



INCOME
PROPERTY
TRUST

ANNUAL REPORT

2017

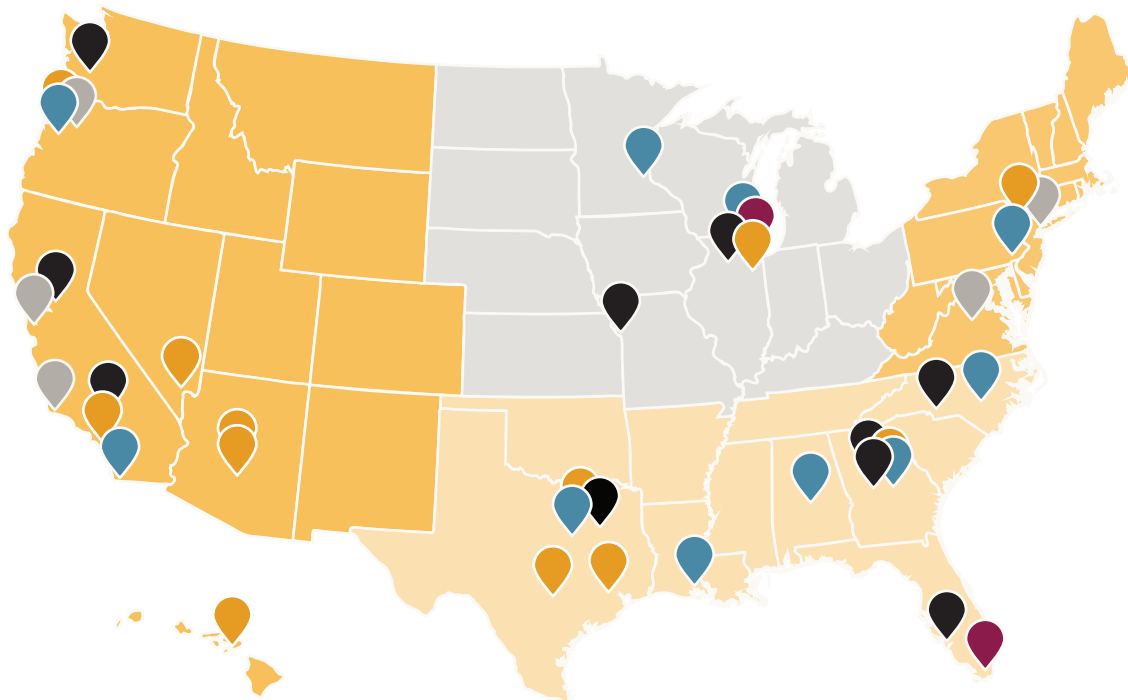




CURRENT PORTFOLIO:

**69 PROPERTIES
ACROSS 19 STATES**

10 APARTMENT COMMUNITIES, 28 INDUSTRIAL WAREHOUSES, 24 RETAIL CENTERS, 5 OFFICE BUILDINGS AND 2 PARKING GARAGES



Portfolio as of December 2017
For property details, visit jllipt.com



WEST

Kierland Village Center	AZ
Silverstone Marketplace	AZ
111 Sutter Street	CA
Dylan Point Loma	CA
Pinole Point Distribution Center (3)	CA
San Juan Medical Center	CA
Temecula Town Center	CA
Valencia Industrial Portfolio (5)	CA
Maui Mall	HI
Montecito Marketplace	NV
Jory Trail at the Grove	OR
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
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
Mason Mill Distribution Center	GA
Suwanee Distribution Center	GA
The District at Howell Mill	GA
The Reserve at Johns Creek Walk	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
Whitstone Market	TX

EAST

140 Park Avenue	NJ
NYC Retail Portfolio (13)	NY
AQ Rittenhouse	PA
Monument IV at Worldgate	VA

Dear Fellow Stockholders:

Five years ago, in my 2012 letter to stockholders, I wrote to you about transformation. Transformation of a “new, more investor-centric real estate opportunity ... a non-listed, daily valued, diversified perpetual-life REIT ... setting a new standard in the real estate industry for the individual high-net-worth investor.” Now in early 2018, as we highlight our accomplishments from last year – first and foremost of those is our five year anniversary on October 1st, and we mark this milestone by having delivered on our vision and highlighting **JLL Income Property Trust**'s success in terms of:

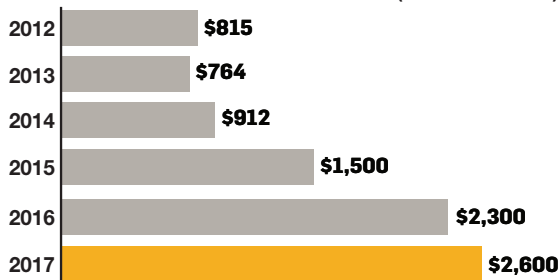
Outcomes Meeting Expectations

- *Institutional quality portfolio diversified by property type and geographic markets*
- *Lower volatility and correlation with the broader equity and fixed income markets*
- *Reliable and growing source of tax-efficient income*
- *Transparent valuations, increased liquidity and opportunity for modest appreciation*
- *Exceptional investment performance in-line with investor expectations.*

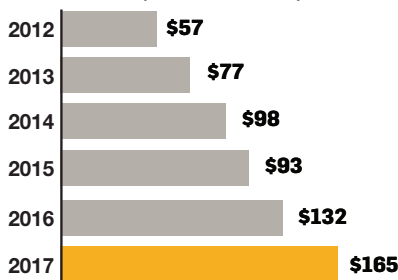
I am pleased to report that 2017 was a year of exceptional investment and operating out-performance for **JLL Income Property Trust**, a core diversified perpetual NAV REIT.

In 2017 we acquired four new properties, growing the total asset value of our portfolio by 10% from \$2.3 billion to \$2.6 billion. Our revenues grew by 25% year over year from \$132 million to \$165 million. Operating income grew by 60% year over year from \$16.1 million to \$25.8 million. Funds from operation (FFO), a real estate industry measure similar to GAAP net income grew by \$19 million or 39% from \$49.6 million to \$69.1 million*. FFO per share for 2017 across all share classes grew by 11% in 2017 or \$.05 year over year to \$.51 per share. Stockholders of our advisory shares (M class) realized a net of fees annual return of 8.2% and holders of our brokerage shares (A class) realized a net of fees annual return of 7.6%. Healthy real estate fundamentals helped us deliver a fifth consecutive year of impressive investment performance.

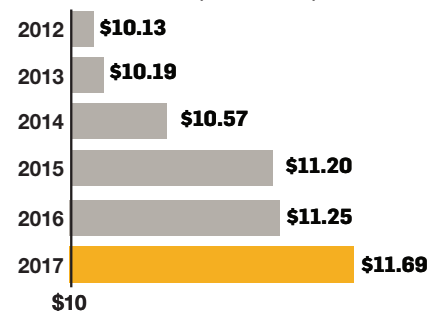
ASSETS UNDER MANAGEMENT (IN MILLIONS)



REVENUE (IN MILLIONS)



SHARE PRICE (CLASS M)



JLL Income Property Trust's primary mission is to create long-term value for stockholders by growing our asset base and future cash flows through the addition of carefully selected properties and by adding value through intensive asset management and capital reinvestment. With the emphasis on the long-term, while 2017 was noteworthy for all of the aforementioned accomplishments, a look through the last five years is a better lens with which to view our success.

* A reconciliation of FFO to GAAP net income can be found in our Form 10-K for the year ended December 31, 2017

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

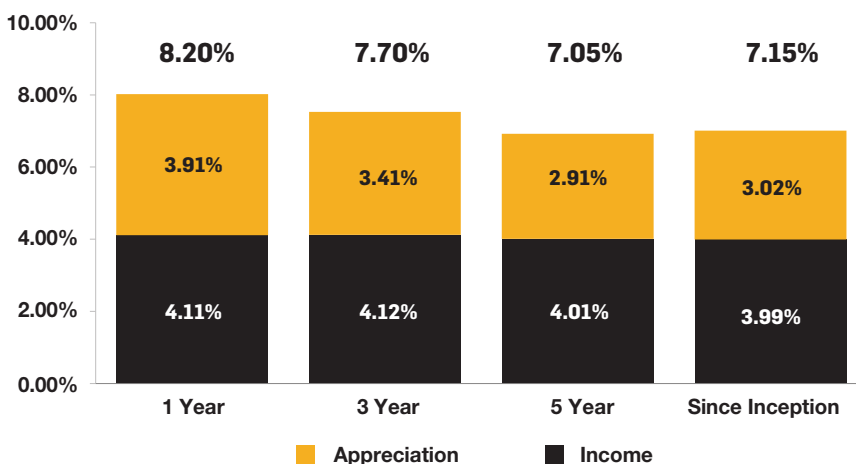


INVESTMENT AND OPERATING PERFORMANCE

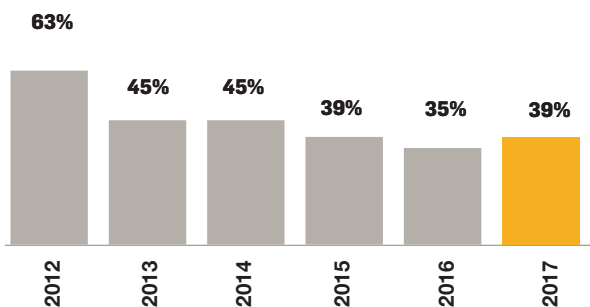
In October, we celebrated our five-year anniversary delivering returns over the period, net of all fees, of 7.0% for our Class M shares and 6.4% for our Class A shares. Given our size and scale, coupled with our tenure and track record, we remain the market leading core daily NAV perpetual offering.

Since 2012, we have raised over \$1.5 billion of new capital. With this capital we have acquired interests in 65 new properties investing nearly \$2 billion. We have disposed of 32 properties generating \$530 million in sale proceeds – and it is worth noting that our dispositions over the last five years have traded within a narrow range of their most recent independently determined appraised values, affirming our appraisal-based NAV methodology. We also repaid or refinanced almost \$430 million in higher interest rate and higher loan-to-value mortgages and repurchased over \$310 million in shares at their daily NAV, returning capital to stockholders that desired liquidity or chose to reduce their allocations to core real estate. Over the past five years we have grown our asset base from \$800 million to \$2.6 billion.

CLASS M SHARES NET RETURN



COMPANY LEVERAGE



We maintain a conservative balance sheet that utilizes modest leverage to enhance returns while protecting the downside and retaining capital capacity to take advantage of new opportunities. We have reduced our initial leverage ratio from 63% in 2012 to 39% at year-end 2017. We've extended our debt maturities insulating us from nearer term interest rate risks and now have a weighted average loan term of nearly seven years and a weighted average cost of debt of 3.6%. Fixed rate borrowings account for 84% of our debt with a weighted average interest rate of 3.66% and a weighted average term of 7.7 years; floating rate borrowings account for 16% of our debt with a weighted average interest rate of 3.06% and a weighted average term of 2.2 years.

Our access to capital was further improved in May 2017 when we replaced our soon to mature revolving line of credit with a new five year (with extensions) credit facility at better pricing and terms driven by strong interest from a syndicate of six world class real estate banks. In 2017 we attracted just shy of \$400 million of fresh equity and debt capital allowing us to acquire four new properties, adding almost \$220 million in assets throughout the year providing our stockholders with a more broadly diversified portfolio. Broad diversification across property types and markets is one of our primary risk management tenets.

Investing in both new and existing assets in our portfolio is fundamental to execution of our strategy. In 2017 our asset management teams invested approximately \$15 million of capital improvements in our existing properties, all geared towards capturing rent growth, lengthening our lease duration and maintaining our higher occupancies. We also signed new or renewal leases totaling over 600,000 square feet.

We believe our stockholders, and their advisors, value our stability, liquidity, reliability and predictability, and we remain committed to delivering on all of those.



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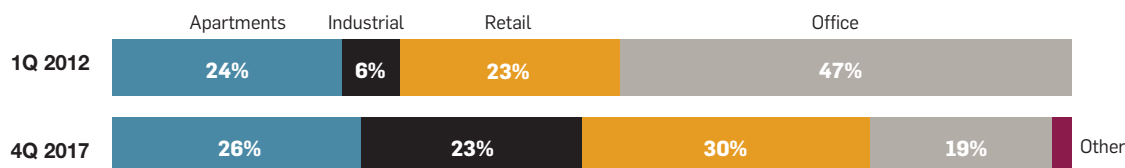
PORTFOLIO DIVERSIFICATION

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

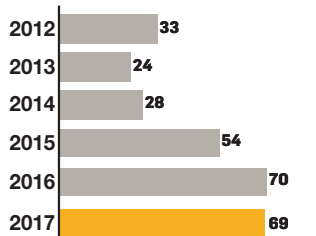
To demonstrate this, since 2012:

- In our **apartment portfolio**, we've acquired 8 new conventional apartment properties and disposed of 5 properties (all in the student housing subsector), increasing our portfolio allocation to this sector from 24% to 26%;
- In our **industrial portfolio**, we've acquired 27 new warehouse properties and disposed of 2 properties, increasing our portfolio allocation to this sector from 6% to 23%;
- In our **retail portfolio**, we've acquired interests in 25 new retail properties and disposed of 5 properties, increasing our portfolio allocation to this sector from 23% to 30%;
- In our **office portfolio**, we've acquired 3 new office properties and disposed of 20 properties, decreasing our portfolio allocation to this sector from 47% to 19%.
- All of our **65 new property acquisitions** over the last five years met our carefully developed investment criteria and each one enhanced the quality of our portfolio.

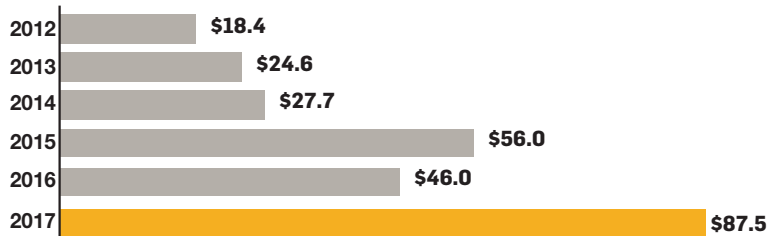
THEN AND NOW—PORTFOLIO DIVERSIFICATION BY PROPERTY TYPE



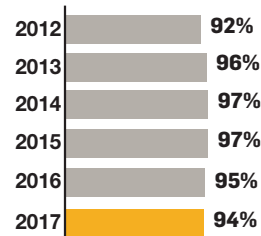
NUMBER OF PROPERTIES



ANNUAL NET PROPERTY APPRECIATION (IN MILLIONS)



PORTFOLIO OCCUPANCY



Income Driven (by design)

Since we launched JLL Income Property Trust in 2012, one of our primary investment objectives was to be a source of reliable and growing distributions for our stockholders – fully covered by the cash flows generated from our real estate portfolio. In 2017, we paid \$57.8 million in distributions to stockholders and since 2012 we've paid \$176 million to stockholders – paying twenty-five consecutive quarterly dividends.

At our March meeting, our Board of Directors approved a four percent increase for our first quarter 2018 dividend – from \$.125 per share to \$.13 per share. This is our fifth dividend increase in six years and represents a 5.4% average annual increase over those twenty-five quarters. 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 2017 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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2018 OUTLOOK

Despite geopolitical turmoil and a return of equity market volatility, the outlook for real estate remains steady and strong. Buoyant capital markets, strengthening economies, and reasonably balanced supply-demand fundamentals create somewhat of a “Goldilocks” economic environment for real estate investors as 2018 begins. As you may recall from Goldilocks sampling of the Bears’ porridge, chairs and beds, a Goldilocks economy is an economy that is just right - not too hot or cold, sustaining moderate growth, low inflation and interest rates and market friendly monetary policy. The Goldilocks moniker suggests that despite “just right” conditions, bears may be prowling around the global macroeconomic house. As prudent investors, cognizant of the later stage of this economic cycle, we must prepare for several different versions of a bear market – all of which would disturb the current peaceful Goldilocks story.

The three primary bearish risks are:

- Geopolitical threats
- Financial system threats
- Hyper stimulus threats

Each of these scenarios are evaluated as we develop our investment priorities for 2018 and beyond.

Similar to last year, our investment outlook and focus on core real estate 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. Our risk aversion will lead us to maintain our lower leverage, bias towards fixed-rate borrowings, longer lease duration, higher credit tenants, and geographic market diversification. Our target acquisitions remain well-located industrial warehouses and grocery-anchored neighborhood shopping centers along with conventional apartments in either urban, transit-oriented locations or suburban, supply-constrained markets with highly-rated school districts. We will focus on investing in better markets, higher quality properties, enhancing the value of our market-leading assets, extending leases and maintaining higher occupancies across our widely diversified portfolio.

ENVIRONMENTAL, SOCIAL & GOVERNANCE

Through LaSalle, our advisor, and JLL, our sponsor, they help us as leaders in the industry in terms of creating and maintaining sustainable investing and operating practices within our portfolio – initiatives of great importance to our tenants, our stockholders, and their advisors. Improving energy conservation, enhancing water recycling, reducing emissions and our buildings’ carbon footprints are all priorities throughout our portfolio.

For the eleventh consecutive year in 2018, JLL was named to the list of “Word’s Most Ethical Companies” by Ethisphere.com. As our sponsor and parent, they guide our activities and ensure we operate with the same high standards.

We are pleased with our accomplishments and believe we are well positioned to take advantage of opportunities in 2018 and beyond. Our success 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 that place their trust in us and continue to recommend us to their clients. Thank you for your support and we look forward to being an important part of your investment portfolio for years to come.

Our annual meeting is scheduled for 8:30 a.m. Central Time on May 8th, 2018 at our offices on 333 West Wacker Drive, Chicago, IL, 60606.

Sincerely,



C. Allan Swaringen
President and Chief Executive Officer
March 30, 2018



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Annual Report 2017



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