

Clarion Partners Real Estate Income Fund

Fund summary

Clarion Partners Real Estate Income Fund (the “Fund”) is a daily valued, continuously offered ‘40 Act real estate fund that holds a strategically diversified portfolio of real estate assets across property types and geographic regions. The Fund is managed by Clarion Partners, a registered investment adviser with 1,460 properties and \$72.5 billion in real estate assets under management.¹

Fund strategy

The Fund seeks to generate attractive current income with the potential for long-term appreciation and favorable risk-adjusted returns by investing in a portfolio of private commercial real estate and publicly traded real estate securities. The Fund offers direct access to institutional-quality private real estate via Clarion’s real estate platform, tenured investment team and deep understanding of macro and fundamental real estate dynamics gained over many market cycles.

New Investment



The Pearl at Boulder Creek, Boulder, CO²

The Pearl at Boulder Creek is a senior loan originated for the recapitalization of a 116-unit senior living community in Boulder, CO, located adjacent to the University of Colorado Boulder campus. The experienced Sponsors include an institutional investment management firm and a leading Senior Housing operator.

Boulder is a scenic retirement destination whose 80+ population cohort is forecast to expand 6.3% annually over the next five years, substantially above the national average of 4.7%. Clarion believes the market is also subject to significant barriers to entry which insulate the Property from future competition from new supply.³

The Property’s unit mix consists of one- and two-bedroom units for both independent living and assisted living that provide accommodation to appeal to a broad range of prospective residents. Units offer modern features including high-ceilings, laundry, balconies, large closets and upscale kitchens with natural stone counter tops and stainless-steel appliances. Community amenities include driver service to shopping, events and medical appointments, outdoor patio spaces, lounge and game rooms, a salon and nail spa, indoor pool, full-service dining room, on-site restaurant, fitness center, and an art studio.



Institutional-quality: An institutional-grade, or institutional-quality property generally refers to a property of sufficient size and stature to merit attention from large national or international investors.

1. As of December 31, 2024. FTFA is the investment manager of the Fund. Clarion Partners is the investment sub-adviser.

2. As of March 31, 2025 The Pearl at Boulder Creek is 4.5% of relative percentage of the holding of the entire portfolio (100%).

3. As of March 10, 2025, Clarion Partners Global Research



National Industrial Outdoor Storage Portfolio⁴

Portfolio managers



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New York, NY



Janis Mandarinio
New York, NY



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New York, NY



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New York, NY

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U.S. market update

- Recent economic data suggests that the U.S. economy remains on solid footing. However, considering the market's reaction to the recent tariff announcements, the likelihood for a deceleration in these positive trends has risen. As of March, total employment increased by a relatively healthy 228,000 jobs and the unemployment rate remained near full employment at just above 4%.⁵ The Fed is signaling for two rate cuts this year due in large part to the economy's slowing expansion and the gradual deceleration in inflation. However, threat of a renewed trade war and the rising probability of a recession have clouded the near-term interest rate and economic outlook. Although uncertainty remains elevated, the resilience of the U.S. economy and expectations for lower interest rates are positives for commercial real estate
- Following a period of elevated interest rates and a challenging capital markets environment, commercial real estate transaction activity, although still relatively subdued, appears to be improving.⁶ Additional Fed rate cuts and a subsequent lowering in debt costs may support sales volume and valuations in 2025, although uncertainty around the volatility of long-term rates, escalating geopolitical tensions, tariffs and immigration may keep some investors on the sidelines.
- Tighter lending conditions and elevated construction costs have led to a substantial reduction in construction starts across property types, which should support solid NOI growth going forward.⁷ Our investment strategy remains focused on sectors that are poised to benefit from favorable, structural demand tailwinds, bolstering tenant demand during periods of economic turbulence and rising uncertainty.

Fund highlights

- The Fund completed three acquisitions during the first quarter. These include an industrial outdoor storage (IOS) investment in Houston, TX, one senior loan on a national portfolio of IOS investments, and one senior loan on a senior living community in Boulder, CO, highlighted on the previous page.⁴
- Houston Airport IOS is a 100% leased, 7.59-acre IOS facility in Houston, TX. The Property is located directly off Beltway 8, proximate to the area's major distribution thoroughfares including the George Bush Intercontinental Airport. The Property was fully renovated in 2024 and is improved with a 23k sf warehouse, offering tenants flexibility for fluctuating logistics needs.
- The National IOS Portfolio is a senior loan for the recapitalization of an eight-property portfolio located across seven MSAs: Chicago, Phoenix, Las Vegas, Houston, Dallas, Atlanta, and the Inland Empire. With a weighted average lease term of 3.8 years remaining, the portfolio affords potential mark-to-market opportunities as leases rollover. This investment increases the Fund's exposure to the high-performing IOS sector, which shares the same secular tailwinds as the broader industrial sector.

4. Characteristics and holdings weightings are based on total portfolio (unless otherwise noted), are subject to change at any time, and are provided for informational purposes only. Not to be construed as a recommendation to purchase or sell any security. There can be no assurance that any unrealized investment described herein will prove to be profitable. As of March 31, 2025. The investments above represent the below relative percent of the entire portfolio holdings (100%): National Industrial Outdoor Storage Portfolio 6.9%, Houston Airport Industrial Outdoor Storage 1.1%, The Pearl at Boulder Creek 4.5%

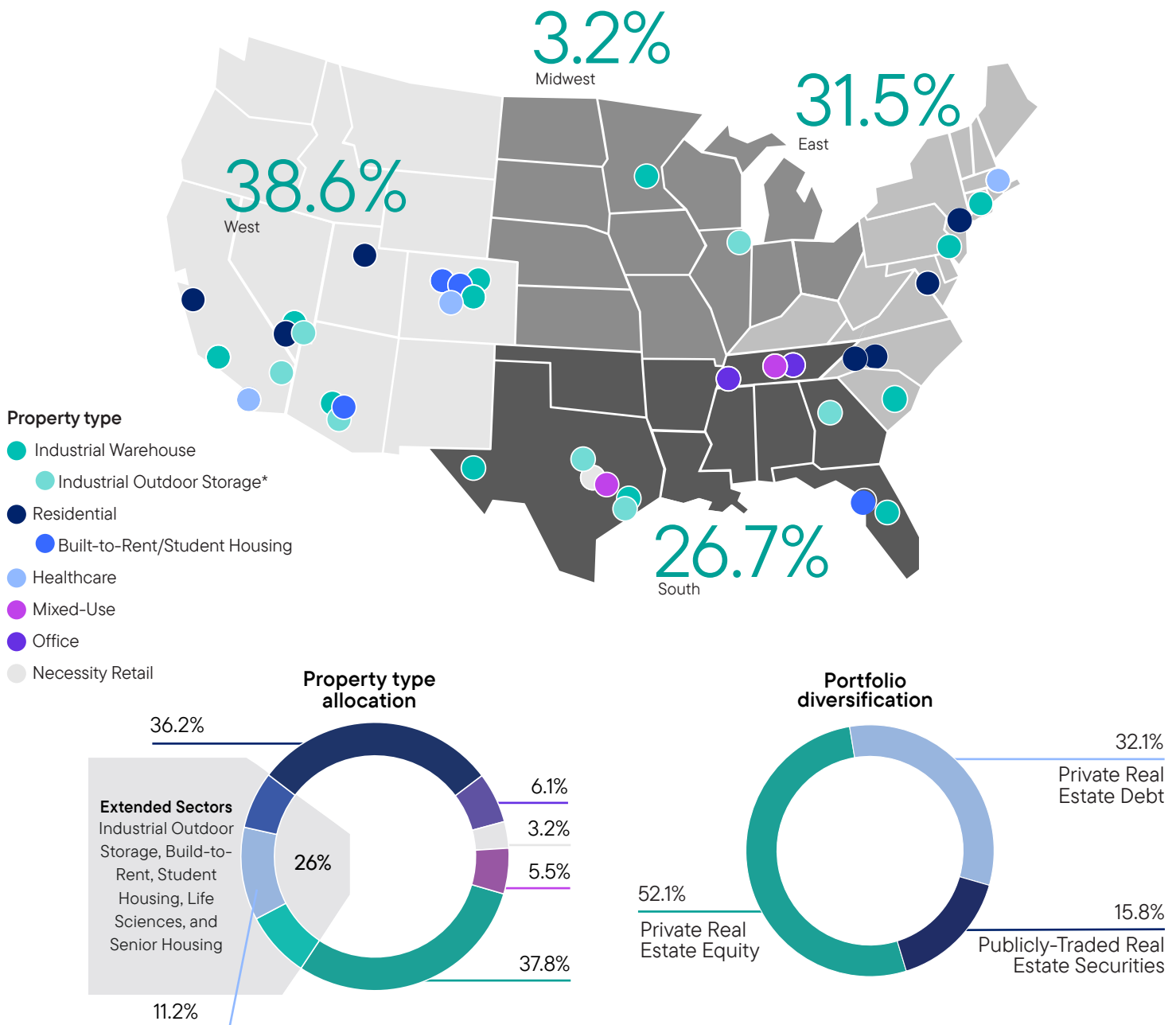
5. BLS, Moody's Analytics, Clarion Partners Global Research

6. MSCI Real Capital Analytics, Clarion Partners Global Research

7. U.S. Census Bureau, Moody's Analytics, CBRE-EA, Dodge, Clarion Partners Global Research

Note: Forecasts were provided by Moody's Analytics as of 9/2024. Forecasts have certain inherent limitations and are based on complex calculations and formulas that contain substantial subjectivity and should not be relied upon as being indicative of future performance. Past performance is not indicative of future results.

Current portfolio investments⁸



Glossary

Gross domestic product (GDP): the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health.

Submarket: A submarket is a smaller part of a larger real estate market. Submarkets are often identified as neighborhoods or suburbs within the larger metropolitan area.

*Some investment portfolios may include more than one property

8. Map of closed investments as of March 31, 2025. Please see important disclosures at the end of this document for further information. Asset allocations are based on the Net Asset Value of each asset as a percentage of the Net Asset Value of the portfolio. Geographic, Property Type and Property Holdings allocations are based on the Gross Real Estate Value of each asset as a percentage of the Gross Real Estate Value of the Private Real Estate sleeve.

Performance shown represents past performance and is no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate so shares, when redeemed, may be worth more or less than the original cost. For performance data including the effects of sales charges, Class S shares reflect the deduction of a maximum front-end sales charge of 3.5%. Class T shares reflect the deduction of a maximum front-end sales charge of 3% and a dealer manager fee of 0.5%. Total returns assume the reinvestment of all distributions at net asset value and the deduction of all Fund expenses. Total return figures are based on the NAV per share applied to shareholder subscriptions and redemptions, which may differ from the NAV per share disclosed in Fund shareholder reports. Performance shown excluding sales charges would have been lower, if the applicable sales charge been reflected. Had fees not been waived in various periods performance would have been lower. All classes of shares may not be available to all investors or through all distribution channels. For the most recent month-end information, please visit www.cprex.com.

This is not an offer to sell, or a solicitation of an offer to buy, securities. Investment in real estate and real estate derivatives entails significant risk and is suitable only for certain qualified investors as part of an overall diversified investment strategy and only for investors able to withstand a total loss of investment.

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Franklin Templeton does not provide recommendations or asset allocation advice.

INVESTMENT RISKS

Past performance is no guarantee of future results. All investments involve risk, including loss of principal. Diversification does not ensure against loss. An investment should be considered long-term within a multi-asset portfolio and should not be viewed individually as a complete investment program. The Fund is subject to a high degree of risk; additional risk considerations are listed:

LEVERAGE RISK:

The Fund and/or its subsidiaries employ leverage, which increases the volatility of investment returns and subjects the Fund to magnified losses if an underlying fund's investments decline in value.

LIQUIDITY RISKS

The Fund should be viewed as a long-term investment, as it is inherently illiquid and suitable only for investors who can bear the risks associated with the limited liquidity of the Fund. Limited liquidity is provided to shareholders only through the Fund's quarterly repurchase offers for no more than 5% of the Fund's shares outstanding at net asset value. There is no guarantee these repurchases will occur as scheduled, or at all. Shareholders may not be able to sell their shares in the Fund at all or at a favorable price.

REAL ESTATE INVESTMENT RISKS

The Fund's investments are highly concentrated in real estate investments, and therefore will be subject to the risks typically associated with real estate, including but not limited to fluctuations in lease occupancy rates and operating expenses, variations in rental schedules, which in turn may be adversely affected by local, state, national or international economic conditions. Such conditions may be impacted by the supply and demand for real estate properties, zoning laws, rent control laws, real property taxes, the availability and costs of financing, and environmental laws.

Furthermore, investments in real estate are also impacted by market disruptions caused by regional concerns, political upheaval, sovereign debt crises, and uninsured losses (generally from catastrophic events such as earthquakes, floods and wars). Investments in real estate related securities, such as asset-backed or mortgage-backed securities are subject to prepayment and extension risks.

PRIVATE MARKET INVESTMENTS RISKS

An investment in the Fund is suitable only for investors who can bear the risks associated with private market investments (such as private credit and private equity) with potential limited liquidity. Shares will not be listed on a public exchange, and no secondary market is expected to develop.

Any reference to or use of the terms "registered" or "registered investment adviser" does not imply that Clarion Partners or any person associated with Clarion Partners has achieved a certain level of skill or training.

Before investing, carefully consider a fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, and summary prospectus, if available, at www.cprex.com. Please read the prospectus carefully before investing.