

Grease for the Gearing: Fed Rate Cut Could Propel Private Real Estate

This September, the Fed's first rate cut of 2025 provided the spark that real estate markets had been seeking. At JLL Income Property Trust, we believe that a more favorable rate environment will stimulate greater flows of capital into the real estate market, reigniting transaction activity. This should create opportunity for both lenders and borrowers as pricing becomes more attractive on real estate debt. We believe accretive leverage can be a powerful cog in a diversified real estate portfolio, and the latest rate cut may be the catalyst to unlock this potential.

With interest rates stabilizing, lower borrowing costs are finally in a position to enhance the spread between property cap rates and debt service costs, creating more positive scenarios for both existing owners and prospective buyers to add modest, fixed-rate debt to portfolios. Our research team believes this improved pricing may trigger a surge in transaction activity, with debt available at attractive rates for property owners with available dry powder like JLL Income Property Trust. This increased activity creates a cycle of market liquidity—more transactions provide better price discovery, brings additional capital to the sector, and creates momentum that can further improve market conditions.

Real estate's capital-intensive nature makes it uniquely positioned to benefit from attractively priced debt financing. Unlike other asset classes, core real estate generates predictable cash flows through lease payments while building equity through modest property appreciation. This return profile can create an ideal foundation for adding accretive leverage, as the returns on capital that is invested in core properties often exceeds the borrowing cost, enhancing cash flows and improving total returns. When debt capital is available at attractive rates, an environment that hasn't existed for nearly three years, investors may benefit from positive leverage while also maintaining manageable risk profiles.

At JLL Income Property Trust, we aim to add accretive leverage to our real estate portfolio, seeking to provide our investors with enhanced returns at a more conservative level of risk. As of the end of the second quarter of 2025, our portfolio was at its lowest leverage since inception at 31% LTV (loan-to-value). In the third quarter of 2025, we completed financings on three of our properties – one new acquisition and two stabilized portfolio holdings, across multiple property sectors, totaling \$150 million. These recent financings support our strategy to modestly increase overall portfolio leverage over the next 12 to 24 months, ideally as rates continue to decline, a strategy that aims to improve point forward performance for our shareholders. With interest rates declining, we believe the availability of accretive leverage will grease the gears of the private real estate markets. With our 97% leased and occupied portfolio, we are well positioned to take advantage of attractive investment opportunities while adding conservative leverage. Our outlook for improving performance is supported by signs of recovery in both debt and equity markets, along with strong property level fundamentals.

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SUMMARY OF RISK FACTORS

You should read the prospectus carefully for a description of the risks associated with an investment in JLL Income Property Trust (JLLIPT). Some of these risks include but are not limited to the following:

- Since there is no public trading market for shares of our common stock, repurchases of shares by us after a one-year minimum holding period will likely be the only way to dispose of your shares. After a required one-year holding period, JLLIPT limits the amount of shares that may be repurchased under our repurchase plan to approximately 5% of our net asset value (NAV) per quarter and 20% of our NAV per annum. Because our assets will consist primarily of properties that generally cannot be readily liquidated, JLLIPT may not have sufficient liquid resources to satisfy repurchase requests. Further, our board of directors may modify or suspend our repurchase plan if it deems such action to be in the best interest of our stockholders. As a result, our shares have limited liquidity and at times may be illiquid.
- The purchase and redemption price for shares of our common stock will be based on the NAV of each class of common stock and will not be based on any public trading market. Because valuation of properties is inherently subjective, our NAV may not accurately reflect the actual price at which our assets could be liquidated on any given day.
- JLLIPT is dependent on our advisor to conduct our operations. JLLIPT will pay substantial fees to our advisor, which increases your risk of loss. JLLIPT has a history of operating losses and cannot assure you that JLLIPT will achieve profitability. Our advisor will face conflicts of interest as a result of, among other things, time constraints, allocation of investment opportunities, and the fact that the fees it will receive for services rendered to us will be based on our NAV, which it is responsible for calculating.
- The amount of distributions JLLIPT makes is uncertain and there is no assurance that future distributions will be made. JLLIPT may pay distributions from sources other than cash flow from operations, including, without limitation, the sale of assets, borrowings, return of capital, offering proceeds and advances of the deferral of fees and expense reimbursements. Our use of leverage increases the risk of your investment. If JLLIPT fails to maintain our status as a REIT, and no relief provisions apply, JLLIPT would be subject to serious adverse tax consequences that would cause a significant reduction in our cash available for distribution to our stockholders and potentially have a negative impact on our NAV.
- While JLLIPT's investment strategy is to invest in stabilized real estate properties diversified by sector with a focus on providing current income to investors, an investment in JLLIPT is not an investment in fixed income. Fixed income has material differences from an investment in a non-traded REIT, including those related to vehicle structure, investment objectives and restrictions, risks, fluctuation of principal, safety, guarantees or insurance, fees and expenses, liquidity and tax treatment.
- Investing in real estate assets involves certain risks, including but not limited to: tenants' inability to pay rent; increases in interest rates and lack of availability of financing; tenant turnover and vacancies; and changes in supply of or demand for similar properties in a given market.
- You should carefully review the "Risk Factors" section of our prospectus for a discussion of the risks and uncertainties that we believe are material to our business, operating results, prospects and financial condition. Except as otherwise required by federal securities laws, we do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.
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