

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 1,439 properties and \$73.6 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.

Investment Update



Mack Place and Hollywood Ave. South Plainfield, NJ²

Mack Place and Hollywood Ave are two industrial outdoor storage (IOS) investments totaling 7.6 acres in South Plainfield, NJ. The IOS sector is an extension of the industrial warehouse sector and benefits from the same secular tailwinds, such as growing e-commerce demand, population shifts, and favorable supply dynamics which make it difficult to find new sites in infill locations. IOS sites often function as trailer/container yards, materials storage, and may even feature small warehouses which aid in last mile distribution and other logistics operations. As of 1Q 2025, IOS availability in Central NJ was 510 bps below the industrial sector overall.

Mack Place and Hollywood Ave are both improved with warehouses and feature over five acres of excess secured yard space. The assets are 100% leased and well located within the Route 287/Exit 10 industrial submarket which provides convenient access to I-95 as well as Central New Jersey’s major population centers. The population exceeds one million people within 10 miles of the assets. Further, Clarion Partners owns a stabilized portfolio of over four million sf within the Central New Jersey industrial market, in addition to over 39 acres of land planned for industrial development, affording strong market knowledge.

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

2. As of September 30, 2025 Mack Place is 1.7% and Hollywood Ave is 2.0% of relative percentage of the holding of the entire portfolio (100%).



Agellan Portfolio III³

Portfolio managers



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New York, NY



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U.S. market update

- GDP growth in Q2 rose to an annual rate of 3.0%, fueled by a sharp decline in imports and sustained consumer spending⁴. However, lingering tariff uncertainty continues to weigh on decision-making for both consumers and businesses and slowing business investment and inventories suggest a deceleration in underlying growth in the coming months. Additionally, labor market conditions have begun to deteriorate, with total employment expanding by only 0.4% through the first eight months of the year, compared to 0.7% over the same period last year⁵. Given the recent slowdown in employment growth, the FOMC pivoted towards protecting growth and reduced the Federal Funds rate target by 25 bps in September, with signals pointing to two additional rate cuts before year-end and further reductions into 2026. Despite elevated tariff and policy-related uncertainty, the resilience of the U.S. economy and expectations for lower short-term interest rates are positives for commercial real estate moving forward.
- Following a period of elevated interest rates and a challenging capital markets environment, commercial real estate transaction activity, although still relatively subdued, appears to gradually be improving⁶. Additional Fed rate cuts and a subsequent lowering in debt costs should support sales volume and valuations in the last quarter of 2025 and into the first half of 2026.
- Commercial real estate demand fundamentals remain intact and occupancy levels remain above historical averages across most property sectors. Additionally, tighter lending conditions and elevated construction costs have led to a substantial reduction in construction starts across property types⁷, which should support solid NOI growth going forward. In light of four consecutive quarters of positive total returns⁸, improved supply/demand dynamics and increased liquidity, supported by lower interest rates, a new commercial real estate cycle appears to be emerging. Our investment strategy remains focused on sectors that are poised to benefit from favorable, structural demand tailwinds that should help to bolster fundamentals during periods of economic turbulence and rising uncertainty.

Fund highlights

- The Fund completed three acquisitions during the third quarter. These include one mezzanine loan on a national industrial warehouse portfolio and two IOS investments in South Plainfield, NJ, highlighted on the previous page.
- Agellan Portfolio III is a mezzanine loan for the refinance of 29-property portfolio located across seven states: Texas, Georgia, Florida, Indiana, Kentucky, Illinois, and Maryland. In 2025, the industrial warehouse portfolio achieved lease tradeouts reflecting average rent increases of 56.9% and has a weighted average lease term of approximately 4 years remaining, suggesting strong mark-to-market opportunities as leases rollover. This represents Clarion's third debt investment with the Agellan, an experienced owner/operator with over 6 million sf of industrial warehouse space across 47 core markets.
- The Fund maintained a consistent \$0.067/share monthly distribution throughout the second quarter.⁹

3. 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 September 30, 2025 the investments above represent the below relative percent of the entire portfolio holdings (100%): Agellan Portfolio III is approximately 4.8%.

4. BEA, Clarion Partners Global Research

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

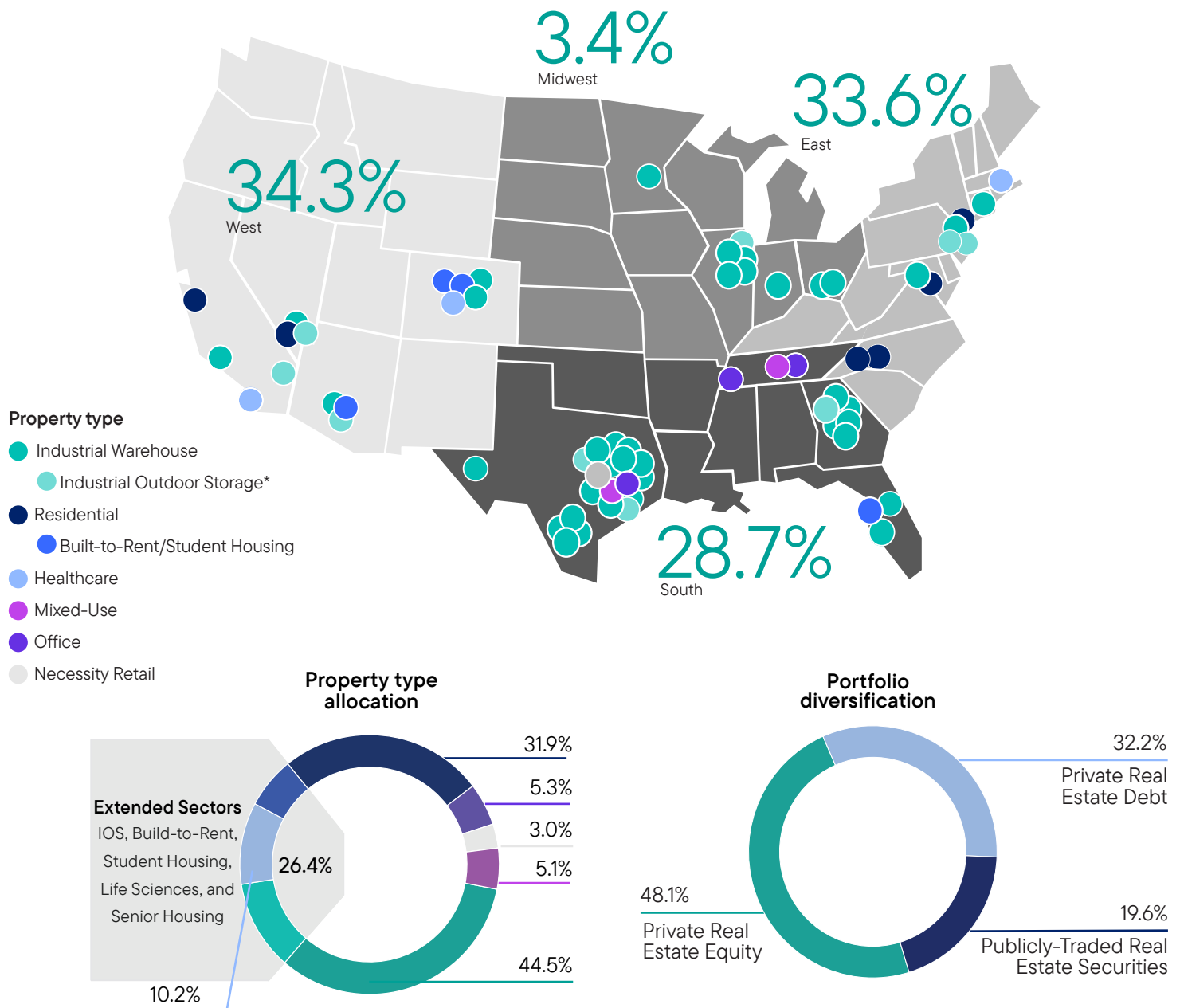
6. MSCI Real Capital Analytics, Clarion Partners Global Research

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

8. NCREIF, Clarion Partners Global Research

9. 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 September 30, 2025, the Class I net distribution rate is 7.03%, the Class D net distribution rate is 6.80%, the Class S net distribution rate is 6.28% and the Class T net distribution rate is 6.32%.

Current portfolio investments¹⁰



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.

¹⁰Some investment portfolios may include more than one property

10. Map of closed investments as of September 30, 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 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.