

Invesco Real Estate and Marchmont IM launch Space Industrial, a new platform investing in UK Multi Let Industrial assets

LONDON, 6th February 2025 – Invesco Real Estate, the USD 85bn global real estate investment business of Invesco Ltd. (NYSE: IVZ), and Marchmont Investment Management (Marchmont IM) have launched Space Industrial, a new platform which will acquire, manage and reposition Multi Let Industrial (MLI) assets in the UK.

Capital for the joint venture from Invesco has been provided from the Invesco Real Estate Europe Fund III – SCSp (Europe III), the third closed-end fund in a series dedicated to pan-European higher returning investments.

Space Industrial, will take advantage of strong market fundamentals and target severely under-rented MLI estates in well-located, last mile locations close to key urban centres. The platform will look to drive income returns through proactive asset management and focus on brown-to-green ESG initiatives to meet the highest possible sustainability criteria.

Space Industrial has acquired four assets across the UK with the intention to continue to invest from its own balance sheet capital and on behalf of other 3rd party capital.

UK-based Marchmont IM is a best-in-class operating partner focused on industrial and logistics sectors. Wholly owned by its directors, the firm has an extensive track record in successfully aggregating portfolios and has completed over 100 transactions at a value of £1.5bn it was established in 2011.

Richard Chambers, Managing Director – Fund Management, Invesco Real Estate, said: “The UK industrial sector continues to offer very attractive investment opportunities on a select basis. Despite the recent market volatility, this sector has remained liquid, with both investors and lenders continuing to show strong appetite. This new venture with Marchmont IM is well positioned to capitalise,”

Jonathan Feldman, Senior Director – Investments, Europe, Invesco Real Estate, commented: “We are delighted to be working with Marchmont IM to seed Space Industrial and build a fully vertically integrated platform structured to scale through a consistent approach that will be recognisable to occupiers, owners, and investors. As a firm, Invesco is focused on working with best-in-class partners in high conviction sectors through structures that create compelling value.”

Tim Lumsdon, CEO, Marchmont IM said: “As an established operating partner in the UK MLI market, the opportunity to work with Invesco to develop and grow a dedicated vertically integrated platform in this sector is an exciting proposition. We consider the combined track record of our businesses presents a compelling partnership to execute in this space.”

Cameron Fraser, CIO, Marchmont IM, added: “The UK MLI market has re-priced more rapidly than others, presenting an opportunity for Space Industrial to invest in high-quality, income-producing MLI real estate, promising strong risk-adjusted returns. The venture will target assets between £10m - £100m and will look to provide capital solutions for Industrial Real estate platforms.”

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 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.

About Marchmont Investment Management

¹ Data as of December 31, 2024.

Marchmont are an industrial and logistics specialist, with extensive experience in acquiring, managing and delivery quality space for occupiers in the warehouse and logistics sector. For more information, visit: www.marchmont-im.com

About Space Industrial

Space Industrial is a joint venture between Marchmont and Invesco Real Estate. A dedicated partnership experienced in delivering space for business. For more information, visit: www.spaceindustrial.co.uk and <https://www.linkedin.com/company/space-industrial/>

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Risk warnings

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 riskier 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. 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 27th January 2025 unless otherwise stated.

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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). The offer of the Fund in Switzerland is directed at professional clients, excluding high-net-worth-individuals or their private investment structure with an opting-out as per Art.5 para 1 FinSA, and at retail clients with a portfolio management or advisory relationship with a financial intermediary pursuant to Article 10(3ter) CISA.

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