LEGG MASON
GLOBAL ASSET MANAGEMENT

**News Release**

**For Immediate Release**

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## Legg Mason Announces Acquisition of Clarion Partners

*Diversified Real Estate Investment Firm with Approximately $40 Billion in AUM*

**Baltimore, Maryland — January 22, 2016 —** Legg Mason Inc., [NYSE:LM], today announced that it has agreed to acquire a majority equity interest in Clarion Partners, a leading diversified real estate investment firm based in New York. One of the largest independent real estate investors, Clarion Partners manages approximately $40 billion across the real estate risk/return spectrum. Clarion Partners will operate as the primary independent real estate investment affiliate for Legg Mason.

Under the terms of the transaction, Legg Mason will acquire an 83% ownership stake in Clarion Partners for $585 million. In addition, Legg Mason will pay for its portion of certain co-investments on a dollar for dollar basis, estimated at $16 million as of December 31, 2015. The management team will retain 17% of the outstanding equity in Clarion Partners.[1] The firm's previous majority partner, Lightyear Capital, will sell its entire ownership stake in the transaction. The deal is expected to close in the second calendar quarter of 2016, and is expected to be modestly accretive to earnings in the first year after the closing, excluding one-time deal-related charges of $10-$15 million.

Clarion Partners' management team, a significant number of which have signed long term contracts in conjunction with the transaction, has deep experience in real estate investing, averaging nearly 30 years of experience across real estate sectors. Clarion Partners manages investments across a broad range of real estate sectors, including office, industrial, retail, residential, and hotel.

The acquisition of Clarion Partners significantly expands Legg Mason's offerings across the alternative asset management category, adding differentiated real estate capabilities, including:

- **Core Portfolios:** Lower risk and leverage; substantially leased properties in larger markets.
- **Core-Plus / Value-Add Portfolios:** Moderate risk and leverage; properties typically require a capital investment for re-positioning, re-leasing or enhancement.
- **Opportunistic Portfolios:** Higher risk and leverage; projects that may involve new development, less traditional property sectors, or more complex structures.

"Clarion Partners, with a focus on strong performance through market cycles, a positive growth profile and differentiated product offerings, brings an important alternative asset class to our portfolio of investment managers. Whether they seek growth, capital preservation or income, we are further able to offer our clients

[1] Legg Mason's ownership percentage and the purchase price may be adjusted lower if the management team elects before the closing to retain more than 17% (not exceeding 20%).

investments with attractive solutions. Most importantly, the experienced management team at Clarion Partners shares our passion for innovation, the creation of exceptional value through responsible investing principles and focus on excellence for clients. We welcome them to Legg Mason," said Joe Sullivan, Chairman and CEO of Legg Mason.

Steve Furnary, Chairman and CEO of Clarion Partners, will continue in his current role.

"Legg Mason is an ideal partner for Clarion Partners," said Mr. Furnary. "Legg Mason values partnership within and across its independent multi-manager platform. They understand and relate well to our strong fiduciary culture and the importance of maintaining an autonomous Clarion partnership brand. Legg Mason partners with firms that share its commitment to integrity, excellence in client service, and focus on delivering superior investment performance for their investors. Most importantly, we remain investors in our business, and the partnership gives us investing and operating autonomy so that we can continue to serve our clients in the same way we always have. We are pleased to be a part of such an outstanding organization."

RBC Capital Markets and Azrack & Company served as financial advisors to Legg Mason. Morgan Stanley & Co. LLC acted as financial advisor to Clarion Partners.

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**About Clarion Partners**
Clarion Partners, an SEC registered investment adviser and FINRA member firm, has been a leading U.S. real estate investment manager for 33 years. Headquartered in New York, the firm has offices in Atlanta, Boston, Dallas, London, Los Angeles, São Paulo, Seattle and Washington, DC. With approximately $40 billion in total assets under management as of December 2015, Clarion Partners offers a broad range of real estate strategies across the risk/return spectrum to its more than 200 domestic and international institutional investors. More information about the firm is available at www.clarionpartners.com.

**About Legg Mason**
Legg Mason is a global asset management firm with $671.5 billion in assets under management as of December 31, 2015. The Company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (symbol: LM).