



INCOME
PROPERTY
TRUST



ANNUAL REPORT 2016

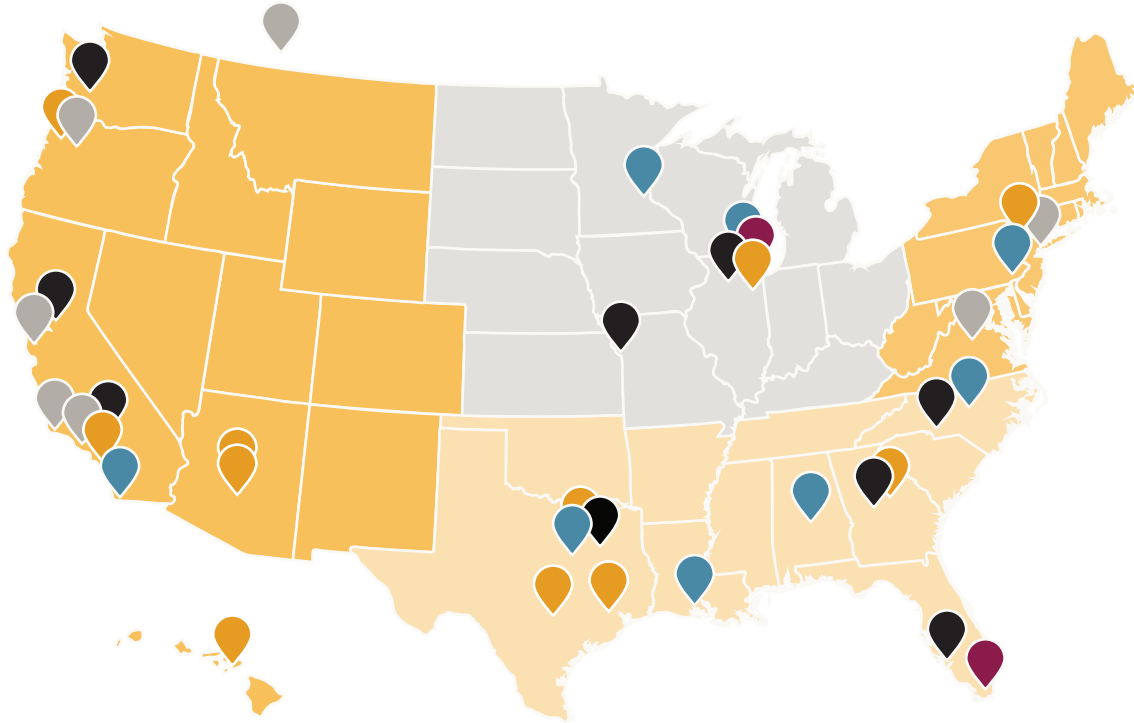


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CURRENT PORTFOLIO:

70 PROPERTIES ACROSS 18 STATES & CANADA

8 APARTMENT COMPLEXES, 28 INDUSTRIAL WAREHOUSES, 24 RETAIL CENTERS, 8 OFFICE BUILDINGS, AND 2 PARKING GARAGES



Portfolio as of December 2016
For property details, visit jllpt.com



WEST

Kierland Village Center	AZ
Silverstone Marketplace	AZ
111 Sutter Street	CA
Dylan Point Loma	CA
Pinole Point Distribution Center (3)	CA
Sherman Way I & II	CA
San Juan Medical Center	CA
Temecula Town Center	CA
Valencia Industrial Portfolio (5)	CA
Maui Mall	HI
Pioneer Tower	OR
Timberland Town Center	OR
South Seattle Distribution Center (3)	WA

MIDWEST

180 North Jefferson	IL
Aurora Distribution Center	IL
Chicago Parking Garage	IL
Joliet Distribution Center	IL
O'Hare Industrial Portfolio (7)	IL
Skokie Commons	IL
The Penfield	MN
Norfleet Distribution Center	MO

SOUTH

Lane Parke Apartments	AL
South Beach Parking Garage	FL
Tampa Distribution Center	FL
Kendall Distribution Center	GA
Suwanee Distribution Center	GA
The District at Howell Mill	GA
The Edge at Lafayette	LA
Charlotte Distribution Center	NC
Station Nine Apartments	NC
DFW Distribution Center (2)	TX
Grand Lakes Marketplace	TX
Grand Prairie Distribution Center	TX
Oak Grove Plaza	TX
Townlake of Coppell	TX
Whitestone Market	TX

EAST

140 Park Avenue	NJ
NYC Retail Portfolio (14)	NY
AQ Rittenhouse	PA
Monument IV at Worldgate	VA

INTERNATIONAL

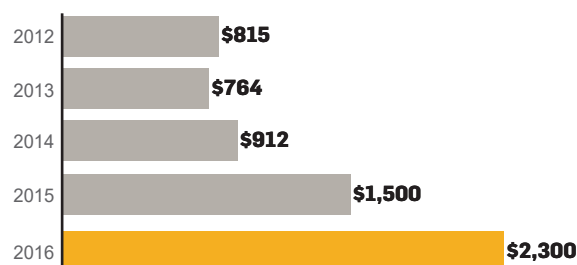
Railway Street	CANADA
Corporate Centre	

Dear Fellow Stockholders:

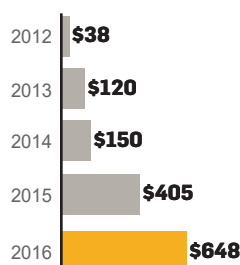
I am pleased to report that 2016 was a year of exceptional growth and accomplishment for **JLL Income Property Trust**.

In 2016 we acquired 19 new properties, growing the total asset value of our portfolio by 51% from \$1.5 billion to \$2.3 billion. We began the year with 54 properties and grew to 70 properties at the end of 2016. We disposed of three non-strategic assets, all selling within a very narrow range of their most recent independently determined appraised values. We repaid three loans totaling \$64 million reducing our leverage and financing costs, as well as extending and expanding our working capital line of credit capacity to \$150 million. At a company level, we reduced our overall leverage ratio from 39% to 35% and have a weighted average remaining loan term of approximately eight years. Our asset management team signed new or renewal leases totaling almost 400,000 square feet in 2016. Our accomplishments reflect the strength of our vision and ability to execute on our strategic plan to position **JLL Income Property Trust** as the market's leading NAV REIT.

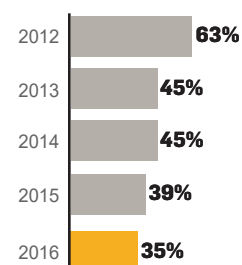
ASSETS UNDER MANAGEMENT (IN MILLIONS)



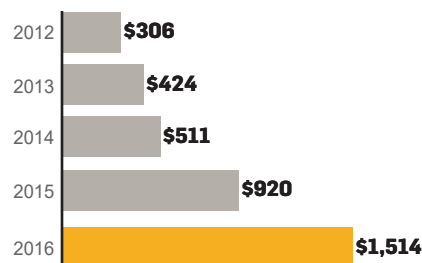
ANNUAL CAPITAL RAISED (IN MILLIONS)



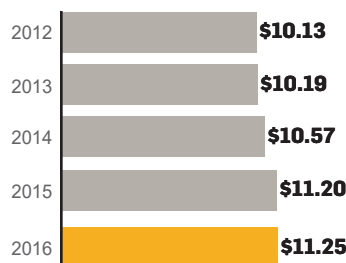
COMPANY LEVERAGE



NET ASSET VALUE (IN MILLIONS)



SHARE PRICE (CLASS M)



Investment performance is the most important measure of success for an investment manager. However, success in attracting new capital is a critical barometer of the market's receptivity and confidence in a manager's offering. During 2016, financial advisors chose to allocate approximately \$650 million of new capital to our strategy, a dramatic increase from the \$400 million of capital raised in 2015. Throughout 2016, **JLL Income Property Trust** remained the preferred daily NAV core real estate offering in the marketplace, attracting more capital than all of our competitors combined.

Real estate fundamentals remained strong in 2016, as higher occupancies continued to support rent growth across all four major property types. Vacancy rates remained below long-term averages and we expect that on a national level new supply will mirror positive demand. Changes in trade, immigration, or regulatory policies could affect markets in various ways. However, without knowing the priorities of the new administration, it is difficult to say which markets will be impacted the most. Given those uncertainties, we intend to err on the side of investing in better markets, focusing on higher quality properties, maintaining lower leverage, extending leases and maintaining higher occupancies across our widely diversified portfolio.

Note: All properties pictured are included in the JLL Income Property Trust portfolio.

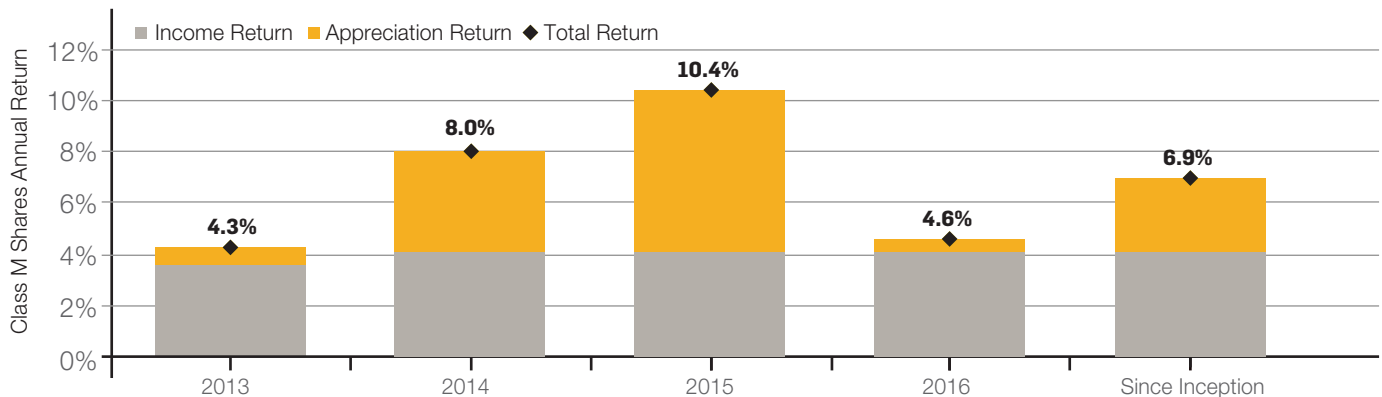


We believe that a portfolio diversified by both property type and geographic market will continue to be one of the greatest contributors to strengthening our investment performance. **JLL Income Property Trust** continues to offer investors unique simplicity – investment in a growing portfolio of high quality, well-located apartments, industrial warehouses, shopping centers and office buildings – conservatively financed and principally located in major markets such as Atlanta, Chicago, Dallas, Miami, New York, Portland, San Francisco, Seattle and Washington DC. Our strategy is to own high-quality, well-located, income generating commercial real estate for the long term.

Fundamentally, we are long-term investors. And you, our stockholders, should also aspire to be long-term investors in order to derive the portfolio benefits of owning core real estate. Stockholders should plan to hold our shares for five to seven years or longer as we are typically underwriting new property investments over a similar time horizon. We remain committed to actively managing our real-estate assets to provide attractive income returns to our stockholders. We delivered respectable annualized total returns last year in light of our phenomenal growth and deleveraging efforts, all the while maintaining a high-quality portfolio of institutional-caliber investments.

INVESTMENT PERFORMANCE

Our success with active asset management, new property acquisitions and strategic dispositions is reflected in our financial results and operating performance. Since we began our initial public offering in October 2012, we have provided net of fees annualized total returns for our Class A and M shares of 6.3% and 6.9%, respectively. For 2016, we reported total net returns for Class A and M shares of 3.9% and 4.6%, respectively. In the third quarter, we increased our dividend for the third time in four years – achieving an annualized dividend growth rate of 5.4%. As we seek to produce enduring wealth for our investors, we are pleased to once again report having paid out highly tax-efficient distributions to our stockholders with 100% of the distributions paid in 2016 qualifying as a non-dividend distribution or return of capital. While our primary investment objectives remain durability of income distributions and preservation of capital, for our taxable investors, we also strive to be a longer-term source of tax-advantaged income.



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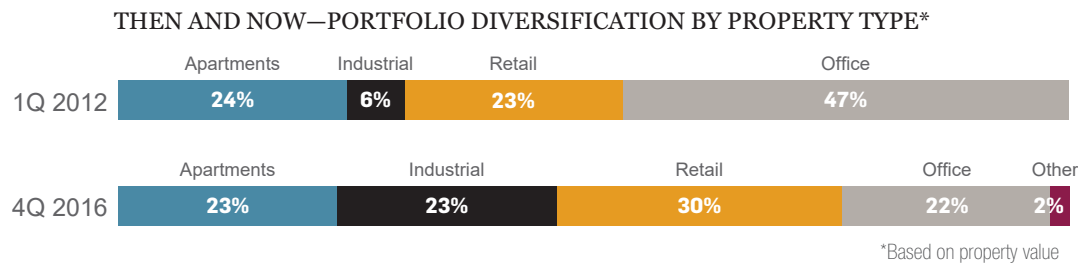
PORTFOLIO DIVERSIFICATION

A unique aspect of our strategy, and we believe one of its greatest strengths, is our ability to shift property type weightings and geographic concentrations as our research and strategy team (our in-house intellectual capital) guides us towards (and sometimes directs us to avoid) certain property sectors and geographic markets that are likely to outperform (or underperform) given their outlook for the current and future environment.

To demonstrate this, since 2012:

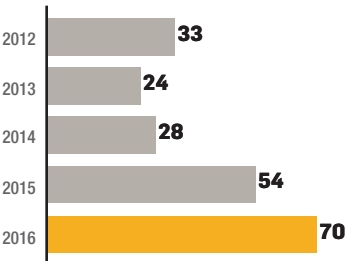
- ▶ In our apartment portfolio, we've acquired six new conventional apartment properties and disposed of five properties (all in the student housing subsector), decreasing our portfolio allocation to this sector from 24% to 23%;
- ▶ In our industrial portfolio, we've acquired 26 new warehouse properties and disposed of one property, increasing our portfolio allocation to this sector from 6% to 23%;
- ▶ In our retail portfolio, we've acquired interests in 24 new retail properties and disposed of four properties, increasing our portfolio allocation to this sector from 23% to 30%;
- ▶ In our office portfolio, we've acquired three new office properties and disposed of 18 properties, decreasing our portfolio allocation to this sector from 47% to 22%.

All of our 61 new property acquisitions over the last five years met our carefully developed investment criteria and each one enhanced the quality of our portfolio.

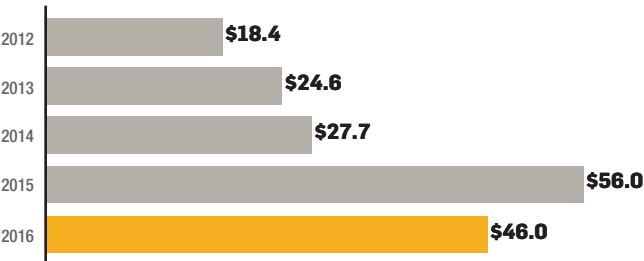


Since 2012, we have raised over \$1.4 billion of new capital. We have disposed of 28 non-strategic properties generating \$455 million in sale proceeds. With this capital we have acquired interests in 61 new properties (all of these more in keeping with our go-forward strategy) investing over \$1.7 billion. We also repaid or refinanced \$405 million in higher interest rate and higher loan-to-value loans and repurchased over \$200 million in shares at their daily NAV, returning capital to stockholders that desired liquidity or chose to reduce their allocations to core real estate.

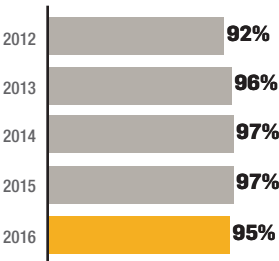
NUMBER OF PROPERTIES



ANNUAL PROPERTY APPRECIATION (IN MILLIONS)



PORTFOLIO OCCUPANCY



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2017 OUTLOOK

Our investment outlook for 2017 combines elements of stability and risk aversion. The stability factors are tied to property fundamentals which currently exhibit positive momentum and generally improving metrics of increasing rental rates and occupancies and declining vacancies across most core markets and property sectors.

While many macroeconomic indicators tell a mixed story around the world today, those most related to our business largely point to a continued favorable environment for **JLL Income Property Trust's** conservative bias. Our strategy is not one based upon fundamental market timing theories, at least not in the context of being a "long-only" perpetual life fund that offers investors exposure to the broad asset class of core real estate. However, we are acutely aware of the inherent risks in what we do and we work tirelessly to manage and mitigate those risks through all means available to us. Our target acquisitions remain well-located industrial warehouses and grocery-anchored neighborhood and community shopping centers along with conventional apartments in either urban and transit-oriented locations or suburban, supply-constrained markets with highly-rated school districts.

We aspire for **JLL Income Property Trust** to grow to become a fortress for investors – a fortress of enduring wealth. We are very pleased with the growth and accomplishments of **JLL Income Property Trust** and believe we are well positioned to take advantage of opportunities in 2017 and beyond. We realize that our success is directly attributable to our loyal and patient stockholders, our incredibly talented and committed colleagues across LaSalle and JLL, our expanding roster of supportive distribution partners and the growing community of financial advisors that place their trust in us and continue to recommend us to their clients. We are grateful for your support.

Our annual meeting is scheduled for 8:30 a.m. Central Time on Tuesday, May 9, 2017 at our offices on 333 West Wacker Drive, Chicago, IL, 60606.

Sincerely,



C. Allan Swaringen
President and Chief Executive Officer
March 31, 2017

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Annual Report 2016



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