



# U.S. SINGLE-FAMILY RENTALS (SFR)



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Note: All properties pictured are not included in the JLL Income Property Trust portfolio.

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- The Single-Family Rental (SFR) market is becoming an increasingly important subsector within the residential sector of commercial real estate investing
- SFR fundamentals, favorable demographics and technology-driven scale are combining to make this subsector a strong investment complement to multi-family rental properties
- The 14 million homes in the SFR universe represent a larger investment opportunity than the 10 million apartments that make up the Class A & B multi-family market, yet only approximately 2% of the SFR market is institutionally-owned
- SFR can complement existing suburban multi-family holdings, capitalizing on the need for expanded space for young families
- LaSalle Research & Strategy projects long-term SFR rent and Net Operating Income (“**NOI**”) growth to be as strong as any other institutional property type
- The information that follows is rationale for incorporating the SRF property type in a real estate portfolio

Source: U.S. Census, American Housing Survey 2019.

As based on market assumptions, opinions and research by LaSalle's Research and Strategy group at the time of this presentation. Data as of as of October 2020.

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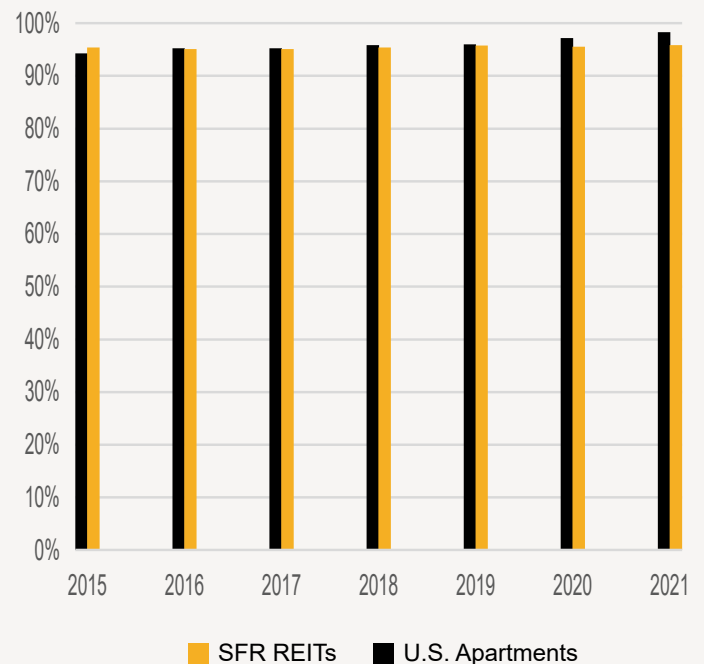


# SFR Homes Overview

## EMERGING INSTITUTIONAL INVESTMENT PROPERTY TYPE WITH STRONG DEMAND DRIVERS

- SFR is an emerging institutional investment sub-type with a large opportunity set and strong income growth outlook
- Demographics are expected to drive strong demand growth in next decade
- U.S. housing supply growth is not keeping pace with demand, pushing SFR occupancy to near record current levels. Rising construction costs are a further reason to expect supply may continue to lag demand
- Investing in stabilized, renovated properties and partnering with experienced SFR operators helps to mitigate SFR operational risk
- SFR has operational similarities and differences relative to apartments, serving different types of tenants. Both benefit from low obsolescence risk and a favorable supply-demand balance. Adding SFR cash flows enhances portfolio diversification
- SFR performance was strong both before and through the pandemic, evidence of the defensive characteristic of this sector

### SFR vs. Apartment Occupancy



Source: CoreLogic, John Burns Real Estate Consulting, Realpage, and AMH and INVH supplemental filings.  
U.S. Census, American Housing Survey 2019.

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# SFR Market Larger than Market-Rate Apartments

**SFR IN EARLY STAGES OF INSTITUTIONAL INVESTMENT AND COMPRISE 33% OF TOTAL US RENTAL MARKET**

## U.S. Occupied Housing Units

Owned

Rented

Condos & Co-ops – 4% - 4.5 MM units in buildings with >5 units

Owner-Occupied  
SFR

**57%**

(52% detached, 5% attached / townhomes)\*

**72**

Million Homes

SFR  
**11%**  
Total

(9% detached,  
2% attached /  
townhomes)

**14 Million  
Units**

**6%**  
Manufactured  
Housing &  
Other

Market-Rate  
Class A & B  
Apartments in  
Buildings with  
Over 5 Units

**8%**

**10 Million  
Units**

All Other Rental  
Units (Small  
Buildings, Class C,  
Subsidized/Public)

**14%**

**18 Million  
Units**

\*An attached single-family unit differs from multi-family because the underlying land is subdivided by unit.

Source: U.S. Census, American Housing Survey 2019.

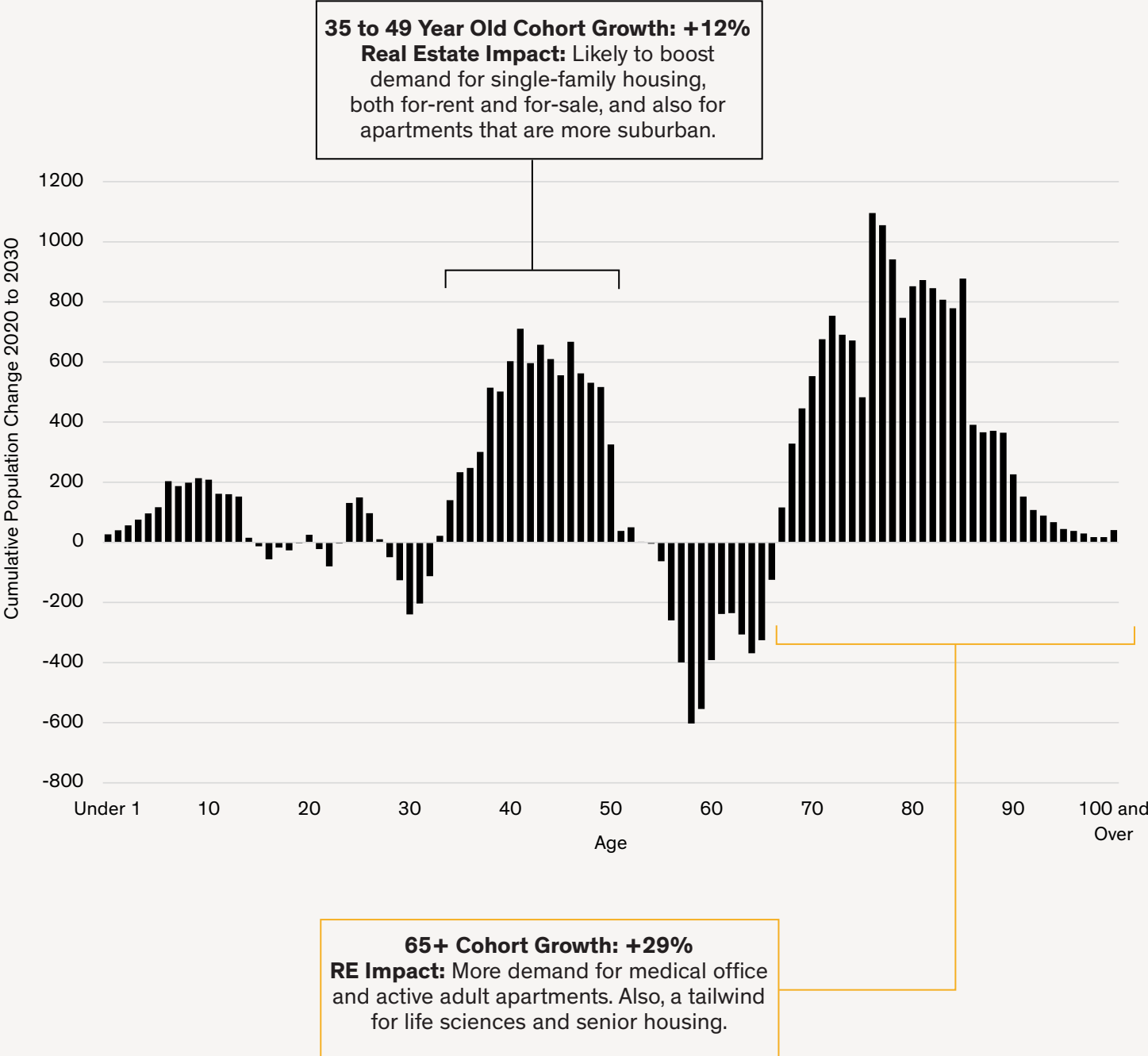
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# U.S. Demographic Change Favors Suburbs and SFR

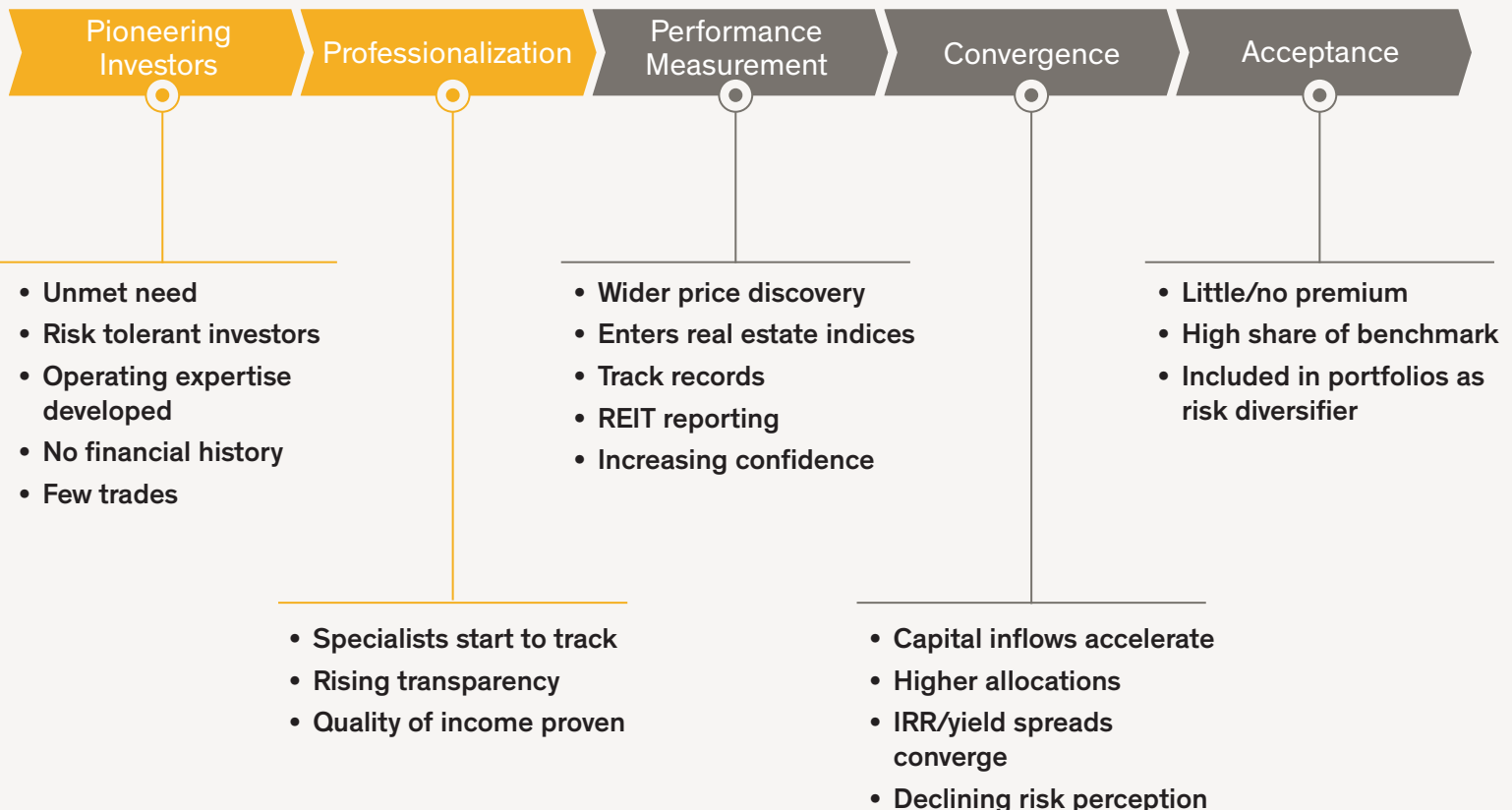
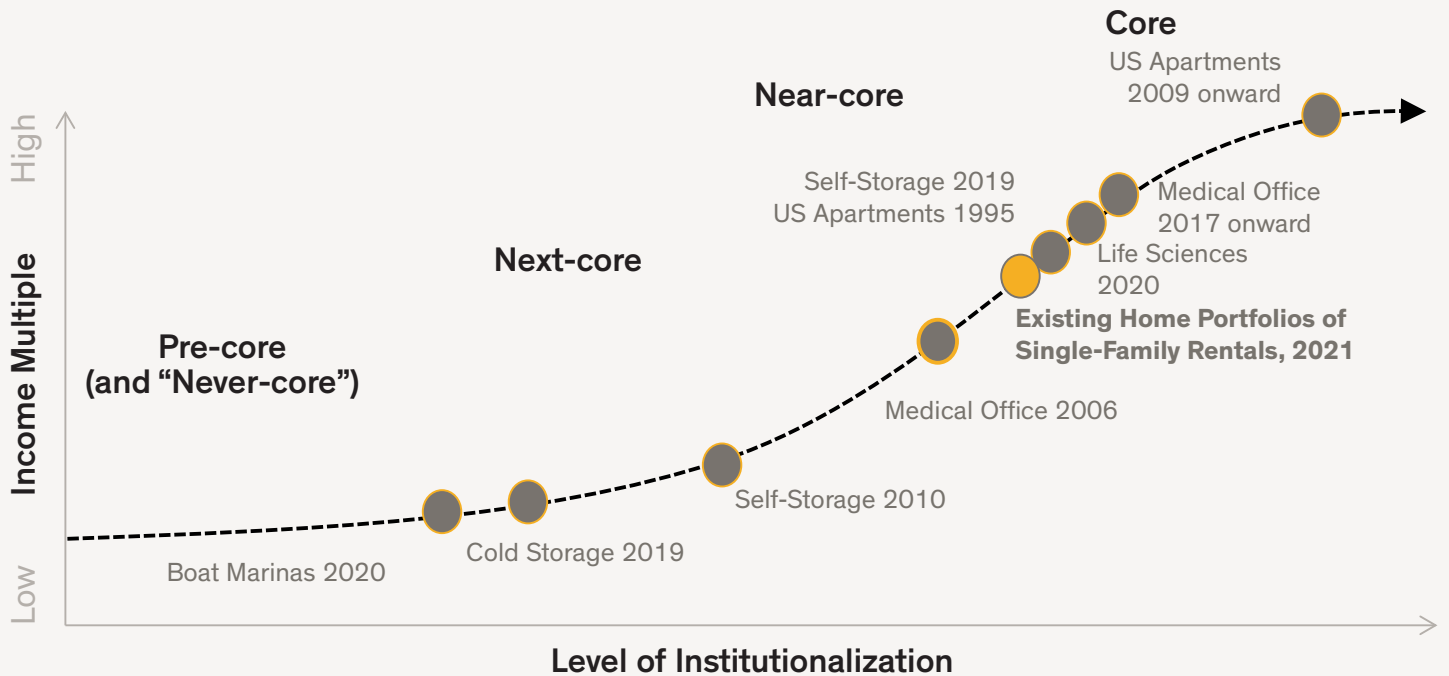
MILLENNIALS WITH FAMILIES TO DRIVE SFR DEMAND GROWTH OVER NEXT DECADE

U.S. Forecast Population Change, by Age, 2020-2030



# LaSalle Investment Management's Going Mainstream Framework

## ANTICIPATING AND DRIVING NICHE TRANSITION TO A HIGHER MULTIPLE



Note: Historical and current positions of U.S. property types are estimates by LaSalle Research & Strategy meant to frame the progression of niche property types over time.

As based on market assumptions, opinions and research by LaSalle's Research and Strategy group at the time of this presentation. Data as of April 2021.

# SFR Factors

## Tenant Profile

- **30 to 50 Years old:** Tenants are typically around 40 years old. This compares to a median Class A apartment age in the low 30s
- **More Families:** ~60% residents have children at home
- **Income & Education Slightly Above National Average:** SFR tenant median income of \$50,000

## SFR Tenant and Owner Responsibility

- **SFR Tenant**
  - Interior:** Air filter changes, replacing light bulbs, pest control; utility bills
  - Outdoors:** Mowing grass, raking leaves, snow removal
  - Plumbing:** Dealing with minor clogs
- **SFR Owner**
  - Interior:** HVAC systems and appliances
  - Outdoors:** Roof, fence, and garage door issues
  - Plumbing:** Leaks, water heater, garbage disposal

## Operating features

- SFR offers four detached walls, a yard and garage, 3-4 bedrooms and average of 1900 SF
- SFR REIT avg. rent: approx. \$1,800/month; \$0.90 to \$1.00 per square foot
- SFR tenants typically stay multiple years (about 3 years), with relatively low turnover vs. apartments
- Dispersed homes benefit from supply barriers
- Long-term capex and expenses similar to apartments
- Available third-party management

## Why Rent vs. Buy?

Deciding factors go beyond comparing monthly payments

- Renting avoids large transaction costs, from closing costs to hunting for a home to buy
- Enables tenants to live in neighborhoods and have the space that they prefer but where they might not be able to buy
- SFR tenants preserve their flexibility; buying a home makes less sense if residents plan to stay for under 5 years



# SFR Investment Opportunities and Challenges



## Opportunities

### Size and Demand Growth Outlook

- Strong long-term tenant demand growth from aging millennials. COVID has accelerated this trend
- Huge opportunity set, with nearly \$4 trillion in SFR, only about 2% is institutionally owned
- Solid long-term expected rent & NOI growth

### Defensive Risk Profile, Excellent Diversification

- Low tenant turnover and low beta during the pandemic
- Asset specific risks (around renovation for example) are diversified away by smaller individual assets

### Strong SFR Fundamentals

- National SFR rents grew 5.2% year-over-year as of June 2021
- SFR REIT Invitation Homes reported 98.3% SFR occupancy as of Q2 2021, up 80 basis points year-over-year.

### Exit Optionality and Continuing to “Go Mainstream”

- Becoming more institutional in private market. Creating a portfolio adds value for future institutional SFR buyers
- Individual sales provide exit optionality



## Challenges and Mitigants

### Deploying Capital in a Competitive Market

- Private institutional SFR buyers, REITs, iBuyers, and individuals compete for acquisitions
- For-sale home inventory is currently low, constraining acquisition pipeline velocity
- **Mitigant:** Deploy capital to an established portfolio of stabilized assets

### Success Can Depend on Skilled Operating Partner

- **Mitigant:** Partner with an operator who has a proven track record and operational infrastructure

### Gaining Efficient Scale

- Scale in terms of numbers of homes in a metro market is likely required to operate efficiently
- Limiting portfolio to small number of markets introduces some market risk if those cities lag
- **Mitigant:** Invest in a scaled way within a variety of attractive markets across the nation



# SUMMARY OF RISK FACTORS

This communication may contain forward-looking statements. Forward-looking statements are statements that are not descriptions of historical facts and include statements regarding management's intentions, beliefs, expectations, research, market analysis, plans or predictions of the future. Because such statements include risks, uncertainties and contingencies, actual results may differ materially from those expressed or implied by such forward-looking statements.

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, or offering proceeds. 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 commercial 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 commercial 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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