Clarion Partners Real Estate Income Fund

Quarterly Commentary

Fund overview

Summary

Clarion Partners Real Estate Income Fund (the "Fund") is a daily valued, continuously offered interval fund registered under the '40 Act 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 over 1,350 properties and over $73 billion in real estate assets under management.[1]

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



Main Avenue Shopping Plaza - Norwalk, CT[2]

Main Avenue Shopping Plaza, Norwalk, CT

Main Avenue Shopping Plaza ("the Property") is a 156,568-square-foot, grocery-anchored community retail center located in Norwalk, CT, within Fairfield County. The property is 100% leased with 9.5 years of weighted average lease term remaining and is anchored by Stop & Shop, Total Wine & More and Hobby Lobby. The center benefits from a highly visible and accessible location near the Merritt Parkway, supporting consistent traffic from local residents and regional commuters.

The investment expands the Fund's exposure to necessity retail, a high-conviction sector supported by favorable long-term supply-demand fundamentals. The surrounding submarket benefits from limited new retail construction, strong occupancy and positive rent growth, supporting a favorable supply-demand environment for well-located shopping centers. The property's grocery anchor and complementary national tenancy reinforce its position as an established daily-needs shopping destination, while its long-term leases, contractual rent increases and seasoned tenant base provide durable in-place cash flow with limited near-term rollover. The property also benefits from Fairfield County's dense population, strong household incomes and diversified employment base, which support resilient consumer demand and long-term retail fundamentals.

7 YEAR ANNIVERSARY

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 June 30, 2026. FTFA is the investment manager of the Fund. Clarion Partners is the investment sub-adviser.
2. As of September 30, 2026, Main Avenue Shopping Plaza is 2.8% of relative percentage of the holding of the entire portfolio (100%).

Not FDIC Insured | No Bank Guarantee | May Lose Value



Highland Station, Louisville, KY[8]

Portfolio Managers



Richard Schaupp
New York, NY



Janis Mandarino
New York, NY



Brent Jenkins
New York, NY

Clarion Partners
One Madison Ave
New York, NY 10010
(212) 883-2500

Where can I find more information?
Visit www.cprex.com

U.S. market update

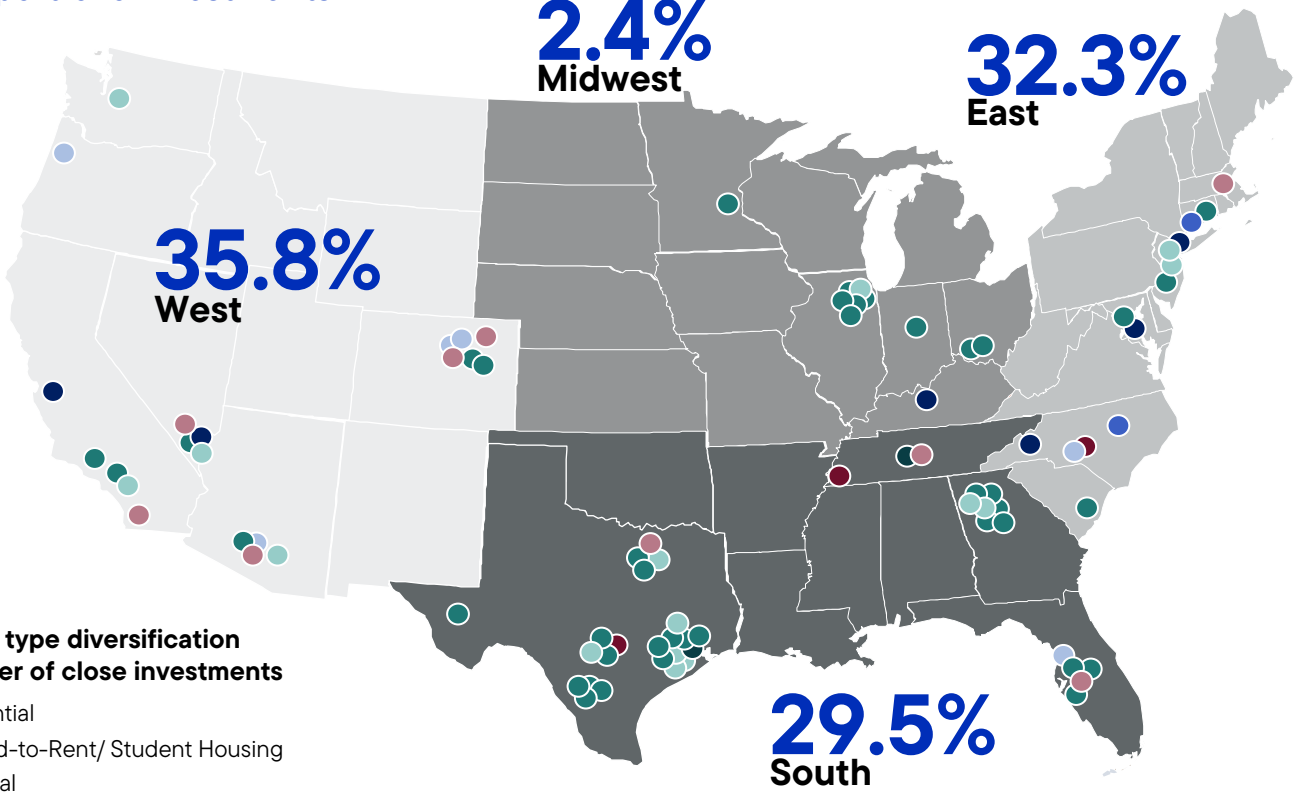
- U.S. economic growth remained resilient despite policy and geopolitical uncertainty, with real GDP expanding 2.2% in 2Q following 2.5% growth in 1Q. Consumer spending and AI-driven business investment supported activity, with real consumer spending rising 0.6% in August, its fastest monthly increase in over a year. However, persistent inflation continued to weigh on lower- and middle-income households.[3]
- Labor market conditions softened, driven primarily by slower hiring rather than widespread layoffs. Payrolls increased by 29,000 in September, while unemployment remained at 4.2%.[4] Inflation remained elevated, with headline and core Personal Consumption Expenditures Price Index (PCE) rising 3.4% and 3.0% year-over-year in August, respectively.[5] The Federal Reserve raised rates by 25 basis points in September to a target range of 3.75%–4.00%.[6]
- Commercial real estate fundamentals continued to improve, supported by resilient demand, limited new supply, and stabilizing property values and transaction activity. However, rising long-term interest rates have kept borrowing costs elevated, potentially slowing the recovery. Looking ahead, constrained supply should support occupancy, rent growth, and net operating income (NOI), though performance may vary across sectors and markets.

Fund highlights

- CPREX continues to prioritize sectors with strong demand and favorable supply dynamics, including senior housing, outpatient medical, industrial, industrial outdoor storage (IOS), and necessity-based retail, while remaining selective in rate-sensitive sectors. The Fund also seeks attractive risk-adjusted opportunities in debt and preferred equity amid elevated yields and tighter financing conditions.
- The Fund completed five equity acquisitions during the third quarter. These include four IOS investments across New Jersey, Texas, and Georgia, and a grocery-anchored retail center in Norwalk, CT, highlighted on the previous page.
    - 242 Mack Place is a 100% leased, 0.98-acre IOS property in South Plainfield, NJ, located directly adjacent to an existing CPREX IOS investment. The property benefits from convenient access to I-287 and the I-95 Northeast Corridor, providing connectivity to dense Central and Northern New Jersey population centers and supporting long-term IOS demand.
    - 6500 Brittmoore is a 100% leased, 11.87-acre IOS campus in Houston, TX, featuring specialized crane-served improvements and direct access to Beltway 8. Located within Houston's Northwest industrial corridor, the property benefits from strong demand tied to the region's energy, manufacturing and logistics industries, as well as the limited supply of comparable crane-served facilities.
    - 450 County Road is a 3.2-acre IOS facility in Cliffwood, NJ, within the Monmouth industrial submarket. The property offers convenient access to major transportation infrastructure and dense New York metropolitan population centers, while providing a cost-effective alternative to higher-rent infill locations in Northern and Central New Jersey.
    - 7261 Delta Circle is a 3.28-acre IOS facility in Austell, GA, within the Atlanta MSA. Located in the I-20 West/Austell submarket, the property provides convenient access to major highways, rail and air infrastructure, while its infill location, excess yard and heavy industrial zoning support demand from a broad range of industrial and logistics users.
- Same store Net Operating Income for the Fund's equity investments grew 5.6% year-over-year.

3. BEA, Moody's Analytics, Clarion Partners Global Research
4. BLS, Moody's Analytics, Clarion Partners Global Research
5. MSCI Real Capital Analytics, Clarion Partners Global Research
6. Federal Reserve, Clarion Partners Global Research
7. As of September 30, 2026, 242 Mack Place is 0.4%, 450 County Road is 0.5%, 6500 Brittmoore is 1.3%, and 7621 Delta Circle is 0.4% of relative percentage of the holding of the entire portfolio (100%).
8. As of September 30, 2026, Highland Station is 1.3% of relative percentage of the holding of the entire portfolio (100%).

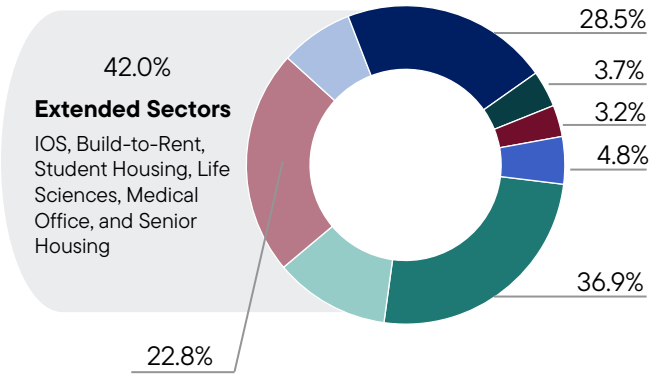
Current portfolio investments[9]



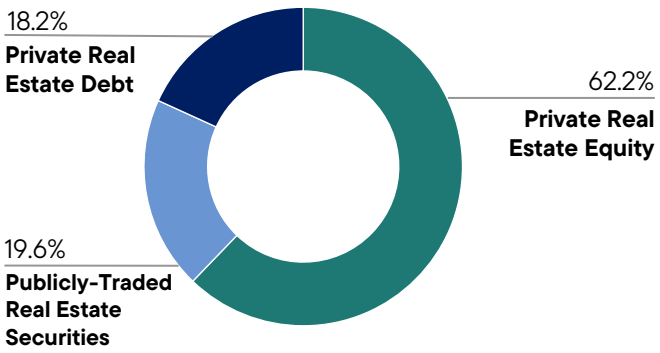
Property type diversification by number of close investments

- Residential
- Build-to-Rent/ Student Housing
- Industrial
- Industrial Outdoor Storage
- Healthcare
- Necessity Retail
- Mixed-Use
- Office

Property type allocation



Portfolio diversification



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

9. Map of closed investments as of September 30, 2026. 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.

IMPORTANT DISCLOSURES

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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a guarantee of future results, or a recommendation with respect to any particular security or investment strategy or type of retirement account. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies should consult their financial professional.

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 in the Fund prospectus.

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 at least 5% of the Fund's shares outstanding at net asset value. Although the Fund will conduct quarterly repurchase offers, there is no guarantee that a shareholder will be able to sell all of their shares in the Fund that the shareholder desires to sell or at a favorable price. Shares tendered within 12 months of the original issue date will be subject to an early repurchase fee of 2.00%.

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.



www.cprex.com

FTFA is the investment manager of the Fund. Clarion Partners LLC and Franklin Advisers, Inc. are the investment sub-advisers.
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