



2019

ANNUAL REPORT



INCOME
PROPERTY
TRUST





INCOME
PROPERTY
TRUST

\$3.1^B

Total Asset
Value

77

Properties

96%

Occupancy
Rate

11.3^M

Commercial
Square Feet

as of December 31, 2019

Presley Uptown

Charlotte, North Carolina



Dear Fellow Stockholders,

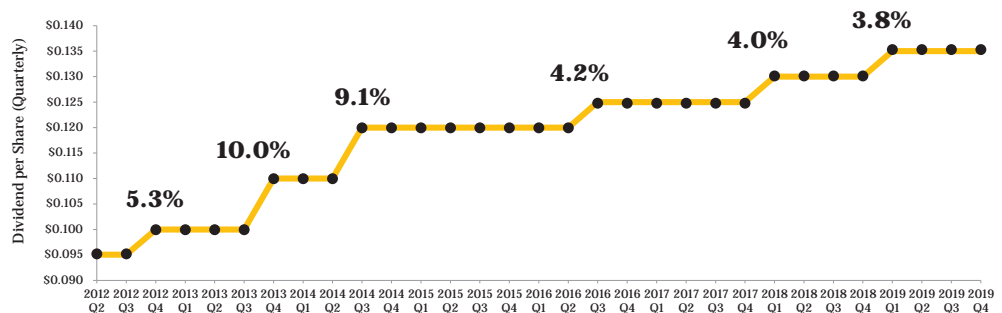
First and foremost, our hearts go out to the individuals and families around the world that have been directly affected by the COVID-19 pandemic. In the midst of fast-changing circumstances and the actions of governments and businesses, our top priority right now is to support the health and well-being of our employees and their families, our clients, our business partners and the communities where we operate. We are keenly focused on managing JLL Income Property Trust responsibly, and continue to be guided by the latest information available from leading health authorities and local governments where we operate.

As the health crisis has spread across global markets, we remain steadfast with our focus on protecting shareholder value. For the eighth consecutive year, even in the face of tremendous market volatility, JLL Income Property Trust has delivered dividend stability with over 32 consecutive quarterly distributions, and 4.6% annualized dividend growth since inception. A \$10,000 investment made with JLL Income Property Trust at inception would now be worth over \$16,000, delivering a return that is right at the midpoint of the industry acknowledged 6%-8% target for core commercial real estate. Since we launched our initial public offering in October of 2012, we have provided net of fees annualized total returns for our Class A and M shares of 6.4% and 7.0%, respectively, while delivering a standard deviation of less than 2%.

Given the volatility of the public markets, we view this as a gratifying achievement, and a testament to the investment philosophy, durability and resiliency of our institutionally-guided, daily NAV real estate investment trust. This performance has been made possible by an unwavering focus on well-located, high-quality, stabilized core real estate assets, together with a strong, low-leveraged balance sheet. Fixed rate, long-term, lower leverage aligns the vision for our portfolio with our long-term vision for the capitalization of those assets. This type of capital structure, tested through both normalized operating cycles and transformative events, has enabled financial flexibility and reduced interest rate risks. Indeed today, when both balance sheet liquidity and asset level stability are paramount, we feel we are uniquely well-positioned in the face of the current economic uncertainties resulting from the pandemic.

Quarterly Distributions

Declared 32 consecutive quarterly distributions with 4.6% annualized dividend growth



Fees and expenses reduce cash available for distribution. Distribution payments are not guaranteed and may be modified at the Company's discretion. The amount of distributions JLLIPT may make is uncertain. JLLIPT may pay distributions from sources other than operational cash flow, including, without limitation, the sale of assets, borrowings, or offering proceeds. To date, cumulative distributions have been funded by cash flow from operations. Data as of December 31, 2019. Past performance is historical and not a guarantee of future results.

Managed Growth Over the Long Term

By the Numbers

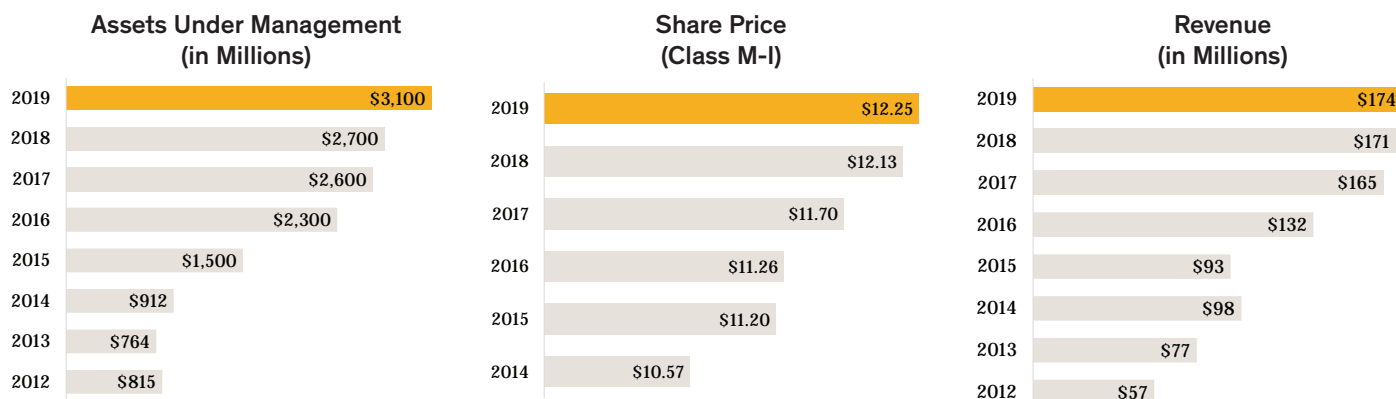


Quantifiable aspects of our calendar-year 2019 performance:

- Stockholders of our advisory shares (M-I class) realized a net of fees annual return of 5.9% and holders of our brokerage shares (A class) realized a net of fees annual return of 5.1%
- Total dividends paid increased from \$62 million in 2018 to \$80 million in 2019
- FFO (Funds from Operations) - a supplemental measure of operating performance used by the real estate industry - was \$64.7 million, in line with prior year
- We acquired 11 new properties, growing the total asset value of our portfolio by 13%, from \$2.7 billion to \$3.1 billion
- Our revenues grew by 2.2% year over year from \$171 million in 2018 to \$174 million in 2019

Managed growth

Our solid financial footing puts us in an excellent position for the future. Our lower leverage levels, coupled with our liquidity and borrowing capacity, should allow us to comfortably fund future growth. Our strong asset management platform and cash flow growth potential from new acquisitions should bolster our ability to continue to grow FFO and AFFO.



140 Park Avenue
Florham Park, NJ



Beyond the Numbers



Relationships

We highly value our ongoing, trusted relationships with financial advisors and our stockholders. JLL Income Property Trust has been recommended by over 3,000 financial advisors serving our 17,000+ stockholders across two dozen distribution partners spanning wirehouses, independent broker-dealers and registered investment advisors.

Environmental, social and governance

Our primary objective in all our activities is to deliver superior investment performance for our stockholders. We believe that environmental, social and governance (ESG) best practices will enhance the performance of our property investments and aid in attracting and retaining new capital.

Partnering with global and national organizations demonstrates our commitment to ESG, and allows us to learn, share our expertise, and grow our own ESG platform. Awards and recognition received in 2019 by our sponsor, JLL, our advisor, LaSalle, and for JLL Income Property Trust include:

- JLL Income Property Trust increased its overall GRESB score achieving a 3-Star Rating (Global Real Estate Sustainability Benchmark)
- JLL was listed on the Dow Jones Sustainability Index North America
- 100 Best Corporate Citizens, CR Magazine #1 in Financial Services/ Real Estate/ Insurance Category
- World's Most Ethical Companies, Ethisphere Institute, 12th year in a row
- Perfect Score on the Human Rights Campaign Foundation's Corporate Equality Index
- 2019 ENERGY STAR Partner of the Year for both JLL and LaSalle (Sustained Excellence Award)
- A+, UN Principles for Responsible Investment: Strategy & Governance & Property Scores
- A multitude of sustainability certifications were achieved in 2019 such as ENERGY STAR, Green Globes, BOMA Best, Fitwel and LEED in the LaSalle Americas portfolio



Finally, the majority-independent Board of Directors of JLL Income Property Trust is currently comprised of seven diverse and highly accomplished individuals committed to the best interests of our shareholders. Among other matters, the Board is responsible for approving and overseeing investment strategy, establishing and adopting investment guidelines that govern our investing activities, as well as providing oversight over our governance, financial controls, compliance and disclosures.

Research-Driven Diversified Investment Strategy



Fremont Distribution Center
Fremont, California

A unique aspect of our investment strategy, and we believe one of its greatest strengths, is our ability to shift property sector weightings and geographic market concentrations in adherence with the guidance of our Research & Strategy team (our in-house intellectual capital).

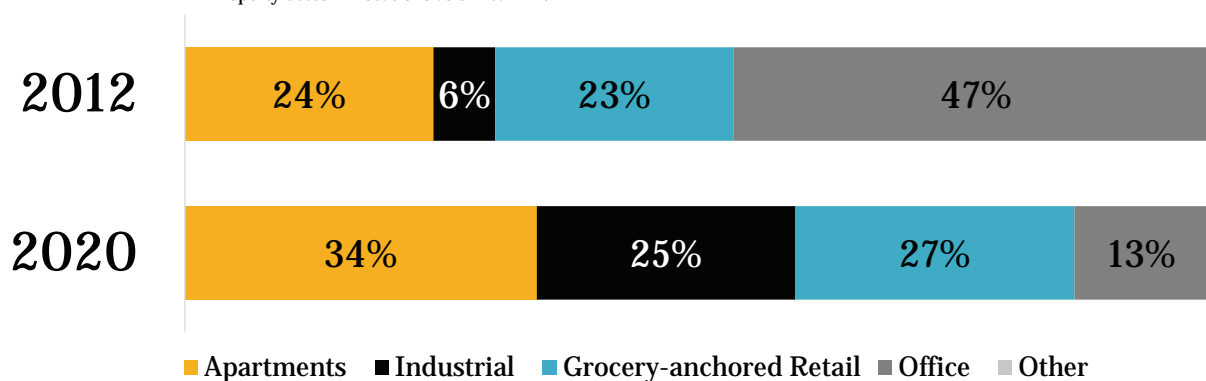
This group guides us toward certain sectors and markets that we expect to outperform given their outlook for operating fundamentals, supply and demand dynamics and market liquidity. At other times, Research & Strategy may direct us to avoid certain markets or sectors. Twice annually, we conduct a robust, portfolio-level risk management review, which further informs our investment decisions and helps to hone our diversification strategy.

Property Types

Since the inception of JLL Income Property Trust, we have steadily increased the allocation of apartments and industrial properties in our investment portfolio, in part due to their stability relative to other sectors, which aligns well with a defensive-minded, core investment thesis. Apartments, for example, typically have the lowest vacancy rates of any property type, while industrial properties offer stability through the length of leases, which are often ten years or more.

Portfolio occupancy remained consistent during the year, ending 2019 at 95%. Maintaining higher occupancies continues to be a priority of our asset management team. We experienced robust leasing activity, with almost 1.5 million square feet of new and renewal leases signed at a weighted average increase in rental rate of 3.6% over the prior rental rate.

Property Sector Allocations as of Year End



Apartments

An important component of our investment strategy for apartments is the quality of the school districts where the properties are located. Demand for apartments is being driven primarily by household formations from the millennial segment of the population (now mostly in their thirties), many with young families. As with prior generations, this younger cohort also cares deeply about their children's education, so there continues to be a strong demand for apartments in school districts where the quality of instruction is regarded as superior. In addition, in such locations, it is often more difficult for new construction to be permitted, zoned and ultimately delivered. New construction is often met with strong local opposition (colloquially referred to as "not in my backyard" or NIMBY-ism), which can keep competition for tenants in check and inures to the benefit of existing property owners. Our Research & Strategy team has back-tested this investment strategy and found that apartments in top school districts in suburban areas have consistently outperformed.

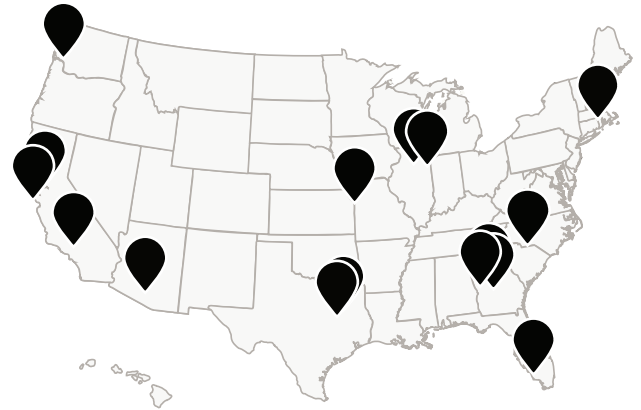
We focus primarily on garden-style apartments of two to three stories, which often have attractive amenities such as swimming pools and fitness clubs, as well as access to green spaces such as parks. These apartments often have a lower cost basis relative to mid-rise to high-rise level buildings, with a greater opportunity to drive rent growth.



Other property types

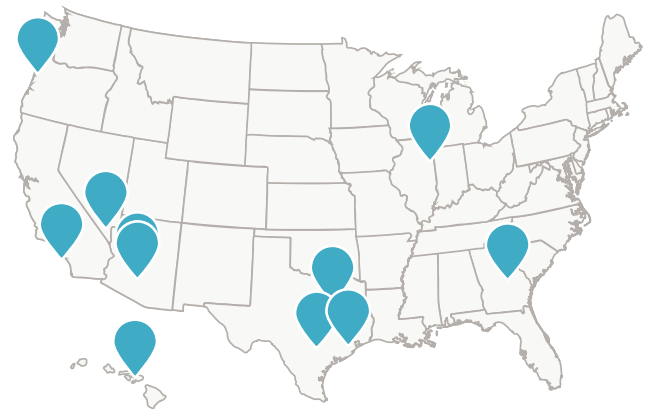
Industrial Warehouses and Distribution Centers

We seek to invest in industrial properties in major distribution centers near irreplaceable transportation hubs such as seaports, airports, railways and major highway systems, so that tenants can benefit from the movement of global trade and goods. We continue to increase our allocation to industrial as the shift to online purchasing has driven demand, and demand for space has been increased as tenants seek to modernize their operations, improve logistical efficiencies and increase warehouse capacity to get closer to their customers.



Grocery-Anchored Neighborhood Shopping Centers

We invest in grocery-anchored, open-air neighborhood shopping centers in densely populated residential areas with favorable demographic characteristics and prioritize convenience, accessibility and tenant mix. LaSalle ranks more than 40,000 U.S. grocery-anchored centers to target the best trade areas, giving each location a Supermarket Trade Area Rating System (STARS) score. The equal-weighted average STARS score of our grocery-anchored retail portfolio is 84%, meaning our centers rank in the top 20% of locations throughout the country.



Medical and Traditional Offices

We focus on Class A office properties near areas of dense population proximate to transportation access. Our strategy for office investments over-weights medical office buildings which have been identified as a defensive, low-beta real estate investment strategy by our Research & Strategy group.



Tenant and geographic diversification

The successful management of the JLL Income Property Trust portfolio includes the ongoing active management of diversification by property type, geography, tenant and industry, enabling the portfolio to better withstand a wide variety of market fluctuations. At the end of 2019, our 77 properties are located across 20 states. Our non-residential tenant mix includes a wide variety of industries with the largest percentages represented by consumer staples (22%), transportation & warehousing (18%) and health care (13%).

Innovation in Research, Technology and Analytics

Maui Mall Village
Kahului, HI

Our Research & Strategy team is a true differentiator for us. This highly experienced group is closely integrated with our investment team and assists in the development of our investment strategy, including annual strategic planning and developing customized strategies based on risk and return, geography and capital markets. The group advises on portfolio diversification and structure, and a research member sits on our investment team and votes on every acquisition and disposition.

This group's use of innovative and emerging technologies is also notable. For example, the Research & Strategy team uses over 26 distinct data analytics tools—across all layers of market data granularity—to identify locations where outperformance is more likely. The data covers metrics important to real estate investors, including new construction, transit, top schools, as well as local amenities that help create locational value.

The spatial mapping of desirable and undesirable features, using our Location Amenity Tool, helps us evaluate the bundle of neighborhood attributes that go along with any targeted investment. The rigor, detail and speed with which we are able to conduct these evaluations represents an improvement over simply “driving the trade area” or “walking the local neighborhood.”

New data analytics tools help quantify exactly what due diligence teams are seeing and also help researchers refine their predictive models of critical metrics such as rent growth and occupancy.



2020 Outlook

As we look to 2020, we are now operating in a very different environment. Beyond the heartbreaking human toll being felt worldwide, the COVID-19 outbreak has already had a significant impact on the global economy, and the consensus forecast is for a sharp shock to the economy in the first half of 2020, followed, assuming unprecedented stimulus efforts can set a "floor", by a gradual economic recovery. However, the further the outbreak widens and the longer it persists, the greater the chance of a more prolonged impact on the global economy and, by extension, real estate markets.

Our investment, portfolio and asset management teams are working closely with our Research & Strategy team, along with third-party property managers, to assess likely impacts of the pandemic on the investments we own and manage, and to ensure services continue to be delivered to tenants at the property level. The global reach of our firm is allowing important insights from around the world to inform decision making across our portfolio.

Over the short term, particularly in the first half of 2020, investment activity in commercial real estate is expected to slow, if not grind to a halt. Investors will apply more due diligence and will experience a lower practical ability to execute transactions. Extended transaction timelines and delayed closings are already evident in highly affected markets; however, technology will be used to connect parties and reduce some of the barriers to execution.

Interest rate volatility is impacting lenders who remain in a phase of "price discovery," particularly in the U.S. Capital markets are more turbulent now, and investors are struggling to assess risk and project future cash flows. Once the situation stabilizes, and investors have greater clarity, pent-up demand will hopefully be released in the second half of the year.

Overall, real estate remains in a favorable position relative to the wider economy, with supply in check and healthy fundamentals going into this shock. These factors should cushion values in the sector and potentially help facilitate a recovery. Investors will have a renewed sense of caution given the level of uncertainty and will likely give increased interest to assets with income stability.

For JLL Income Property Trust in particular, we remain focused on the factors that we can control. We have developed and deployed detailed contingency plans for many aspects of our business, and we are watchful trying to assess new issues and challenges. At the same time, our global workforce is demonstrating thoughtful leadership with creativity, compassion and flexibility in coping with issues that change every day.

All of us at JLL Income Property Trust are appreciative of your investment and support of our company. We will continue our efforts to further strengthen our portfolio so that we can, over time, provide you with greater shareholder value.

We are realistic about what lies ahead for our performance given the post-COVID-19 economic realities, balanced against the quality of our portfolio, our strong balance sheet and the capabilities and commitment of our team. While we cannot control external factors that may impact our business in the future, we will keep a pulse on legislation, world affairs and the overall economy and make adjustments as appropriate. And, as always, we will remind you of the long-term benefits of core real estate.

The success of JLL Income Property Trust is directly attributable to our loyal 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 who place their trust in us. Thank you for your support.

Sincerely,



C. Allan Swaringen
President and Chief Executive Officer
April 2020

Beginning in early April we will be mailing to all stockholders a copy of our Annual Report and Proxy Statement and launch our Proxy solicitation outreach program. **We ask for your help in voting your shares or encouraging your clients to vote their shares.** Our annual meeting is scheduled for 8:30 a.m. in Chicago on June 11, 2020 at the offices of JLL Income Property Trust, located at 333 West Wacker Drive, Chicago, IL, 60606.





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The Tremont
Burlington, MA



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

Annual Report 2019



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