



Rexford Industrial

Rexford Industrial Announces Fourth Quarter and Full Year 2022 Operating Results, Investment and Capital Markets Activity

January 9, 2023

LOS ANGELES, Jan. 9, 2023 /PRNewswire/ -- Rexford Industrial Realty, Inc. (the "Company" or "Rexford Industrial") (NYSE: REXR), a real estate investment trust focused on creating value by investing in and operating industrial properties in Southern California infill markets, today announced operating results, investment and capital markets activity for the fourth quarter and full year 2022.

"As the nation's largest pure-play U.S.-focused industrial REIT, Rexford continues to produce outstanding results that reflect the quality of our entrepreneurial team and our differentiated strategy focused exclusively on creating value within infill Southern California, the nation's highest-demand with lowest-supply industrial market," stated Michael Frankel and Howard Schwimmer, Co-Chief Executive Officers of the Company. "Our high-quality infill portfolio continues to draw diversified tenant demand, enabling our team to execute over 1.3 million square feet of new and renewal leases in the fourth quarter at leasing spreads of 52% on a cash basis and 77% on a GAAP basis. Our proprietary, data-driven acquisition sourcing continues to produce accretive growth opportunities, with \$2.4 billion of investments completed for the full year, 90% of which were acquired through off-market or lightly-marketed transactions. Our existing portfolio contains significant embedded growth through the estimated 72% net effective mark-to-market for rental rates on in-place leases and through the 3.3 million square feet of value-add repositioning and redevelopment projects in-process and in our near-term pipeline. Additionally, with an accretive pipeline of over \$400 million of new investments under contract or accepted offer, the Company is well-positioned with a low leverage, fortress-like balance sheet to continue delivering long term value creation for our shareholders."

Operating Results:

Fourth quarter and full year 2022 leasing activity demonstrate strong tenant demand fundamentals within Rexford's target Southern California infill markets.

	Q4 2022 Leasing Activity			
	Releasing Spreads			
	# of Leases			
	Executed	SF of Leasing	GAAP	Cash
New Leases	41	609,320	103.0 %	62.9 %
Renewal Leases	77	736,124	65.0 %	47.8 %
Total Leases	118	1,345,444	76.8 %	52.5 %

	Full Year 2022 Leasing Activity			
	Releasing Spreads			
	# of Leases			
	Executed	SF of Leasing	GAAP	Cash
New Leases	165	2,275,868	88.1 %	61.2 %
Renewal Leases	278	3,029,737	77.9 %	57.7 %
Total Leases	443	5,305,605	80.8 %	58.7 %

During the fourth quarter of 2022, the Company achieved average annual rent steps of 4.4% for the 1.3 million square feet of leases executed during the quarter. For the full year 2022, average annual rent steps were 4.3% for the 5.3 million square feet of leases executed during the year.

On December 31, 2022, the Company's Same Property Portfolio occupancy was 98.1%. Average Same Property Portfolio occupancy for the fourth quarter and full year 2022 was 98.0% and 98.7%, respectively, in line with the Company's full year Average Same Property occupancy guidance of 98.50% to 98.75%.

As of December 31, 2022, lease expirations for the full year 2023 total 5.8 million rentable square feet, representing approximately 14% of total portfolio rentable square feet. The cash and net effective mark-to-market on the 2023 expiring leases is estimated to be approximately 60% and 75%, respectively. The portfolio-wide mark-to-market is estimated to be 57% on a cash basis and 72% on a net effective basis. The updated mark-to-market incorporates 1.3 million square feet of executed leasing during the fourth quarter at market rents and leases associated with acquisitions closed during the fourth quarter.

Investment Activity:

During the fourth quarter of 2022, the Company completed seven acquisitions representing 11 properties and 0.9 million square feet for an aggregate purchase price of \$357.9 million. These investments are projected to generate a weighted average unlevered stabilized yield of 5.4%.

During the full year 2022, the Company completed 52 acquisitions representing 61 properties and 5.9 million square feet for an aggregate purchase price of \$2.4 billion. The projected weighted average unlevered stabilized yield for 2022 acquisitions is 4.8%, with ongoing embedded cash flow growth projected into future periods.

Subsequent to the fourth quarter of 2022, the Company completed one acquisition through an off-market transaction in January:

- 16752 Armstrong Avenue, Irvine, located in the OC – Airport submarket was acquired for \$40.0 million, or \$143 per land square foot. The covered land site comprises an 81,600 square foot office/warehouse building on 6.4 acres leased to a single tenant. The investment generates an initial unlevered cash yield of 5.7%, increasing over time through contractual rent increases. Upon lease expiration, the Company intends to redevelop the site into a modern Class-A logistics building. According to CBRE, the vacancy rate in the 68 million square foot Greater Airport Area was 0.8% at the end of the third quarter 2022.

During the fourth quarter of 2022, the Company stabilized two repositioning projects and one redevelopment project totaling 240,000 square feet for a total investment of \$67.5 million, achieving a weighted average unlevered stabilized yield of 8.9%.

For the full year 2022, the Company stabilized seven repositioning and redevelopment projects representing 644,500 total square feet and an aggregate \$140.1 million of total investment at an 8.9% weighted average unlevered stabilized yield. The Company currently has 3.3 million square feet of repositioning and redevelopment projects in-process and the near-term pipeline for a total investment of \$1.1 billion projected to generate an estimated 6.4% weighted average unlevered stabilized yield.

Capital Markets Activity:

In the fourth quarter of 2022, the Company executed the following equity transactions:

- A public offering of 11,846,425 shares of common stock subject to forward equity sale agreements, including 346,425 shares related to the partial exercise of the underwriters' option to purchase additional shares, at a public offering price of \$56.00 per share for a gross offering value of \$660.3 million. In December 2022 and January 2023, the Company partially settled these forward equity sale agreements by issuing 3,824,094 shares of common stock for net proceeds of \$213.7 million.
- The at-the-market equity offering program ("ATM"), selling 636,884 shares of common stock subject to forward equity sale agreements at an average price of \$55.85 per share for a gross value of \$35.6 million. As of December 31, 2022, the ATM program had approximately \$165.4 million of remaining capacity.
- Settled outstanding forward equity sale agreements from the prior quarter ATM forward execution by issuing 2,903,245 shares of common stock for net proceeds of \$189.3 million.

As of January 9, 2023, the Company had approximately \$481.4 million of net forward proceeds available for settlement. For the total net forward proceeds, settlement is to occur prior to November 2023 for \$35.0 million and prior to May 2024 for \$446.4 million.

Also in the fourth quarter 2022, the Company refinanced a \$60.0 million secured term loan expiring in August 2023. The new \$60.0 million secured term loan has interest-only payment terms, an interest rate of SOFR plus 135 basis points and now expires on October 27, 2024, with three 1-year extension options.

As of December 31, 2022, the Company's cash balance comprised approximately \$36.8 million and full availability under its \$1.0 billion revolving credit facility. The Company has no significant debt maturities until 2024.

Investor Presentation:

An updated investor presentation with additional information is available on the Company's investor relations website at www.ir.rexfordindustrial.com.

Fourth Quarter Earnings Release:

The Company will release fourth quarter and full year 2022 financial results after the market closes on Wednesday, February 8, 2023. A conference call with senior management will be held on Thursday, February 9, 2023, at 1:00 p.m. Eastern Time. To participate in the live telephone conference call, please dial 1-877-407-0789 (for domestic callers) or 1-201-689-8562 (for international callers) at least five minutes prior to start time. A webcast of the conference call will also be available in a listen-only mode at ir.rexfordindustrial.com. Conference call playback will be available through March 9, 2023 and can be accessed by dialing 1-844-512-2921 (for domestic callers) or 1-412-317-6671 (for international callers), using the pass code 13734260.

About Rexford Industrial

Rexford Industrial creates value by investing in, operating and redeveloping industrial properties throughout infill Southern California, the world's fourth largest industrial market and consistently the highest-demand, lowest supply market in the nation. The Company's highly differentiated strategy enables internal and external growth opportunities through its proprietary value creation and asset management capabilities. Rexford Industrial's high-quality, irreplaceable portfolio comprises 357 properties with approximately 42.5 million rentable square feet occupied by a stable and diverse

tenant base. Structured as a real estate investment trust (REIT) listed on the New York Stock Exchange under the ticker "REXR," Rexford Industrial is an S&P MidCap 400 Index member. For more information, please visit www.rexfordindustrial.com.

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the federal securities laws, which are based on current expectations, forecasts and assumptions that involve risks and uncertainties that could cause actual outcomes and results to differ materially. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters. While forward-looking statements reflect the Company's good faith beliefs, assumptions and expectations, they are not guarantees of future performance. For a further discussion of these and other factors that could cause the Company's future results to differ materially from any forward-looking statements, see the reports and other filings by the Company with the U.S. Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the year ended December 31, 2021, and the Company's most recent Form 10-Q. The Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, of new information, data or methods, future events or other changes.

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