

. Except as expressly provided otherwise in this Agreement or in any other agreement entered into by a Limited Partner or any Affiliate of a Limited Partner and the Partnership, the General Partner or any Subsidiary of the Partnership or the General Partner, any Limited Partner or any Affiliate of any Limited Partner may engage in, or possess an interest in, other business ventures of every nature and description, independently or with others, including, without limitation, real estate business ventures, whether or not such other enterprises shall be in competition with any activities of the Partnership, the General Partner or any Subsidiary

of the Partnership or the General Partner; and neither the Partnership, the General Partner, any such Subsidiary nor the other Partners shall have any right by virtue of this Agreement in and to such independent ventures or to the income or profits derived therefrom.

### Section 3. **Power of Attorney.**

(A) Each Partner hereby irrevocably appoints and empowers the General Partner (which term shall include the Liquidator, in the event of a liquidation, for purposes of this Section 12.3) and each of their authorized officers and attorneys-in-fact with full power of substitution as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead to:

(1) make, execute, acknowledge, publish and file in the appropriate public offices (a) any duly approved amendments to the Certificate pursuant to the Act and to the laws of any state in which such documents are required to be filed; (b) any certificates, instruments or documents as may be required by, or may be appropriate under, the laws of any state or other jurisdiction in which the Partnership is doing or intends to do business; (c) any other instrument which may be required to be filed by the Partnership under the laws of any state or by any governmental agency, or which the General Partner deems advisable to file; (d) any documents which may be required to effect the continuation of the Partnership, the admission, withdrawal or substitution of any Partner pursuant to Article VIII, dissolution and termination of the Partnership pursuant to Article X, or the surrender of any rights or the assumption of any additional responsibilities by the General Partner; (e) any document which may be required to effect an amendment to this Agreement to correct any mistake, omission or inconsistency, or to cure any ambiguity herein, to the extent such amendment is permitted by Section 11.1(B); and (f) all instruments (including this Agreement and amendments and restatements hereof) relating to the determination of the rights, preferences and privileges of any class or series of Partnership Units issued pursuant to Section 4.2(B) of this Agreement; and

(2) sign, execute, swear to and acknowledge all voting ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole discretion of the General Partner, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action which is made or given by the Partners hereunder or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the General Partner, to effectuate the terms or intent of this Agreement.

(B) Nothing herein contained shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XI or as may be otherwise expressly provided for in this Agreement.

(C) The foregoing grant of authority (i) is a special power of attorney, coupled with an interest, and it shall survive the Involuntary Withdrawal of any Partner and shall extend to such Partner's heirs, successors, assigns and personal representatives; (ii) may be exercised by the General Partner for each and every Partner acting as attorney-in-fact for each and every Partner; and (iii) shall survive the Transfer by a Limited Partner of all or any portion of its Interest and shall be fully binding upon such transferee; except that the power of attorney shall survive such assignment with respect to the assignor Limited Partner for the sole purpose of enabling the General Partner to execute, acknowledge and file any instrument necessary to effect the admission of the transferee as a Substitute Limited Partner. Each Partner hereby agrees to be bound by any representations made by the General Partner, acting in good faith pursuant to such power of attorney. Each Partner shall execute and deliver to the General Partner, within fifteen (15) days after receipt of the General Partner's request therefor, such further designations, powers of attorney and other instruments as the General Partner deems necessary to effectuate this Agreement and the purposes of the Partnership.

(D) Each LB Partner hereby irrevocably appoints and empowers the General Partner and the Liquidator, in the event of a liquidation, and each of their authorized officers and attorneys-in-fact with full power of substitution, as the true and lawful agent and attorney-in-fact of such LB Partner with full power and authority in the name, place and stead of such LB Partner to take such actions (including waivers under the Partnership Agreement) or refrain from taking such action as the General Partner reasonably believes are necessary or desirable to achieve the purposes of Section 11.3 of the Partnership Agreement.

### Section 4. **Notices**

. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery, (i) if to a Limited Partner, at the most current address given by such Limited Partner to the General Partner by means of a notice given in accordance with the provisions of this Section 12.4, which address initially is the address contained in the records of the General Partner, or (ii) if to the General Partner, 311 S. Wacker Drive, Suite 4000, Chicago, Illinois 60606, Attn: President.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if hand delivered; five (5) business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; or when receipt is acknowledged, if telecopied.

Section 5. **Further Assurances**

. The parties agree to execute and deliver all such documents, provide all such information and take or refrain from taking any action as may be necessary or desirable to achieve the purposes of this Agreement and the Partnership.

Section 6. **Titles and Captions**

. All article or section titles or captions in this Agreement are solely for convenience and shall not be deemed to be part of this Agreement or otherwise define, limit or extend the scope or intent of any provision hereof.

Section 7. **Applicable Law**

. This Agreement, and the application or interpretation thereof, shall be governed exclusively by its terms and by the law of the State of Delaware, without regard to its principles of conflicts of laws.

Section 8. **Binding Agreement**

. This Agreement shall be binding upon the parties hereto, their heirs, executors, personal representatives, successors and assigns.

Section 9. **Waiver of Partition**

. Each of the parties hereto irrevocably waives during the term of the Partnership any right that it may have to maintain any action for partition with respect to any property of the Partnership.

Section 10. **Counterparts and Effectiveness**

. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all so executed shall constitute one agreement, binding on all of the parties hereto, notwithstanding that all the parties are not signatory to the original or the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against each Person who executed it. The execution of this Agreement and delivery thereof by facsimile shall be sufficient for all purposes, and shall be binding upon any party who so executes.

Section 11. **Survival of Representations**

. All representations and warranties herein shall survive the dissolution and final liquidation of the Partnership.

Section 12. **Entire Agreement**

. This Agreement (and all Exhibits hereto) contains the entire understanding among the parties hereto and supersedes all prior written or oral agreements among them respecting the within subject matter, unless otherwise provided herein. There are no representations, agreements, arrangements or understandings, oral or written, among the Partners hereto relating to the subject matter of this Agreement which are not fully expressed herein and in said Exhibits.

**IN WITNESS WHEREOF**, this Agreement has been duly executed and delivered by the sole general partner as of the day and year first above written.

FIRST INDUSTRIAL REALTY TRUST INC.,

as sole General Partner of the Partnership

General Partner:

By:

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

I, Peter E. Baccile, 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.

Date: October 25, 2018

/s/ PETER E. BACCILE

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Peter E. Baccile

President and Chief Executive Officer (Principal Executive Officer)

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

I, Scott A. Musil, 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.

Date: October 25, 2018

/s/ SCOTT A. MUSIL

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Scott A. Musil  
Chief Financial Officer  
(Principal Financial Officer)

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

I, Peter E. Baccile, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Industrial, L.P.;
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.

Date: October 25, 2018

/s/ PETER E. BACCILE

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Peter E. Baccile  
President and Chief Executive Officer  
(Principal Executive Officer)  
First Industrial Realty Trust, Inc.

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

I, Scott A. Musil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Industrial, L.P.;
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.

Date: October 25, 2018

/s/ SCOTT A. MUSIL

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Scott A. Musil  
Chief Financial Officer  
(Principal Financial Officer)  
First Industrial Realty Trust, Inc.



**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 September 30, 2018 (the "Report") of First Industrial Realty Trust, Inc. (the "Company") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 25, 2018

/s/ PETER E. BACCILE

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Peter E. Baccile  
President and Chief Executive Officer  
(Principal Executive Officer)

Date: October 25, 2018

/s/ SCOTT A. MUSIL

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Scott A. Musil  
Chief Financial Officer  
(Principal Financial Officer)

**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.**

**CERTIFICATION**

Accompanying Form 10-Q Report  
of First Industrial, L.P.  
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 September 30, 2018 (the "Report") of First Industrial, L.P. (the "Operating Partnership") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Operating Partnership.

Date: October 25, 2018

/s/ PETER E. BACCILE

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Peter E. Baccile  
President and Chief Executive Officer  
(Principal Executive Officer)  
First Industrial Realty Trust, Inc.

Date: October 25, 2018

/s/ SCOTT A. MUSIL

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Scott A. Musil  
Chief Financial Officer  
(Principal Financial Officer)  
First Industrial Realty Trust, Inc.

**A signed original of this written statement required by Section 906 has been provided to the Operating Partnership and will be retained by the Operating Partnership 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.**