

Media Release

MaxCap Industrial Opportunity Fund diversifies into Sydney MaxCap Industrial Opportunity Fund acquires rare Sydney industrial infill site

12 May 2021, Sydney - MaxCap Group and Time & Place have announced the acquisition of a rare 126,000sqm parcel of prime industrial land in the tightly held inner west of Sydney. The property at 2 Christina Road, Villawood has been contracted by the MaxCap Industrial Opportunity Fund.

Located off Woodville Road, which links the major arterial M4 and M5 freeways, the Villawood site was acquired through an off-market process which involved complex negotiations with vendor, Orica Australia. ICI and later Orica has owned the industrial site for over 50 years and has spent recent years completing extensive remediation works to prepare the land for sale after active operations on the site ceased in the early 2000s. MaxCap and Time & Place will now look to develop the site into a \$150m industrial estate.

Simon Hulett, MaxCap's Head of Direct Investment and MIOF Portfolio Manager said the acquisition represented a major milestone for the Fund, "The acquisition of the Villawood site is very exciting for us. It provides geographic diversification for our portfolio and rare exposure to the highly competitive inner Sydney market. Acquiring a site of this quality off market is testament to the perseverance of our team, our development partner, Time & Place, and the strong relationship we have built with the vendor. Villawood is the fifth asset within the MaxCap Industrial Opportunity Fund which now has a portfolio value approaching \$400m and a forecast return to investors of 20%. We are tracking well to deliver these very strong risk adjusted returns for our investors."

"Most people acknowledge how difficult it is to acquire prime industrial land in the inner west of Sydney with a lot of developers focused on the outer west and Mamre Road markets which are still years away from full activation. Villawood is an established industrial precinct that is very tightly held, given there is virtually no new industrial supply in inner Sydney currently." Chris O'Keefe, Time & Place, MIOF development partner added.

"We see strong demand at Villawood as the requirement for prime quality logistics space proximate to residential populations continues to increase," he said. "At a fundamental level, growth is being driven by a huge amount of demand for industrial and logistics product and a major shortage in supply in all the major markets, especially Sydney. This is resulting in significant upward pressure on rents and land values and downward pressure on cap rates.

Mr Hulett said the Villawood site offered excellent access to a large local resident catchment that would provide demand from small and medium businesses looking for logistics facilities. "There is excellent potential for construction of a medium lot subdivision in line with the Fund's core strategy. There is a major undersupply of prime grade industrial warehouses in Sydney that in that 5,000sqm range."

Noting the extremely low vacancy rates of industrial warehouses across Sydney, Chris said Villawood was an ideal opportunity for the development of small industrial sites serving businesses and 'last mile' customers seeking storage.

Selling agent, Michael Fenton, National Head of Industrial and Logistics Savills Australia said "Infill areas such as Villawood attract a large cohort of industrial occupiers seeking new state-of-the-art logistics facilities, which provide excellent access to major transport infrastructure and reduced travelling times to a large section of the population in metropolitan Sydney. 2 Christina Road, Villawood with its position equidistant between the M4 and M5 Motorways will attract major 3PL's, e-commerce distribution groups and wholesale and retail warehousing functions."

Looking more broadly at the Fund's portfolio, Mr Hulett added, "The Fund acquired 80,000sqm of land in Spotswood in Melbourne's inner west late last year in another off-market deal that was completed during the challenging COVID lockdown period. With many industrial and logistics occupiers being pushed out of the Port Melbourne and Fishermans Bend markets, we expect to see continued growth and demand for product in Spotswood given its proximity to the port and ease of access. Combined with our major land holding in Brooklyn and active development sites in Truganina and Epping, the Fund now has a diversified portfolio of high quality prime industrial zoned land that we intend to develop over the next couple of years."

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MaxCap Group

MaxCap Group is one of Australia's leading CRE debt and direct investment managers and is an established investment manager for domestic and global institutions with current Funds Under Management and Advice of circa A\$3.5bn, having invested more than \$10.0bn across more than 400 loans since inception in 2007.

MaxCap Industrial Opportunity Fund

The MaxCap Industrial Opportunity Fund was established in July 2019 in partnership with Time & Place. The Fund presents investors with the opportunity to capitalise on the structural shift in the Australian industrial land markets with a targeted development strategy offering attractive returns.

Time & Place

Time & Place is a multi-disciplined property developer know for creating projects of significance across residential, commercial, hotel, industrial and mixed-use precincts.