

Transcript of
JLL Income Property Trust
JLL Income Property Trust 4Q25 Public Earnings Call
April 8, 2026

Participants

Allan Swaringen - President & Chief Executive Officer, JLL Income Property Trust
Gregg Falk - Chief Financial Officer, JLL Income Property Trust
Evan Horton – Senior Portfolio Accountant, LaSalle Investment Management

Operator

Good day, ladies and gentlemen. On behalf of JLL Income Property Trust, I'd like to welcome you to the Fourth Quarter 2025 Earnings Conference Call. This call is being recorded and our audience lines are currently in a listen-only mode and a question-and-answer session will follow the formal presentation. [Operator Instructions].

At this time, I'd like to turn the conference over to Evan Horton [ph] from JLL Income Property Trust. Evan, please go ahead.

Evan Horton

Welcome, everyone, to today's call.

Any statements made about future results and performance or about plans, expectations or objectives are forward-looking statements. Actual results and performance may differ from those included in the forward-looking statements as a result of factors discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, and in our other reports filed with the SEC. The Company disclaims any undertaking to update or revise any forward-looking statements.

In addition, all non-GAAP financial measures discussed during this call are reconciled to their most directly comparable GAAP financial measures in accordance with the SEC rules in our Form 10-K for the year ended December 31, 2025.

Links to a transcript and audio replay of this call will be posted and available on our website, JLLIPT.com until April 15, 2026. For further information on the Company's performance, we invite you to review our Annual Report on Form 10-K filed on March 26, 2026 and other filings which are available on the Company's website, as well as the SEC's website, sec.gov.

Now I would like to turn the call over to Allan Swaringen, Chief Executive Officer, and Gregg Falk, Chief Financial Officer. At the conclusion of their comments, we will open the call for your questions.

Allan, if you'd like to begin?

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Allan Swaringen

Thanks, Evan. Hello, everyone, and thank you for joining us for our fourth quarter earnings call.

2025 proved to be a year of upward momentum for real estate and for JLL Income Property Trust, with a full year of positive performance and capital growth for the portfolio. The repricing effect of the previous three years appears to have concluded, and the “new dawn” forecasted last year seems to have brightened the landscape for real estate. Interest rates are on a path to historical norms with the Fed’s implementation of three rate cuts in the second half of last year, and we have seen transaction activity accelerate as a result.

As of December 31st, our portfolio aggregated to approximately \$7 billion dollars comprised of 140 core properties spanning the industrial, residential, healthcare, grocery-anchored retail, and office sectors, and includes nearly 8,000 residential units.

The return of positive performance we saw towards the end of 2024 continued throughout 2025, and our one-year returns turned positive across all share classes for the first time in three years. For the year ending December 31, 2025, we delivered a positive 5.6% income return combined with a negative 1.7% appreciation return for a total return of positive 3.8% on our M-I share class. A tenet of our longer term, core investment strategy is delivering durable income that helps temper the inevitable valuation fluctuations across normal real estate cycles. Quarterly dividends have now been paid for 56 consecutive quarters, with an average annual increase of 3.7% over that 14-year period. Durable income and modest appreciation across market cycles, from core stabilized assets, remain the cornerstones of JLL Income Property Trust’s investment thesis.

Before highlighting some of our specific fourth quarter accomplishments, I would like to begin today’s discussion by reviewing the economic environment in which we operated during the quarter.

Q4 2025 presented mixed economic signals. Labor markets softened, with private job creation falling 48% from Q3 to 88 thousand jobs, and overall net job losses of 67 thousand for the quarter, driven by a decline in the federal workforce. Despite employment headwinds, economic fundamentals remained strong. Q3 GDP grew at a 4.4% annualized rate, and December inflation held at 2.7% year-over-year. The Federal Reserve cut rates for the third consecutive time in December, lowering the federal funds rate to a 3.50%–3.75% range.

Real estate capital markets activity reflected cautious but resilient investor sentiment. Annual transaction volume increased 23% as of Q4 2025. Commercial Mortgage-Backed Security spreads tightened further, driven by expectations of additional rate cuts and strong investor demand. Broad property pricing held firm, with the Green Street All-Property Commercial Property Price Index increasing 2.3% year-over-year as of December and 7.3% since December 2023.

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The U.S. apartment market ended 2025 soft, with negative net absorption in Q4 and occupancy declining 50 basis points from Q3. National vacancy climbed to 5.4%, while effective rents fell 0.4% year-over-year. New supply slowed to 90 thousand units for the quarter—lower than Q3 and below the long-term average—as new construction starts stabilized at a low level. Sun Belt metros saw the steepest rent declines, while Gateway markets posted annual rent gains above 4%.

The U.S. industrial market reflected an improved supply–demand balance. Q4 net absorption surged to 64 million square feet, a three-year high and triple the quarterly average of the previous two years. Completions reached 68 million square feet, with availability steady at 9.3%. Construction starts remained subdued, and the pipeline fell to 0.9% of existing stock, or about 144 million square feet. Asking rents increased 0.6% year-over-year, with 30 markets posting gains, though several West Coast markets declined.

Looking ahead, markets expect further Federal Reserve rate cuts. Shrinking supply pipelines should support strengthening fundamentals through 2026. Anticipated lower borrowing costs suggest capital markets will remain active, even as near-term geopolitical uncertainties may affect investment timing and risk assessments.

Having covered the industry-wide performance and market update, Gregg will now share a closer look at our portfolio’s financial performance during Q4 before I continue. Gregg?

Gregg Falk

Thanks, Allan. We finished the year with \$454 million dollars in year-to-date revenues, as compared to \$408 million dollars in the prior year, which represents a 11% increase. The increase is primarily related to new acquisitions made in 2024 and 2025 and increases in rental rates. Year-to-date net loss was \$26 million dollars compared to net income of \$20 million dollars in the prior year. The decrease in net income was primarily related to gains on dispositions that occurred in 2024.

Funds from Operations, or FFO, is a supplemental measure of operating performance used by the real estate industry, which most closely resembles GAAP net income. For the year ended December 31st, we reported FFO of \$106 million dollars, a decrease of \$19 million dollars from the prior year, primarily related to non-cash interest expense related to our DST Program. 2025 FFO was \$0.48 cents per share.

We also track adjusted funds from operations, or AFFO, as a supplemental measure of operating performance. AFFO is calculated as FFO adjusted for non-operating expenses and non-cash items. AFFO for 2025 was \$98 million dollars, an increase of \$3 million dollars from the prior year, primarily related to increased rental rates. 2025 AFFO was \$0.45 cents per share.

Stabilized occupancy remained strong throughout 2025 with the portfolio leased at 95% at December 31st. Our occupancies by segment were 97% for Industrial, 93% for Residential, 94% for grocery-anchored Retail, and 88% for our Healthcare portfolio.

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Maintaining higher occupancies through active tenant retention strategies continues to be a priority of our asset management team. The team has been focused on working with current and potential tenants to sign new and renewal leases. Trading lease term extension and early renewals in exchange for future lease execution risk is a strategy of our asset management team, which has provided great benefit for us today and we expect will continue to do so into the future. In 2025, we signed new and renewal leases for over 1.8 million square feet, with a weighted average rent increase of 25% over the previous rental rate. Active asset management has been a key to our strategy since we launched in 2012. One of the primary ways that we generate predictable, attractive income for distribution to stockholders is through long-term lease agreements with higher credit tenants. We also continue to strive to lengthen the weighted-average lease term of our overall commercial portfolio, which was around 6 years at the end of the year.

Offering a reliable and attractive level of current income to our stockholders that steadily grows over time is a primary focus of JLL Income Property Trust. Monthly distributions for the second quarter of 2026 are payable to stockholders of record as of the close of business on April 23, May 22, and June 23. On an annualized basis, this gross distribution is equivalent to \$0.63 per share and represents an annual yield of approximately 5.6% on a NAV of \$11.23 as of the date of approval. All stockholders will receive monthly distributions of \$0.0525 per share less applicable share class specific fees and the annualized yield will differ based on the share class. It is worth noting that we will have paid a consistently growing and reliable dividend for fourteen years.

The board's previous dividend declaration of \$0.1575 for the second quarter announced on March 16, 2026 was revoked by the Board of Directors and replaced by three monthly distributions of \$0.0525 per share.

Since we launched our initial public offering in October of 2012, we have provided an income return of 4.6%, an appreciation return of 0.9%, for a total return of 5.5% over that 13-year period for our no fee share class.

Our total company NAV was approximately \$4.6 billion at the end of the year. Our daily NAV methodology has provided stable market valuations, as evidenced by our sub 4% standard deviation of share price.

As an SEC registered company, JLL Income Property Trust holds annual stockholder meetings to seek approvals for various proposals, including the election of our majority independent board of directors, and occasionally other business. Our stockholder meeting is scheduled to be held virtually via internet webcast at 8:30 AM Central Time on June 11, 2026. Beginning in early April, we will be delivering to all stockholders a copy of our Annual Report and Proxy Statement and launch our Proxy solicitation outreach program. We need a majority of our shares of common stock voted in order to have a quorum for the stockholder meeting. We ask for your help in voting your shares or encouraging your clients to vote their shares.

Now, I'll hand the call back over to Allan to discuss our key fourth quarter activities.

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Allan Swaringen

Thanks, Gregg.

During the fourth quarter, we closed on two new acquisitions. In early December we acquired 3000 University Center Drive, a healthcare property located in Tampa, Florida. This investment added 133 thousand square feet to our portfolio and is 100% leased. The purchase price was approximately \$21 million dollars.

At the end of December, we acquired Westbury Square, an open-air retail center totaling 115 thousand square feet that is 100% leased. The property is located in Huntsville, Alabama and was purchased for approximately \$32 million dollars.

In December, we received \$102 million upon the repayment of 3 mortgages within our private credit allocation which represented full payment of outstanding loan balances. In addition, in Q4 we collected exit fee revenue of \$1.6 million related to the early payoff of these three mortgages. In an environment where many banks and lending sources have restricted lending activity significantly, we see opportunities to invest accretively by filling a void in the real estate debt capital markets as a first mortgage lender, a core competency of our organization with more than \$5 billion of real estate loans globally and 20-plus years of experience in real estate debt investing across multiple economic cycles. Over the next few years, we intend to grow our allocation to floating rate, senior secured real estate loans. These investments complement our equity investment portfolio and we believe will enhance cash flows and our income returns.

Our portfolio diversification by property type at the end of Q4 was 37% Residential, 40% Industrial, 12% Grocery-anchored Retail, and 11% Healthcare.

Our overall company leverage ratio was 32% at the end of Q4. Nearly 97% of our borrowings are at a fixed interest rate and we have minimal debt maturities over the next two years. Our portfolio-wide weighted average remaining loan term is five years and our weighted average interest rate on outstanding borrowings is 4.2%. While our portfolio is substantially insulated from the risks of rising interest rates, we intend to closely monitor rate movements and will employ leverage judiciously as and when it is accretive to target risk-adjusted returns. In November we closed on a new \$36 million dollar loan on West Raleigh Distribution Center. This loan bears an interest rate of 5.03% and matures in 2030, providing 5 years of term at this attractive fixed rate. Adding accretive debt and increasing our loan to value ratio over the next 12 to 24 months is one of our strategies to improve investment performance.

As for our stock transactions, we repurchased 100% of all redemption requests, approximately \$101 million dollars in shares pursuant to our share repurchase plan during the fourth quarter, which had a quarterly limit of \$122 million dollars. For over thirteen years now, we've never had to limit share redemptions. First quarter 2026 share repurchases will have a limit of approximately \$119 million dollars, which is 5% of our NAV as of December 31st. Stockholders should aspire to be long-term investors and hold our shares for seven to ten years or longer. Our share repurchase

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plan is available to stockholders subject to the quarterly limits and a twelve-month holding period.

Entering 2026, our 14th year, our outlook is bullish, given several key indicators: pricing has reset and performance has turned positive; accretive leverage has returned alongside a surplus of lender interest for core assets; recent supply headwinds have shifted to tailwinds improving the fundamentals outlook. Finally, as we start the year, we have record amounts of liquidity to invest now that investor interest is returning to real estate equity. To lend weight to this, in the 4th quarter we posted a record amount of net investor inflows that position us well as we have an aggressive 2026 business plan focused on one singular goal - improving investment performance this year and going forward. The fundamental reason for including real estate in a portfolio is long-term performance. Since inception from October 2012, JLL Income Property Trust has delivered attractive net of fees total returns of 5.5%, while consistently focusing on core, stabilized lower-risk investments.

JLL Income Property Trust continues to deliver a competitive current yield and attractive since inception total returns, all the while maintaining a high-quality portfolio of institutional-caliber investments. We are confident we will continue to add value to our current portfolio and look forward to growing and further diversifying our investments throughout the remainder of the year.

As an institutionally sponsored real estate fund, JLL Income Property Trust was designed to be an all-cycle investment vehicle, providing the potential for attractive, tax-efficient current income, portfolio diversification, modest capital appreciation and wealth preservation across a wide range of economic conditions.

Thank you for your time and attention today and I hope you found our remarks informative. Operator, we would now like to open the call for any questions.

Operator

Thank you. Ladies and gentlemen, we will conducting our question-and-answer session. [Operator Instructions]. Thank you. Our first question is coming from Jimmy McMahon [ph]. Sir, your line is live.

Q: Thank you. Can you please provide some additional color, Allan, to the performance of your real estate debt allocation and plans for future debt investments? Specifically wondering how this allocation within your overall equity portfolio is differentiated from the challenges we're currently reading about in the broader private credit markets. Thank you.

Gregg Falk

Allan, I'll go ahead and take that one. So IPT originated a portfolio of four mortgage loans for about \$134 million in 2023 and 2024. These mortgages are floating rate. They're tied to SOFR plus 3% to 4% spread. And they generally all have SOFR floors of

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anywhere between 3.254%. The SOFR floors there are to help provide downside protection to IPT should interest rates fall.

In Q4 of 2025 three of the four loans were repaid with an exit fee of between 1.35% and 2.25% of the outstanding loan balance resulting in a cash payment to IPT from these exit fees of almost \$1.6 million as Allan had mentioned. In addition, all the outstanding principal and accrued interest was paid off. So we successfully retired those loans with 100% repayment.

As of March 31st, we have one mortgage on our book still for \$32 million. The mortgage loan portfolio has been very successful delivering to IPT an average annual cash return of in excess of 9%. Looking forward, we would like to rebuild our direct mortgage portfolio over the next few years as we continue to see really great opportunities stepping into lending where the traditional lending markets are not as efficient. With LaSalle's 25-year track record of originating first mortgage loans, we have the in-house expertise and proven track record to be successful. And we intend to really build this allocation somewhere around 5% of our portfolio over time.

Now on your question about kind of the negative headlines we've seen come through private credit. Our real estate debt allocation really differs significantly from the private credit funds that are making all the headlines these days with the main difference being that our loans are secured by mortgages on real estate at loan amounts that are well below the current fair market value of those properties. So while we don't go into these loans intending to own the underlying property, if we do get one of the properties back they will fit nicely within the IPT portfolio because we're really only lending on properties that we would either own with debt, have an interest in with the debt or own the equity side of it.

So if we were to get these back, they would be very attractive investments for IPT given the low basis that we'd have in the underlying property. And we would feel pretty good about that. Well, that's not the strategy of this portfolio, but really we don't really see any stress in the secured mortgage loan market. So we feel like this is really still a good segment of the business to be in and really plan to grow it over time. Thanks for that question Jimmy.

Operator

Thank you. Our next question is coming from Nick Angel. Nick, your line is live.

Q: Hi. Thank you, Gregg, and thank you, Allan. Can you please explain your strategic rationale behind moving to monthly distributions from your longstanding practice of quarterly dividend payments?

Allan Swaringen

Yes, Nick. This is something we've been talking about for a while. And within the theme that we talked about in our prepared remarks of pulling every lever we can to improve point forward investment performance, we thought this was a good idea. As

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you know, most publicly listed companies, their shares are listed on a stock exchange they typically pay quarterly dividends. So as the kind of originator of the open ended perpetual NAB REIT sector.

When we started the fund in 2012, we set up a dividend payment quarterly, like what we believe to be the best, most well run publicly traded companies in the world. We've now paid 56 quarterly dividends, nine dividend increases, essentially 14 years of growing cash flow paid out to stockholders every quarter. However, the NAV REIT market has expanded. And in some ways, the innovations of followers in the market, they adopted a policy of monthly dividends, which in fact does pay dividends quicker than our quarterly payments.

So, in Q2 going forward, we've adopted our policy and will pay monthly dividends. Again, always subject to the board's approval. And in reality, it will be the same dividend amount that historically have been paid quarterly. But we'll just pay it out in three monthly installments every month to the stockholders. So we hope stockholders find this attractive. Getting cash earlier is generally a good thing. And the time value of money benefits stockholders. So this was designed to be 100% an investor friendly long-term goal to improve the attractiveness of our shares to current and future stockholders.

Operator

Thank you. Our next question is coming from Edward Guediguian [ph]. Edward, your line is live.

Q: Thank you, Gregg. Thank you, Allan. You mentioned adding accretive leverage as a strategy to improve investment performance. Can you provide additional details on that initiative?

Allan Swaringen

Yes, Andy, thanks for the question. And again, as you commented in keeping with the goal to continue to improve investment performance, I think the context here is important. And the reality is that really over the last three years, as interest rates have been substantially higher, and real estate equity has seen declines, we paid off substantial amounts of debt. And significantly deleveraged the company from in the low 40s LTV to now in the very low 30% LTV.

I think we ended up at 12/31 at 32% LTV. And again, that was all because interest rates during that time period were for the most part, dilutive to real estate returns. And so leverage or debt or mortgage obligations, getting more of the cash flow than the equity in the company just made no sense to us. So we've been a pre-payer and significantly paid down debt over the last three years.

Well, now, in fact, with the three interest rate cuts last year along with movement up in cap rates and discount rates, finally and thankfully, accretive leverage is now

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returned. And so we will use this positive leverage now, again, focused on improving investment performance. I think the context here is we're not going to race back and add 10 percentage points of leverage. We're going to do it over time, as we can't predict the long-term trend of interest rates.

You're going want to do this ratably over the next 12, 24, 36 months. But over time, we'd like to get back to the mid to low 40s of LTV. And there will be two benefits there. First off, adding accretive leverage generates excess cash flow, which over time hopefully allows us to increase our dividend and pay out more of that cash flow to equity.

The second benefit is this will give us substantial purchasing power. With a \$7 billion balance sheet today, adding 10 percentage points of leverage, give us somewhere between \$0.5 billion to \$1 billion of additional capital to invest, which will actually grow the portfolio and add new investments at a time period where we're seeing very attractive investments at significantly higher cap rates and discount rates than what we were able to invest in over the last three years.

So all geared towards improving investment performance on a point forward basis, adding leverage ratably, thoughtfully over the next three years is a very high priority for us. Thank you.

Operator

Thank you. [Operator Instructions]. Okay. As we have no further questions in the queue at this time, I would like to turn the call back over to Mr. Swaringen for any closing remarks.

Allan Swaringen

Thank you all for joining our call today. We appreciate your interest in JLL Income Property Trust, and we look forward to updating you shortly on the results of our first quarter 2026. Thanks for your time today.

Operator

Thank you, ladies and gentlemen. This does conclude today's conference, and you may disconnect your lines at this time. And we thank you for your participation.