

Invesco Real Estate & Propel Industrial to redevelop 80,000 sqm German industrial brownfield site

LONDON, January 22nd 2025 – Invesco Real Estate, the USD 85bn global real estate investment business of Invesco Ltd. (NYSE: IVZ), has acquired a cluster of warehouses in Bruchsal, Germany, on behalf of Invesco Real Estate Europe Fund III – SCSp (Europe III), the third European value-add strategy in succession for the firm.

In partnership with Propel Industrial, the Vienna-based developer of prime logistics assets and an established partner for Invesco Real Estate in the European logistics sector, the 80,000sqm brownfield site will be fully redeveloped. The project offers significant upside potential, particularly with regards to value-creative asset management strategies.

The existing industrial buildings on the site, constructed between 1979 and 2002, no longer meet today's standards for modern industrial use and warehousing. The business plan envisions the development of approximately 45,000 sqm of high-quality, sustainable industrial space that will meet the requirements of future users.

Situated between Stuttgart and Frankfurt/Heidelberg in southwestern Germany, the Bruchsal site is located 20 km north of Karlsruhe and 50 km south of Heidelberg. With highly convenient access to major highways such as the A5, A6, and A8, this facility serves as a crucial distribution hub connecting Switzerland, France, and central Germany.

Invesco Real Estate and Propel Industrial have partnered on a number of initiatives. In August last year, for instance, Invesco acquired a 27,500 sqm freehold site in Bruck an der Leitha (Bruck), Austria, in partnership with Propel for Europe III, which will ultimately host a 15,000 sqm Grade A logistics facility comprised of three independent units.

Felix Richter, Co-Head of Transactions Germany & Austria, Invesco Real Estate, said: "Today marks another milestone in our relationship with Propel Industrial and our focus on Europe's highly attractive logistics market. The acquisition of the Bruchsal site, with its inherent long-term potential, underscores our shared vision and commitment to providing institutional investors with best-in-class opportunities in Europe."

Richard Chambers, Managing Director – Fund Management, Europe, Invesco Real Estate, added: "At a time when investors are increasingly looking for higher yielding investment opportunities, our focus on value-add transactions with partners such as Propel Industrial is key. To access compelling opportunities at the right price in a fractured market requires expertise and on-the-ground teams, and that is what we are able to achieve."

Armen Gevorgian, CEO at Propel Industrial, said: “We are excited to achieve another great milestone by accessing the German market with our strategic partner Invesco Real Estate. This off-market site in one of Germany’s most sought-after submarkets highlights our combined strengths to act local with an institutional backbone and deploy capital into highly valuable and resilient locations.”

Invesco Real Estate’s Europe Fund III aims to capitalise on current short-term pricing opportunities as an attractive entry point to fundamental, long-term value creation. The fund, which held its first close in Q3 2023 and is targeting up to EUR 1 billion, builds on Invesco Real Estate’s track record in European value-add strategies and the success of two previous value-add funds. Overall, the firm has made 47 investments across seven sectors in 10 countries, with 22 realised investments delivering 33% gross IRR and 1.6x gross EM / 26% net IRR and 1.5x net EM across its higher-returning portfolio.¹

Importantly, Europe Fund III seeks to achieve attractive risk adjusted returns while being fully aligned with Invesco Real Estate’s ESG+R sustainability programme. To date, more than 80% of the invested capital from last two capital raises achieved high ESG certifications.

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About Invesco Ltd.

Invesco Ltd. (Ticker NYSE: IVZ) is a global independent investment management firm dedicated to delivering an investment experience that helps people get more out of life. Our distinctive investment teams deliver a comprehensive range of active, passive and alternative investment capabilities. With offices in more than 20 countries, Invesco managed USD 1.8tn in assets on behalf of clients worldwide as of 31 December 2024. For more information, visit www.invesco.com/corporate.

About Invesco Private Markets

Invesco has global expertise and strong capabilities in private markets. With a global platform of USD 128.5bn of assets under management in real estate and private credit, we offer both scale and depth of expertise with over 600 investment professionals across 16 countries and over 40 years of innovative experience to our investors as of 31 December 2024.

About Invesco Real Estate

Invesco Real Estate is a global leader in the real estate investment management business with USD 85.0bn in real estate assets under management, 613 employees and 21 regional offices across the U.S., Europe and Asia. Invesco Real Estate has a 40-year investment history and has been actively investing across the risk-return spectrum, from core to opportunistic, in equity and debt real estate strategies, and in direct and listed real estate for its c. 400 institutional client relationships during this time. In Europe, Invesco Real Estate has eight offices in London, Munich, Milan, Madrid, Paris, Prague, Luxembourg and Warsaw, and 191 employees. It manages 205 assets across 14 European countries and with assets under management of USD 16.4bn. The team has a strong track record across all the commercial sectors, hotels and residential sectors as of 30 June 2024.

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Risk warnings

¹ Data as of December 31, 2024.

For complete information on risks, refer to the legal documents. The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Real estate investments can be illiquid and difficult to sell, and the fund may not be able to sell its assets when desired and at the intended price. This may negatively influence the liquidity of open-ended funds and may lead to long delays before the fund can meet redemption requests. The value of the investments is generally determined by an independent valuer's opinion and may not be realizable. The value of real estate loans may be significantly influenced by the value of the underlying real estate. Real estate investments are generally not listed on any market and need to be valued via the application of appropriate models (potentially applied by independent experts): this may lead to valuations which may not be reflected in transaction prices. Changes in market rents, net operating incomes, interest rates, FX rates, market trends and general economic conditions may result in fluctuations of the value of the assets, of the relevant portfolio and of the level of cash-flows generated by the fund's portfolio; fixed-rate loans with long maturities are more exposed to values fluctuations in reaction to interest rates' movements. The fund may use derivatives and borrowings, which may result in the fund being significantly leveraged and may result in large fluctuations in the value of the invested capital. Real estate investments and portfolios are exposed to counterparty risk, which is the risk that a counterparty is unable to deal with its obligations.

Real estate debt portfolios are exposed to credit risk which is the risk of inability of the borrower to repay the interest and capital on the scheduled dates and at maturity. Loans or loans' tranches with lower seniority (mezzanine, junior) bear a higher credit risk as those loans sit behind more senior ones in the repayment queue; the risk may be exacerbated in times of stress and in case of underperforming loans. Loans with high loan to value ratios (LTVs) or those secured on development assets are generally viewed as more risky than those with low LTVs or those secured on income-generating assets. Commercial mortgage lending is generally viewed as greater risk than residential mortgage lending since the repayment typically depends upon the successful operation of the underlying properties. Real estate investments can be exposed to sustainability-related regulatory requirements and trends that may negatively affect the value of investments which are not compliant. This may lead to a requirement for significant capital expenditure in order to meet mandated standards or characteristics. In addition, real estate investments can be also significantly exposed to negative economic effects stemming from climate change, natural disasters and the general investors' preference for assets with better sustainability features.

Real estate investments are labour-intensive and require a significant amount of human/manual input and activities, and may therefore be exposed to several types of operational risk that may affect activities such as administration, operations, reporting obligations and many others.

On top of typical real estate related risks, investments in real estate operating companies and in real estate platforms may embed governance and business risks that, if materialized, may negatively affect the value of the investments and the cash-flows generated.

Important information

This marketing communication is for trade press only. This document is by way of information only. Views and opinions are based on current market conditions and are subject to change. By accepting this document, you consent to communicate with us in English, unless you inform us otherwise. Data as of 15th January 2025 unless otherwise stated.

This is marketing material and not financial advice. It is not intended as a recommendation to buy or sell any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. Views and opinions are based on current market conditions and are subject to change.

For more information on our funds and the relevant risks, please refer to the Offering Memorandum, the Annual or Interim Reports, and constituent documents (all available in English). These documents are available from your local Invesco office. The management company may terminate marketing arrangements. Marketing of the fund in the EEA is permitted to Professional Clients only. The fund is a dedicated Luxembourg closed-ended unregulated fund. It qualifies as an alternative investment fund (AIF) managed by Invesco Real Estate Management S.à r.l. as external alternative investment fund manager (AIFM).

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