



Chase Bolding
INREIT Portfolio Manager

INREIT®

Year-End 2021 Letter

May 11, 2022

Dear INREIT Stockholder,

Invesco Real Estate Income Trust Inc. (“INREIT”) entered and finished 2021 in a position of strength, with performance driven by reaffirmed investment convictions and a portfolio constructed entirely after the onset of the COVID-19 pandemic. We first began capitalizing on those convictions in the second half of 2020 utilizing approximately \$425 million of institutional capital, ahead of bringing INREIT to individual investors mid-year 2021.

With this institutional capital, we performed above expectations for shareholders and illustrated our differentiation in the marketplace.

In May, we filed a \$3 billion public offering with the Securities and Exchange Commission and formally commenced operations in our public share classes. Over the subsequent seven months, June through December, our shareholders enjoyed a 24.59% annualized net return, inclusive of a 5.7% annualized dividend distribution.¹ 100% of our dividend was characterized as return of capital for tax purposes.² These returns were generated with below-target leverage, averaging 35% over that period.

At year-end, the 37-property portfolio was 97% occupied and diversified across essential real asset sectors including healthcare, office, multifamily, industrial, self-storage, retail, and student housing. We are taking a deliberate approach towards property types which tend to perform well throughout economic cycles. While we still see growth opportunities in the more traditional property sectors, we believe the inclusion of these alternative sectors, less reliant on gross domestic product (GDP)³, has the potential to provide a durable, differentiated source of income and reduced volatility over the long-term.⁴

This material must be preceded or accompanied by a [prospectus](#) for Invesco Real Estate Income Trust Inc. (INREIT). This literature is neither an offer to sell nor a solicitation of an offer to buy securities. An offering is made only by the prospectus to individuals who meet minimum suitability requirements. **This literature must be read in conjunction with the prospectus in order to fully understand all of the implications and risks of the offering of securities to which the prospectus relates. A copy of the prospectus must be made available to you in connection with any offering.** No offering is made except by a prospectus filed with the Department of Law of the State of New York. Neither the Securities and Exchange Commission, the Attorney General of the State of New York nor any other state securities regulator has approved or disapproved of these securities, determined if the prospectus is truthful or complete or determined whether the offering can be sold in compliance with any existing or future suitability or conduct standards, including the Regulation Best Interest standard, to any or all purchasers. Any representation to the contrary is a criminal offense. Invesco Distributors, Inc. (member FINRA/SIPC) is the dealer manager for the INREIT offering.

Not a Deposit | Not FDIC Insured | Not Guaranteed by the Bank | May Lose Value | Not Insured by any Federal Government Agency



Two investments made during the year speak to our focus on alternative property sectors in growth markets.

- In September, we acquired a portfolio of three self-storage facilities comprising 1,698 units in Salem, Oregon for approximately \$47.9 million. The properties were acquired from an individual owner who had inherited the assets and was personally running the operations, which speaks to upside potential through active asset management. Rental rates and revenue are trending ahead of our original projections.
- As our final investment of the year, we acquired a recently constructed student housing property adjacent to Arizona State University in Tempe, AZ for \$163 million. The property is 100% leased for the current academic year and demonstrating strong pre-leasing trends for the upcoming academic year. Arizona State University is the 8th largest university in the country and is enjoying its largest ever on-campus freshman class⁵, which should continue to drive demand for high quality housing walkable to campus.

Geographically, we are investing in growth markets. More specifically, approximately 60% of our net operating income as of year-end derives from properties in Texas, Florida, Georgia, and Arizona. These four states are all in the top five for population growth nationally, which bodes well for real estate demand.

We know 2022 will bring new challenges and opportunities. Invesco Real Estate and INREIT will continue to work every day to capture and create value for our trusted shareholders. We are passionate about our work, and the responsibility that comes with it.

Thank you,

Chase Bolding
Managing Director,
INREIT Portfolio Manager

2021 Portfolio Highlights

As of December 31, 2021

\$653MM

Total
Asset Value⁶

\$353MM

Net
Asset Value⁷

37

Number of
Properties⁸

97%

Occupancy⁹

41%

Leverage¹⁰



Tempe Student Housing
Tempe, Arizona
Student Housing



Bixby Kennesaw
Atlanta, Georgia
Student Housing



Salem Self Storage Portfolio
Salem, Oregon
Self Storage



Meridian Business 940
Chicago, Illinois
Industrial



South Loop Storage
Houston, Texas
Self Storage



Cortona at Forest Park
St. Louis, Missouri
Multifamily

Current property images of INREIT's investment properties are provided for illustrative purposes only and are not representative of its entire portfolio or a given property type. It should not be assumed that INREIT's investment properties identified were or will be profitable.

Source: Data as of December 31, 2021. See footnotes on next page.

Footnotes

All figures are approximate and as of December 31, 2021, unless otherwise indicated. The terms “we”, “us” and “our” refer to INREIT with reference to portfolio and performance data. In all other instances, including with respect to current and forward-looking views and opinions of the market and INREIT’s portfolio and performance positioning, as well as the experience of INREIT’s management team, these terms refer to Invesco Real Estate, which is part of the real estate group of Invesco Inc. (together with its affiliates, “Invesco”), a global investment manager, which serves as INREIT’s sponsor (“Invesco Real Estate”).

1. Represents Class I shares. Performance varies by share class. In 2021 net returns for the other share classes are as follows: Class T shares (no sales load) 13.05%; Class T shares (with sales load) 9.09%; Class S shares (no sales load) 13.05%; Class D shares (with sales load) 9.09%; Class D shares (no sales load) 13.44%; Class D (with sales load) 11.74% and Class E shares 16.27%. Total Return does not necessarily mean that an investor is receiving a financial return, INREIT’s NAV is internally valued and INREIT retains the ability to pay distributions from sources other than cash flow (see footnote 7 below). Returns shown reflect the percent change in the NAV per share from the beginning of the applicable period, plus the amount of any distribution per share declared in the period. All returns shown assume reinvestment of distributions pursuant to INREIT’s distribution reinvestment plan, are net of all INREIT expenses, including general and administrative expenses, transaction related expenses, management fees, performance participation allocation, and share class specific fees, but exclude the impact of early repurchase deductions on the repurchase of shares that have been outstanding for less than one year. Class T, Class S and Class D shares listed as (With Sales Load) reflect the returns after the maximum up-front selling commission and dealer manager fees. Class T, Class S and Class D shares listed as (No Sales Load) exclude up-front selling commissions and dealer manager fees. The inception date for Class E shares was May 14, 2021, Class I shares was May 21, 2021, and June 1, 2021, for the Class S, D, T shares. The returns have been prepared using unaudited data and valuations of the underlying investments in INREIT’s portfolio, which are estimates of fair value and form the basis for INREIT’s NAV. Valuations based upon unaudited reports from the underlying investments may be subject to later adjustments, may not correspond to realized value and may not accurately reflect the price at which assets could be liquidated. For more information on fees and expenses, please see INREIT’s Prospectus.
2. Represents percentage of distributions characterized as Return of Capital (ROC) in 2021. Each investor’s tax considerations are different and consulting a tax advisor is recommended. Any of the data provided herein should not be construed as investment, tax, accounting, or legal advice.
3. Gross Domestic Product (GDP) is a comprehensive measure of U.S. economic activity and measures the value of the final goods and services produced in the United States.
4. Correlations are based on historical net operating income (NOI) data by sector from Green Street Advisors and US GDP data from the U.S. Bureau of Economic Analysis for annual periods from 2005 to 2019 – Industrial 72%; Apartment 71%; Mall 57%; Self-storage 50%; Office 42%; Manufactured Housing 33%; Student housing 16% and Healthcare -9%. The time period from 2020 through 2021 was excluded because COVID-19 had an abnormal impact on certain property sectors i.e. student housing that was inconsistent with long term NOI vs GDP historical data. For informational purposes the correlations through Q4 2021 are Apartment 75.8%; Student Housing 64.3%; Manufactured Homes 45.1%; and Healthcare 24.5%. Correlation is a statistic that measures the degree to which two variables move in relation to each other. Net operating income (NOI) is a calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.
5. Source: World Atlas and Arizona State University
6. Total asset value (“TAV”) is measured as (1) the asset value of real estate investments (based on fair value), excluding any thirdparty interests in such real estate investments, plus (2) the asset value of real estate-related securities measured at fair value, plus (3) any other current assets (such as cash or any other cash equivalents). TAV is not a measure under generally accepted accounting principles in the United States (“GAAP”), and the valuations of and certain adjustments made to our assets used in the calculation of total asset value will differ from GAAP. You should not consider TAV to be equivalent to GAAP total assets or any other GAAP measure. Total asset value is calculated as GAAP total assets excluding (1) third-party interests in total assets, (2) straight-line rent receivable, (3) below market leases and (4) certain other assets, plus (5) depreciation and amortization and (6) unrealized real estate appreciation. For more information, please refer to our annual and quarterly reports filed with the SEC, which are available at <https://www.invesco.com/inreit/news-and-filings>. As of February 28, 2022, our TAV was approximately \$775.7 million and our GAAP total assets were \$715.5 million.
7. NAV is calculated in accordance with the valuation guidelines approved by our board of directors. NAV is not a measure used under generally accepted accounting principles in the United States (“GAAP”), and the valuations of and certain adjustments made to our assets and liabilities used in the determination of NAV will differ from GAAP. You should not consider NAV to be equivalent to stockholders’ equity or any other GAAP measure. As of February 28, 2022, our NAV per share was approximately \$31.11, \$31.11, \$31.11 and \$31.14 per Class T, S, D and I share, respectively, and total stockholders’ equity per share was \$29.02, \$29.02, \$29.02 and \$29.31 per Class T, S, D and I share, respectively. For a full reconciliation of NAV to stockholders’ equity, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operation” section of our annual and quarterly reports filed with the SEC, which are available at <https://www.invesco.com/inreit/news-and-filings>. NAV based calculations involve significant professional judgment. The calculated value of INREIT’s assets and liabilities may differ from its actual realizable value or future value which would affect the NAV as well as any returns derived from that NAV, and ultimately the value of your investment. As return information is calculated based on NAV, return information presented will be impacted should the assumptions on which NAV was determined prove to be different. For further information, please refer to the “Net Asset Value Calculation and Valuation Guidelines” section in the Prospectus which describe INREIT’s valuation process and the independent third parties who assist INREIT.
8. Reflects real estate investments only, including unconsolidated properties, and does not include real estate debt investments or other real estate-related securities investments.
9. Occupancy rate measures the utilization of properties in the portfolio and is weighted by the total value of all real estate properties. For multifamily investments, occupancy represents the percentage of all leased units divided by the total unit count. For industrial, healthcare, office and retail investments, occupancy represents the percentage of all leased square footage divided by the total available square footage.
10. Leverage ratio is measured by dividing (i) the sum of consolidated property-level debt, entity-level debt, and allocation of debt from Affiliated Funds (as defined in the prospectus) in which INREIT may invest, net of cash and restricted cash, by (ii) the asset value of real estate investments and equity in INREIT’s real estate-related securities portfolio (in each case measured using the greater of fair market value and cost of gross real estate), including the net investment in unconsolidated investments. The leverage ratio calculation does not include (i) indebtedness incurred in connection with funding a deposit in advance of the closing of an investment, (ii) indebtedness incurred as other working capital advances, (iii) indebtedness on INREIT’s real estate-related securities investments, or (iv) the pro rata share of debt within INREIT’s unconsolidated investments and would be higher if such indebtedness was taken into account.

Summary of risk factors

Invesco Real Estate Income Trust Inc. (“INREIT”) is a non-listed REIT that invests in stabilized, income-oriented commercial real estate in the United States. To a lesser extent, INREIT also invests in real estate-related securities to provide current income and a source of liquidity for its share repurchase plan, cash management and other purposes. This investment involves a high degree of risk and is intended only for investors with a long-term investment horizon and who do not require immediate liquidity or guaranteed income. If INREIT is unable to effectively manage the impact of the risks inherent in its business, it may not meet its investment objectives. You should only invest in INREIT if you can afford a complete loss of investment. You should read the Prospectus carefully for a description of the risks associated with an investment in INREIT. The principal risks relating to an investment in INREIT include, but are not limited to the following:

- INREIT has a limited prior operating history, and there is no assurance that it will successfully achieve its investment objectives.
- INREIT has made limited investments to date and you will not have the opportunity to evaluate INREIT’s future investments before it makes them, which makes your investment more speculative
- Since there is no public trading market for shares of INREIT’s common stock, repurchase of shares by INREIT will likely be the only way to dispose of your shares. INREIT’s share repurchase plan will provide stockholders with the opportunity to request that INREIT repurchases their shares on a monthly basis, but INREIT is not obligated to repurchase any shares and may choose to repurchase only some, or even none, of the shares that have been requested to be repurchased in any month. In addition, repurchases will be subject to available liquidity and other significant restrictions. Further, INREIT’s board of directors may make exceptions to, modify or suspend its share repurchase plan. As a result, INREIT’s shares should be considered as having only limited liquidity and at times may be illiquid. Your ability to have your shares repurchased through INREIT’s share repurchase plan is limited, and if you do sell your shares to INREIT, you may receive less than the price you paid.
- INREIT cannot guarantee that it will make distributions, and if it does it may fund such distributions from sources other than cash flow from operations, including, without limitation, the sale of or repayments under INREIT’s assets, borrowings, or offering proceeds, and INREIT has no limits on the amounts it may pay from such sources.
- The purchase price and repurchase price for shares of INREIT’s common stock will generally be based on the prior month’s NAV and will not be based on any public trading market. While there will be independent valuations of INREIT’s properties quarterly, the valuation of properties is inherently subjective, and INREIT’s NAV may not accurately reflect the actual price at which its properties could be liquidated on any given day.
- INREIT has no employees and is dependent on Invesco Advisers, Inc. (“Adviser”) to conduct its operations. The Adviser will face conflicts of interest as a result of, among other things, the allocation of investment opportunities among INREIT and Other Invesco Accounts (as defined in the Prospectus), the allocation of time of its investment professionals and the substantial fees that INREIT will pay to the Adviser.
- INREIT is conducting a “best efforts” offering. If INREIT is not able to raise a substantial amount of capital on an ongoing basis, its ability to achieve its investment objectives could be adversely affected.
- Principal and interest payments on any borrowings will reduce the amount of funds available for distribution or investment in additional real estate assets.
- There are limits on the ownership and transferability of INREIT’s shares. See “Description of Capital Stock – Restrictions on Ownership and Transfer” in the Prospectus for more information.
- INREIT does not own the Invesco name, but is permitted to use it as part of INREIT’s corporate name pursuant to a trademark license agreement with an affiliate of Invesco. Use of the name by other parties or the termination of INREIT’s trademark license agreement may harm its business.
- If INREIT fails to qualify as a REIT and no relief provisions apply, its NAV and cash available for distribution to its stockholders could materially decrease.
- Events or the conditions beyond INREIT’s control, including outbreaks of contagious disease such as the global pandemic of the novel coronavirus that causes the disease known as coronavirus disease 2019 (“COVID-19”), may have an adverse impact on INREIT’s NAV, results of operations and cash flows and INREIT’s ability to source investments, obtain financing, fund distributions and satisfy repurchase requests.
- Accurate valuations are more difficult to obtain in times of low transaction volumes due to fewer market transactions that can be considered in the context of the appraisal. There will be no retroactive adjustment in the valuation of assets, INREIT’s offering price of its common stock shares, the price INREIT paid to repurchase its common stock or NAV-based fees INREIT paid to the Adviser and the Dealer Manager to the extent valuations prove to not accurately reflect the realizable value of INREIT’s assets. The price you will pay for shares of INREIT’s common stock and the price at which shares may be repurchased will generally be based on the prior month’s NAV per share. As a result, you may pay more than realizable value or receive less than realizable value for your investment.

Other information

Forward-looking statement disclosure

This material contains forward-looking statements about INREIT's business, including, in particular, statements about its plans, strategies and objectives. You can generally identify forward-looking statements by the use of forward-looking terminology such as "may," "will," "expect," "intend," "anticipate," "estimate," "believe," "continue" or other similar words. These statements include INREIT's plans and objectives for future operations, including plans and objectives relating to future growth and availability of funds, and are based on current expectations that involve numerous risks and uncertainties. Assumptions relating to these statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to accurately predict and many of which are beyond INREIT's control. Although INREIT believes the assumptions underlying the forward-looking statements, and the forward-looking statements themselves, are reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that these forward-looking statements will prove to be accurate, and INREIT's actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of this information should not be regarded as a representation by INREIT or any other person that INREIT's objectives and plans, which are considered to be reasonable, will be achieved.

About other Invesco Real Estate investments

This material includes information related to prior investments Invesco Real Estate has made, in which INREIT will not have any interest. While the investment programs of other Invesco real estate accounts and INREIT's investment strategy each involve real estate-related investments and overlapping personnel, each of the accounts and strategies has distinct investment activities, including but not limited to, objectives, costs and expenses, tax features and leverage policies. Invesco Real Estate's experience in managing other Invesco real estate accounts and other Invesco accounts is not necessarily applicable to INREIT. There can be no assurance that INREIT will be able to successfully identify, make and realize any particular investment or generate returns for its investors.

Other important information

The opinions expressed are those of INREIT as of the date appearing in the materials, are based on current market conditions and are subject to change without notice. These opinions may differ from those of other Invesco investment professionals. Stockholders, financial professionals and prospective investors should not rely solely upon the information presented when making an investment decision and should review the Prospectus. Certain information contained in the materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. The information contained herein does not constitute a recommendation of any investment strategy or product for a particular investor. Investors should consult a financial professional before making any investment decisions.

Invesco Advisers, Inc. is the investment adviser for INREIT; it provides investment advisory services to individual and institutional clients and does not sell securities. Invesco Distributors, Inc. (member FINRA/SIPC) is the dealer manager for the INREIT offering. Both entities are indirect, wholly owned subsidiaries of Invesco Ltd.

Invesco Real Estate is the real estate investment center of INREIT's sponsor Invesco Ltd., a leading global investment firm ("Invesco"). The Adviser uses the personnel and global resources of Invesco Real Estate to provide investment management services to INREIT. Information regarding Invesco and Invesco Real Estate is included to provide information regarding the experience of INREIT's adviser and its affiliates. An investment in INREIT is not an investment in its adviser or Invesco, as INREIT is a separate and distinct legal entity.