

# 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 1,419 properties and \$73.7 billion in real estate assets under management.<sup>1</sup>

## 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



7th Street Station, Corvallis, OR<sup>2</sup>

## 7th Street Station, Oregon State University

7th Street Station is a 309-bed, purpose-built student housing community serving Oregon State University in Corvallis, Oregon. Oregon State University is Oregon’s oldest public, state-funded research university, which has a scarcity of both on-campus and off-campus student housing. Total enrollment at the Corvallis campus has grown by 2.3% on average over the last three years, with out-of-state enrollment growing by 10.7% on average. Over the same period, the purpose-built student housing market maintained 100% occupancy and rent growth averaged 5.5% year-over-year.<sup>3</sup> Corvallis attracts both students and residents due to the numerous outdoor amenities within a one-hour drive, including the nearby Oregon Coast Mountain range and multiple state and national forests.

The Property is strategically located southeast of campus near downtown Corvallis, offering walkability to sought after restaurants and retailers and is just a 20-minute walk from the campus core. Units come fully furnished, offering high end interior finishes such as in-unit laundry and stainless-steel appliances. Community amenities include a pool, study spaces, coffee bar, and fitness center. The business plan includes upgrading kitchens with new stone countertops, undermount sinks, and improved lighting, along with cosmetic common area enhancements such as refreshing the pool area and expanding the gym.

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 September 30, 2025. FTFA is the investment manager of the Fund. Clarion Partners is the investment sub-adviser.

2. As of December 31, 2025 7th street station is 1.5% of relative percentage of the holding of the entire portfolio (100%).

3. Clarion Partners Global Research, October 2025



Pacific Golden Valley, Santa Clarita, CA<sup>9</sup>

## Portfolio managers



**Richard Schaupp**  
New York, NY



**Janis Mandarinino**  
New York, NY



**Brian Watkins**  
New York, NY



**Brent Jenkins**  
New York, NY

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## U.S. market update

- U.S. economic growth has remained resilient, though momentum moderated through the second half of 2025. Underlying GDP growth is tracking near its long-term trend of approximately 2%, with recent volatility driven largely by trade and inventory dynamics related to tariff policy<sup>4</sup>. Consumer spending continues to aid growth but softening labor market conditions indicate a moderate expansion in 2026. Job growth has slowed substantially in recent months, and the unemployment rate has risen to the mid-4% range<sup>5</sup>. In response, the Federal Reserve has begun easing monetary policy, cutting rates three times in the last half of 2025 and signaling additional reductions in 2026. Slowing inflation supports the argument for further rate cuts.
- Against this backdrop, commercial real estate fundamentals continue to stabilize. Transaction activity is showing early signs of improvement<sup>6</sup> and demand fundamentals remain generally intact, with occupancy levels near long-term averages across most property types. A meaningful slowdown in new construction, driven by tighter lending conditions and higher development costs, should support solid net operating income (NOI) growth going forward. With five consecutive quarters of positive total returns<sup>7</sup>, a new commercial real estate cycle appears to be emerging.

## Fund highlights

- The Fund completed five equity acquisitions during the fourth quarter. These include two industrial warehouses in Tampa and Los Angeles, a retail center in Raleigh, a multifamily apartment in Louisville, and a student housing community at Oregon State University, highlighted on the previous page.
- Crossroads Logistics is a newly built, 59k sf shallow bay industrial warehouse in Tampa, FL. The property was acquired 66.8% leased with average in-place annual rent escalations of 3.8%. Clarion expects to lease-up the remaining suites resulting in a strong cap rate expected to be 25-50 bps wide of where comparable stabilized Tampa assets are trading. Since acquisition, additional leases have brought current occupancy to 89.0%.
- Pacific Golden Valley is a newly built, state-of-the-art 173k sf industrial warehouse in Santa Clarita, CA. The property was acquired 100% leased to a rapidly growing national beverage company, who selected the location due to its position in one of the region's most supply-constrained corridors which offers exceptional connectivity to major SoCal distribution hubs including the Ports of Los Angeles and Long Beach and the Inland Empire.
- Midtown Corner is a highly trafficked 68k sf retail center located just north of Downtown Raleigh, within one of Midtown's main retail corridors inside the I-440 Beltline. The property is 100% leased to 10 service-oriented tenants with 7.3 years of weighted average lease term (WALT) remaining.
- Highland Station is a 197-unit multifamily apartment community in the Highlands neighborhood of Louisville, KY. The property is one of only two modern institutional assets in the neighborhood, offering walkability to Louisville's premier dining, nightlife and entertainment corridor and providing convenient access to Downtown Louisville (2 miles) and the University of Louisville (2.5 miles). The Property is also located centrally to several major hospital systems, well positioned to continue capturing strong rental demand from graduate medical students, healthcare, and educational professionals.
- The Fund maintained a consistent \$0.067/share monthly distribution throughout the second quarter.<sup>8</sup>

4. BEA, Clarion Partners Global Research

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

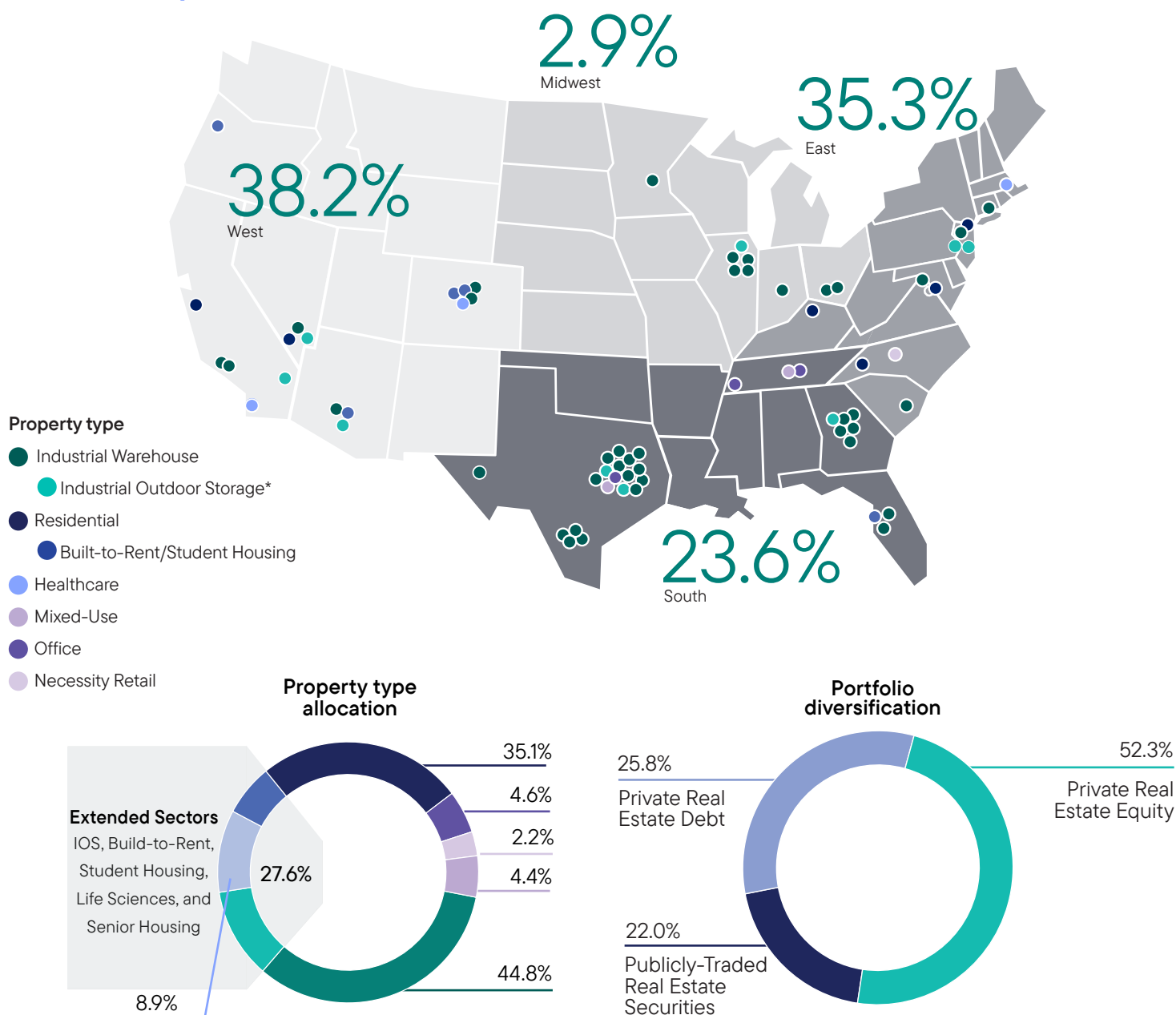
6. MSCI Real Capital Analytics, Clarion Partners Global Research

7. NCREIF, Clarion Partners Global Research

8. Distribution Rate is calculated by annualizing the most recent distribution amount paid, divided by the closing market price or NAV as of the date indicated. The Distribution Rate calculation includes return of capital, and excludes special distributions. The Distribution Rate is not guaranteed, subject to change, and is not a quotation of fund performance. CPREX intends to make distributions necessary to maintain its qualification as a real estate investment trust. However, there is no assurance that we will pay distributions in any particular amount, if at all. Any distributions we make will be at the discretion of our board of directors. CPREX may pay distributions from sources other than cash flow from operations, including without limitations, the sale of assets, borrowings, return of capital or offering proceeds. This statement is not an indication of the tax treatment of any CPREX distributions. Stockholders will be informed of the tax characteristics of any distributions after the close of CPREX's fiscal year. For the 2024 tax year, 57% of CPREX's distributions were classified as Return of Capital ("ROC"), while 43% were treated as taxable income. As of December 31, 2025, the Class I net distribution rate is 7.08%, the Class D net distribution rate is 6.94%, the Class S net distribution rate is 6.17% and the Class T net distribution rate is 6.02%.

9. As of December 31, 2025 Pacific Golden Valley is 4.9% of relative percentage of the holding of the entire portfolio (100%), Crossroad Logistics is 1.4%, Midtown Corner is 2.2%, and Highland Station is 1.6%.

## Current portfolio investments<sup>10</sup>



## 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.

<sup>10</sup>Some investment portfolios may include more than one property

10. Map of closed investments as of December 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.

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 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](http://www.cprex.com). Please read the prospectus carefully before investing.*



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