

Part 2A of Form ADV: *Firm Brochure*



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This brochure ("Brochure") provides information about the qualifications and business practices of Clarion Partners, LLC (the "Firm" or "Clarion"). If you have any questions about the contents of this Brochure, please contact the Firm's Legal and Compliance Department at 212-883-2500. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The Firm is a registered investment adviser. Registration as an investment adviser does not imply any certain level of skill or training. Additional information about the Firm also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

This Brochure, dated December 22, 2023, provides a summary of the Firm's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. The last annual update of this Brochure occurred on December 20, 2022. This Item provides the Firm's clients with a summary of new and/or updated information.

The following is a summary of material changes made since the Firm last submitted its Brochure for an annual amendment filing on December 20, 2022:

- Certain risk factors were updated, expanded or removed in Item 8.

The most recent version of this Brochure may be requested by contacting the Firm's Client Capital Management Department at 212-883-2500.

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ITEM 4 – ADVISORY BUSINESS

Clarion Partners, LLC (the “Firm” or “Clarion”) provides investment advisory, subadvisory, and other services principally to institutional investors, focusing on sourcing, underwriting and managing real estate and real estate-related investments.

The Firm was originally founded as Jones Lang Wootton Realty Advisors in 1982. From 1982 through 1996, the Firm operated as Jones Lang Wootton Realty Advisors, a venture between management and the UK-based brokerage firm, Jones Lang Wootton (“JLW”). In 1996, management bought-out JLW’s interest in the company and owned it privately until a sale to ING Group in 1998. The Firm was wholly owned by ING Group from 1998 to 2011 and managed autonomously as a real estate investment management business in the Americas. In June 2011, following the global financial crisis, ING Group exited the real estate business and the Firm executed a management buyout of its business. The Firm was capitalized by its senior management and an affiliate of Lightyear Capital (“Lightyear”), a private equity firm specializing in the financial services industry.

In April 2016, the Firm became an investment management affiliate of Legg Mason, Inc. (“Legg Mason”). Legg Mason acquired the entire ownership position of the Firm’s prior financial partner, Lightyear, as well as a portion of Firm management’s position. Legg Mason, including its interest in Clarion, was subsequently acquired by Franklin Resources, Inc. (“Franklin Templeton”) on July 31, 2020. The existing management team of the Firm has retained an ownership stake in the business of approximately 18% and continues to maintain significant personal investments in various pooled investment vehicles advised or sponsored by Clarion. Through intermediate holding entities, Firm management and Franklin Templeton collectively own Clarion Partners Holdings LLC (“Holdings”), which wholly owns the Firm. Clarion retains significant management control over its strategic business and investment activities. Supervised by the Executive Board, Operating Committee, Investment Committees, and other governance forums, Clarion’s management team oversees the day-to-day operations and the investment processes of the Firm.

In April 2019, the Firm acquired a majority stake in Clarion Partners Europe Limited (“Clarion Partners Europe”), a Jersey investment adviser focusing on European industrial assets. Clarion Partners Europe has its own management and investment teams and operates separately from Clarion’s U.S. business.

As of September 30, 2023, Clarion manages approximately \$78,953,600,232 in assets on behalf of various types of commingled investment vehicles (e.g., private funds, funds of funds, registered funds, collective investment trusts or other types of pooled investment vehicles) (collectively, the “Funds”) and separately managed account (“SMA”) clients (collectively, the “SMA Clients”), including approximately \$70,577,533,025 on a discretionary basis and approximately \$8,376,067,207 on a non-discretionary basis.

Clarion offers a range of real estate and real-estate related equity and debt investment vehicles, investing in strategies across the risk/return spectrum using both Funds and tailored SMAs. Each Fund has a prescribed investment strategy that includes the property type(s), geographic region(s), risk profile, and other specific investment guidelines. These Funds and SMAs generally invest in diversified, institutional quality real estate equity and debt assets within the United States and in Europe (and on a limited basis in Mexico). As permitted by their investment guidelines, certain Funds and SMAs additionally invest in other real estate-related investments (which could include certain publicly-traded securities).

The Funds advised or subadvised by Clarion are primarily open-end and closed-end commingled private Funds designed to invest in real estate equity and debt assets and other real estate-related investments, but also include on a limited basis open-end and closed-end private funds of funds offered or distributed by business partners. In addition, Clarion acts as subadviser to a registered investment company advised by and distributed through its affiliate Franklin Templeton, which also invests part of its assets into a sub-portfolio advised by a Clarion affiliate. The Firm also provides subadvisory and investment services to its affiliate Clarion Partners Europe. Clarion does not offer any wrap fee programs.

When selecting and managing assets for its clients, Clarion remains subject to the investment guidelines and restrictions outlined in either (i) the offering memorandum or prospectus and other governing documents of each Fund (together, the “Fund Documents”); (ii) the Investment Management Agreement and other governing documents of each SMA Client (together, the “IMA”); or (iii) the applicable subadvisory agreements.

ITEM 5 – FEES AND COMPENSATION

With respect to all types of clients, Clarion is compensated with an asset management fee. Clarion also receives additional fees, as generally described below. Details of how these fees are charged, calculated and governed for each client are contained in, and subject to, the applicable Fund Documents or IMA.

Asset Management Fee. The asset management fee for investment advisory services is earned as either:

- a) a percentage of assets under management, ranging from 0.20% to 2.00%, depending on account size and the client's circumstances, which can also be based on gross or net assets under management (i.e., including or excluding debt/liabilities);
- b) a percentage of net operating income ranging from 0.67% to 7%, depending on cumulative investment dollar thresholds, with or without minimum/maximum fee limits, as well as other client specific criteria; or
- c) a percentage fee in other situations related to investment or acquisition price or on other types of fee bases, such as invested capital and investor commitments.

SMA Clients and Funds generally pay fees in arrears at the end of each calendar quarter based on the value of assets or net operating income during the previous quarter.

Acquisition and Disposition Fees. Acquisition fees, when applicable, are earned by Clarion for facilitating the acquisition of investment assets for a client, and generally are based on a percentage of the purchase price of the asset. Disposition fees, when applicable, are earned by Clarion for the disposition of investment assets and generally are fixed fees on a per transaction basis or based on a percentage of the sale price of the asset.

Performance-Based Fees. Performance-based distributions or fees, when applicable, are earned by Clarion based on achievement of specified investment returns or capital appreciation of the assets of the client and as permitted by applicable law. See Item 6 below for more information about performance-based fees and related conflicts.

Property Management & Construction Management and Development Fees. In most circumstances, third party property managers are hired for client property management and property development, and in these cases Clarion does not earn any additional fees. Where Clarion affiliates CP Industrial Management, LLC ("CPIM") and Gables Residential ("Gables") are engaged to provide management or leasing services for client properties, Clarion and its affiliates will earn additional property management fees. Where Clarion employees forming the Clarion Partners Industrial Group ("CPIG") are hired to develop or manage construction for client properties, Clarion will earn additional construction management and development fees. Clarion has policies and procedures to monitor the selection of these affiliated service providers in each circumstance and the fees charged for those services. See Item 10.

Other Fees. Where applicable, additional fees are earned by Clarion or its affiliates for administration or other types of services, such as financing, asset disposition, and sales brokerage services.

As a general matter, Clarion does not offset its asset management fees by the amount of any of these performance-based fees, property management fees, construction management and development fees or other additional fees paid to Clarion or its affiliates. As a result, in some circumstances multiple fees are paid to Clarion and its affiliates in connection with Clarion's management of client assets in SMAs and Funds. Policies for charging asset management fees on cash are tailored to each Fund and IMA and are described in the applicable Fund Documents or IMA.

Funds and SMAs that invest in other Funds, registered funds (such as money market funds), unregistered funds, real estate investment trusts and other securities or investments for cash management, investment or other purposes will pay, indirectly, the fees and expenses of such investments. Clarion generally does not offset the

asset management or other fees of the Fund or SMA by any of the fees or expenses of these underlying investments. Clarion can in some circumstances select affiliated or unaffiliated underlying investments, and it has an incentive to select affiliated investments, as a result of which Clarion or its affiliates would earn more fees as compared to unaffiliated investments. Clarion seeks to mitigate this conflict by following established investment guidelines and investment governance for each investing Fund and SMA.

See Item 10, and the applicable Fund Documents, for important additional information about fees and other compensation to Clarion and affiliates, and related conflicts. See Item 6 for more information about performance fees.

Fund and SMA Fees Generally

Fees for each Fund are described in the respective Fund Documents. Fees for the SMAs are described in the respective IMAs or other governing documents. Fees are negotiated in some circumstances. Factors Clarion considers in negotiating fees include but are not limited to: the investment strategy and complexity of services required, the type of assets under management, the current or prospective amount of assets under management within a given product or across multiple products, a client's prior relationship with Clarion, whether Clarion is acting in a discretionary or non-discretionary capacity, and the extent of reporting or other administrative services required.

Termination provisions for the SMAs are described in the respective IMAs or other governing documents. Typically, an IMA may be terminated by either party at any time and for any reason upon receipt of 30 days written notice. Upon termination of an IMA, for clients that paid fees in advance, any unearned fees are refunded, and for clients that pay fees in arrears, any earned, unpaid fees are due and payable.

Fund investors have the ability to redeem their interest in a Fund, in whole or in part, as outlined in, and to the extent permitted by, the respective Fund Documents.

SMA Client fees are either billed directly to the client, deducted from the client's account, or reduced from client distributions, as agreed upon with each client. For Funds, fees are billed or deducted as set forth in the respective Fund Documents.

Additional Investment Expenses

In addition to the fees described above, clients generally bear all costs and expenses incurred in connection with their investments, including brokerage commissions, transaction fees, custodial fees and other related costs and expenses pursuant to the terms of the applicable Fund Documents or IMA. See Item 12 for additional information regarding the factors that Clarion considers in selecting brokers for client transactions and in determining the reasonableness of their compensation.

Additionally, Funds and SMAs bear certain organizational and operational expenses. Organizational expenses are subject to a cap in certain instances and include out-of-pocket and internal expenses of Clarion and its agents incurred in the formation of a Fund or SMA. Operating expenses generally include, but are not limited to, expenses related to the following: (i) the investigation of investment opportunities (whether or not consummated), (ii) the acquisition, ownership and management (including costs related to promotional and operational activities), financing, or disposition of investments, (iii) travel, (iv) administrative and other expenses related to the operation of each Fund or SMA and its subsidiaries, (v) fees paid to contractors, consultants, legal counsel, and other service providers, (vi) interest expenses, brokerage commissions and other investment costs incurred by or on behalf of each Fund or SMA and its subsidiaries, (vii) financial statement audits and tax preparation, (viii) all other customary expenses and (ix) expenses associated with the preparation and distribution of reports to Fund investors and SMA Clients. Additionally, Funds bear offering expenses. Further details on the additional expenses a Fund or SMA will bear are outlined in the respective Fund Documents or IMA.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted in Item 5 above, Clarion, in accordance with applicable law, earns performance-based fees and carried interest distributions in some of its Funds and SMAs. Performance-based distributions and fees are negotiable

in certain circumstances and are described in and governed by the relevant Fund Documents or IMA.

Performance-based distributions and fees are governed by Section 205 of and Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”). Clarion reserves the ability to adopt different fee structures for Funds and SMAs.

Performance-based fee arrangements present conflicts. These arrangements create an incentive for Clarion to recommend investments for clients that are riskier or more speculative, due to the potential to earn a performance-based fee if the investments are successful. Where applicable, portfolio managers and other employees of Clarion receive incentive compensation linked to the amount of performance-based fees paid to Clarion. These arrangements create additional incentive for these employees to recommend investments for clients that are riskier or more speculative, due to the potential to earn this additional compensation if the investments are successful.

Clarion also has clients who do not pay performance-based compensation. Clarion has an incentive to favor the accounts that do pay performance-based compensation, including an incentive to favor them when allocating investment opportunities, because compensation that Clarion receives from these clients is directly tied to the performance of their accounts.

Clarion and its affiliates also face conflicts of interest in determining whether or not to make distributions or to sell properties in order to reach performance-based fee thresholds.

Clarion provides investment advice to multiple clients. Employees of Clarion allocate their business time among clients and Clarion’s general management. In addition, Clarion in some situations gives advice to one client that differs from advice given to another client. For example, Clarion could simultaneously advise a client seeking to increase risk in their portfolio to sell core-type assets, while advising a client seeking to decrease risk in their portfolio to purchase core-type assets.

Clarion and its affiliates provide investment advice and perform related services to clients which have investment objectives and strategies that are often similar to, or overlap with, one another and are in competition with one another regarding investment opportunities. Similarly, investments held by clients managed by or affiliated with Clarion (including affiliates of Franklin Templeton) under some circumstances compete with one another for tenants, lessees or other resources. In making decisions with respect to investments held in different client accounts that compete with one another (e.g., decisions as to whether and to what extent to renovate, what rental rates to charge and when to sell), Clarion faces conflicts of interest between or among clients.

Clarion seeks to address these conflicts by adhering to applicable Fund and SMA investment guidelines, and through its internal investment review and governance. Clarion’s Investment Committees and advisory councils also facilitate management of conflicts, as described further in Item 8.

Clarion’s process for allocating investment opportunities is also important to managing conflicts. Subject to certain exceptions described below, Clarion generally allocates investment opportunities among clients in an effort to optimize the investment objectives of each, pursuant to policies and procedures which seek to ensure that investment opportunities are allocated among clients fairly and equitably over time.

Real estate equity and real estate-related debt investment opportunities sourced by Clarion are presented to Clarion’s portfolio managers by the local acquisition manager through a formal allocation review process. Portfolio managers determine, on behalf of their respective clients, whether an investment opportunity meets the investment criteria of the client. If there is interest in an investment opportunity on behalf of only one client, the investment opportunity is assigned to that client. If there is interest in an investment opportunity on behalf of more than one client, (a “Contested Opportunity”), the investment opportunity is allocated to the client that has waited the longest to be assigned a Contested Opportunity, regardless of whether the client consummated the prior Contested Opportunity. New clients receive an initial allocation rotation priority equivalent to having just been assigned a Contested Opportunity (i.e., they are placed at the bottom of the rotation list). Separate rotational priorities are maintained with respect to real estate equity investment opportunities on the one hand and real estate-related debt investment opportunities on the other.

Investment opportunities are not made available for rotation under Clarion's allocation policy under the following circumstances:

- a) An investment opportunity is sourced by a client with its own independent investment resources for acquisition by that client.
- b) An investment opportunity is sourced for a specific client pursuant to a programmatic joint venture relationship.

Consistent with this policy, one of Clarion's sector-focused, open-end private Funds has a dedicated acquisitions team paid by that Fund, and investment opportunities sourced by that team are not made available for rotation, but such Fund participates in the allocation process for investment opportunities sourced by Clarion.

In addition, although Franklin Templeton and its affiliates could in the future engage in other real estate investment activities that would be competitive with Clarion, there are currently no substantial competitive activities. Franklin Templeton and its successors and affiliates have no obligation to offer investment opportunities to any client of Clarion for consideration, regardless of whether the investment opportunities are presented to Franklin Templeton for its own account or the account of others, and regardless of whether the investment opportunities might be suitable for clients.

Clarion reserves the right to modify its investment allocation policy and process.

ITEM 7 – TYPES OF CLIENTS

Clarion provides real estate investment management services to clients (the Funds and SMA Clients).

Each SMA Client's investment strategy is tailored to the client's investment needs. SMA Clients include public pension funds, sovereign wealth funds, wealth managers, endowments, corporate pension plans, insurance companies and other institutional investors. SMA Clients include both U.S. and non-U.S. persons.

For SMAs, the minimum account size is generally \$100,000,000. SMA minimum account sizes may be negotiated.

Investors in private Funds generally include various types of institutional investors, such as pension funds, as well as high net worth individual investors. The investors in other Funds generally include similar types of investors, as well as natural persons who are not high net worth investors. Fund investors include both U.S. and non-U.S. persons.

For Fund investors, the minimum investment amount varies and is outlined in the applicable Fund Documents. The minimum investment amount for Funds generally ranges from \$2,500,000 to \$10,000,000, with lower minimums in some Funds. In most cases, Clarion has the authority to change or waive any minimum investment requirements in accordance with the applicable Fund Documents.

Investors interested in investing in a Fund should refer to the respective Fund Documents for more information specific to the Fund.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

Each client portfolio is actively managed using proprietary research to evaluate national and regional real estate market fundamentals and opportunities. Funds and SMAs adopt individual investment guidelines.

Clients primarily invest in equity interests in key commercial property types, including: industrial, multifamily residential, office, life sciences, retail, self-storage, single family rentals, hotel, and land. Some client portfolios hold a broadly diversified commercial real estate portfolio, while others target specific subsectors or geographies.

Some Funds and SMA Clients invest in commercial real estate debt, primarily investments in directly-originated debt positions, targeting middle-market investments for enhanced risk-adjusted returns. With debt investments, underlying leverage is used to enhance returns in some circumstances. Additionally, certain Funds invest a minority of assets in publicly-traded securities such as mutual funds and U.S. listed REITs.

Within its various investment portfolios on behalf of both Funds and SMA Clients, Clarion employs a range of single asset vehicles and other holding structures such as corporations, business trusts, limited liability companies and other corporate entities (such as entities that qualify as real estate investment trusts for federal income tax purposes) and limited partnerships and other forms of joint ventures. SMAs and Funds, and their portfolio holding structures, are designed to accommodate tax considerations, and are subject to the risk that changes in US tax law, non-US tax treaties, or other sources of guidance impact the treatment of a given Fund or SMA investment. Clarion does not provide tax advice to SMA Clients or to Fund investors.

Clarion recommends real estate and real estate-related investments across the risk/return spectrum:

Core Portfolios – *Objective of low to moderate risk:* Invest generally in operating and substantially leased properties generally in larger markets. For these portfolios or individual properties, limited to moderate financial leverage may be used in an effort to potentially enhance returns. Income typically generates approximately two-thirds of total portfolio/asset return.

Core-Plus/Value-Added Portfolios – *Objective of moderate to higher risk:* Invest in properties that typically require a capital investment for repositioning, re-leasing or enhancement and/or new development. For these investments, financial leverage is generally used in an effort to potentially enhance returns. Total return over the holding period is generally divided more equally between income and appreciation.

Opportunistic Portfolios – *Objective of higher risk:* Invest in new developments, less-traditional property sectors or markets, recapitalizations, entities, or other structures. These portfolios are typically more highly leveraged and have significant related risk.

Every strategy pursued by Clarion on behalf of any Fund or SMA Client entails a significant degree of risk. Investors should rely on their own individual tax and legal advice regarding an investment before making an investment decision. See the *Related Risks* section later in this Item 8 for more information on risks, and see Item 6 and Item 10 for important additional information on conflicts of interest.

While Clarion works with SMA Clients to develop customized investment guidelines and restrictions with respect to their respective investment programs as outlined in their IMAs, each Fund investor is encouraged to invest only in the Fund or Funds pursuing investment objectives and strategies that the investor has determined is suitable, as the management of each Fund's assets is not customized to any one investor's investment guidelines or restrictions. Accordingly, Fund investors should pay special attention to the discussions of risk factors, conflicts of interest, and other investment considerations in the Fund Documents.

Clarion's Investment Methodology

For each potential real estate investment, Clarion analyzes a number of factors that generally include: gross revenues, with attention paid to the quality and safety of such revenues, past and expected vacancy rates, associated market conditions, past and projected operating and capital expenses, the use and physical condition of the property, the existing and potential lease structure of the property, the prospects for future sale, the projected investment return, environmental and social factors, mortgage terms and bond structure, and the impact on portfolio risk and return. When investing in commercial real estate debt, Clarion generally emphasizes loan originations that facilitate control over deal structure and pricing, as well as debt metrics such as debt service coverage ratio, loan-to-value, real estate type, quality, location, and sponsor credit among several others.

On an ongoing basis, Clarion's portfolio managers, in conjunction with their management teams, seek to develop and implement a portfolio-appropriate strategy to manage portfolio risk. In addition, they are responsible for reviewing the operational matters, capital improvement programs, budgets, business plans, leases, and financial statements of each potential investment. The portfolio managers are responsible for investment governance.

Valuation of real estate assets and debt liabilities is conducted according to the valuation policy of the applicable Fund or SMA and described in the respective Fund Documents and IMAs. Under these policies, valuation is typically supported by a third party appraisal firm and/or third party appraisal manager. Clarion's portfolio management teams also provide valuations of investments to Funds or to SMA Clients in certain circumstances, as documented in the applicable Fund Documents and IMAs. Funds investing in other Funds use the valuations provided by the underlying Funds. See "Risks Related to Uncertainty of Real Estate Asset Values" below for more information about the risks of real estate valuations which are inherently subjective in certain respects. Clarion faces conflicts of interest when interacting with third party appraisal firms and when providing valuation information to Funds and SMA Clients. Clarion's fees and client account performance are generally higher to the extent that valuations are higher.

Each open-end private Fund has an advisory council ("Advisory Council"), which includes several representatives of unaffiliated Fund investors. Some closed-end private Funds also form Advisory Councils in accordance with their Fund Documents. Clarion consults with a Fund's Advisory Council as required or permitted under the relevant Fund Documents. Under some circumstances, a Fund's Advisory Council will be asked to provide majority consent to transactions on behalf of the Fund involving a conflict of interest between the Fund and Clarion (e.g., the acquisition by a Clarion client of an asset from another Clarion client).

Clarion's Equity and Debt Investment Committees, which consist of senior investment professionals at Clarion, have the primary responsibility to approve potential investments or dispositions for a client. The Investment Committees review transaction features, terms and risks. Clarion also has a Portfolio Allocation Investment Committee which reviews certain investment decisions for client portfolios that are permitted to invest in affiliated or third party-sponsored Funds or for which Clarion can allocate the management of some or all of the assets of the portfolio to an affiliated or third-party manager.

Clarion's Executive Board consists of members of the senior management team who are responsible for leading Clarion, defining Clarion's business strategy and seeking to achieve operational results. Through the Executive Board, Clarion seeks to maintain transparent lines of communication with the Board of Directors of Holdings, which consists of both Clarion and Franklin Templeton senior executives. The Board of Directors of Holdings regularly assesses and monitors Clarion's performance.

Clarion's Operating Committee meets regularly to review financial and operational issues. The Operating Committee also focuses on expense management, headcount management, resource allocation and business initiatives to support Clarion's business goals.

Related Risks

All of Clarion's investment strategies involve the risk of loss that clients should be prepared to bear. In addition, the investment strategies described above will involve some or all of the following risks:

Risks Related to Real Estate Investments

Real estate investments are long-term investments that are subject to market risk, including the potential loss of principal invested. Real estate values are affected by a number of factors, such as: (i) changes in the general economic climate; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management of properties; (iv) competition based on rental rates; (v) attractiveness and location of properties; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in operating costs; (ix) changes in interest rates and the availability of leverage which render the sale or refinancing of properties difficult or impracticable; (x) uninsured losses or delays from casualties or condemnation; (xi) government regulations (including those governing usage, improvements, zoning and taxes); (xii) potential liability under changing environmental and other laws; (xiii) structural or property level latent defects; (xiv) acts of God; and (xv) other factors beyond the control of Clarion. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

Risks Related to Real Estate Debt Investments

Subordinated real estate debt investments involve business, financial, market and/or legal risks. Real estate

mortgage loans are subject to risks of delinquency and foreclosure, which result from certain events, such as changes in general or local economic conditions and/or specific industry segments; declines in real estate values; declines in rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses and changes in governmental rules and regulations. These are factors which are beyond the borrowers' control and could impair borrowers' ability to repay their loans. In addition, if a restructuring of a non-performing loan takes place, substantial changes to the terms of the loan are likely to reduce the interest rate and capitalization of interest payments and cause a substantial write-down of the principal of the loan. Some of the other key risks connected with debt investments include foreclosure risk, sourcing risk, and the risk of investments in distressed assets. These can pose significant financial risks, which may never be overcome by the Fund or SMA.

Risks Related to Uncertainty of Real Estate Asset Values

The net asset value of an SMA or Fund is based in large part on appraisals that are inherently subjective in certain respects and rely on a variety of assumptions, such as assumptions about projected cash flows for the remaining holding periods for the investments. In addition, appraisals are based in large part on information as of the end of a given period, such as a calendar quarter, and market, property and other conditions may change materially thereafter. Furthermore, real estate assets generally cannot be marked to or valued in accordance with an established market or readily tradable assets, and to the extent that market information is available it may be impaired during periods of relative market illiquidity. Accordingly, such appraised values may not accurately reflect the actual market values of investments, and it is possible that investors will make decisions as to whether to invest in or dispose of an investment without complete and accurate valuation information.

Risk of Not Meeting Targeted Returns

Investments are made based on estimates of future asset-level cash flows, which in turn are based on various factors and assumptions, such as projections of future growth rates and interest rates of particular markets, development and redevelopment costs, operating costs, rental and lease-up rates and disposition timing and proceeds, all of which are inherently uncertain. Actual performance of the investments could differ materially from Clarion's targets. Clients have no assurances that the investments made by the Firm will achieve targeted returns.

Risks Related to Fund or SMA Investments

The purchase of an interest in a Fund, or decision to invest through an SMA, entails certain risks that investors should consider before making an investment decision. There is no assurance that an investment in a Fund or through an SMA will be profitable or, if it is profitable, that any particular yield or rate of return will be obtained or other investment objective will be realized. An investor should only invest in a Fund or through an SMA as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment. Funds and SMAs could be subject to material risks that are not described herein. Additional risks regarding Funds are disclosed in the Fund Documents.

Portfolio Concentration Risks

Concentration in one real estate sector increases the potential for volatility of a client's returns and also exposes the client's portfolio to the risk of economic downturns in this sector to a greater extent than if its portfolio also included investments in other sectors. Further, certain client portfolios could have no limits regarding the amount of the portfolio assets invested in any single geographic area within the United States. To the extent an SMA or Fund concentrates its investments in a limited number of properties or geographic areas, the SMA or Fund will be subject to certain risks relating to concentrated investments. The revenue from, and the value of, the client's properties located in any single concentrated region could be impacted significantly by a number of factors, such as local real estate conditions (such as oversupply of or reduced demand for such properties) and the local economic climate. Business layoffs, downsizing, industry slowdowns, changing demographics, and other factors could also adversely impact the local economic climate. A downturn in either the local economy or in general real estate conditions for any market in which the client's investments are concentrated could adversely affect returns and cash flows, as well as, for Funds, the Fund's financial condition, results of operations, and ability to make distributions to its investors.

Environmental Regulatory Risks

Real property is subject to U.S. federal and state environmental laws, regulations, and administrative rulings which, among other things, establish standards for the treatment, storage, and disposal of solid and hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, there is exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems or as to which inadequate reserves have been established.

Risks Related to Inflation and Rising Interest Rates

Inflation and rising interest rates have had in the past, and may in the future have, negative effects on the economies and financial markets, which may in turn affect the markets in which a SMA or Fund invests. Inflation's impact on the U.S. economy and the impact of any measures that may be taken by government officials to curb inflation remain uncertain. Beginning in March of 2022, the United States Federal Reserve began raising the federal funds rate in an effort to curb inflation. As a result, interest rates and costs of borrowing have risen dramatically. The Federal Reserve's action, coupled with other macroeconomic factors, may trigger a recession in the United States, globally, or both. In addition, periods of excessive or prolonged inflation and rising interest rates may negatively impact the markets in which a Fund or SMA invests, resulting in increased vacancy, concessions or bad debt expense, which may adversely and materially affect the Funds and SMAs' financial condition, results of operations, cash flow, and ability to make distributions, in each case as applicable. These factors may also impact tenants' ability to pay contractual rent, or, where applicable, expense reimbursements, requiring absorption of a larger share of operating expenses by Funds or SMAs. In addition, rising interest rates may have other detrimental effects on business. For example, rising interest rates could restrict liquidity based on certain financial covenant requirements as well as create an inability to refinance maturing debt in part or in full as it comes due depending on rates at such time. A rise in interest rates could also increase capitalization rates and make alternative interest bearing and other investments more attractive and, therefore, potentially lower the relative value of existing real estate investments. Clarion will continue to monitor the uncertainty surrounding inflation and rising interest rates and the impact that these factors may have on the U.S. economy and on its business.

Risks Related to Climate Change

Investments are located in areas that could be disrupted by climate change. Further, prolonged changes in climatic conditions could have a significant impact on the revenues, expenses and conditions of certain investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect levels, intensity and distribution of precipitation, cause droughts or flooding, affect wind levels, increase the frequency of wildfires, affect annual sunshine levels, as well as sea levels, heat indices, and the severity and frequency of storms, and create or substantially contribute to other severe weather events or changes. In the event that climate change causes sea levels to rise, certain investments might be forced to incur expenses to prevent assets from being damaged or rendered unusable by such rising sea levels. Moreover, in response to climate change evidence, various regulatory agencies may enact more restrictive environmental regulations and consumer preferences could change, which in turn could have a negative impact on the value of certain investments as well as investment strategy. More restrictive regulations could materially impact the revenues and expenses of an investment. In addition, climate driven changes could have a negative impact on the economy, as well as business and other activity in any of the locations in which a client may invest, and thereby adversely affect the performance of those investments.

Risks Related to Environmental, Social and Governance ("ESG") Matters

Clarion can choose, in its discretion, whether to take into account ESG considerations in its investment decision-making, as and to the extent consistent with its fiduciary obligations, applicable law and the relevant Fund Documents and IMAs (as applicable). In certain circumstances, due to ESG considerations, Clarion may not make or not recommend the making of investments when it would otherwise have done so, which could adversely affect the performance of a client's portfolio. On the other hand, Clarion may determine not to take such considerations into account. The extent to which Clarion takes ESG considerations into account varies from

client portfolio to client portfolio, based on, among other things, the portfolio's investment objective, investment strategies, investment restrictions, as outlined in the relevant Fund Documents and IMAs, and applicable law.

Clarion is dependent upon ESG information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause Clarion to incorrectly assess a potential investment's ESG attributes and/or related risks and opportunities. While ESG is only one of the many factors Clarion might consider in making an investment, there is no guarantee that Clarion will consider such factors at all or that Clarion will successfully implement and make investments that create positive ESG impact while enhancing value and achieving financial returns. ESG initiatives may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Any successful engagement efforts on the part of Clarion will depend, in part, on Clarion's skill in properly identifying and analyzing material ESG data and factors, and their potential impact on value. There can be no assurance that any ESG techniques employed will be successful or that ESG goals will be met.

Risks Related to Cybersecurity

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. There has been an increase in the frequency and sophistication of the cyber and security threats that Clarion faces, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target Clarion because it collects, processes, stores and transmits electronic information, including sensitive, personal, proprietary and/or confidential information of clients and their investments and transactions, Fund investors, business partners, tenants and employees. Similarly, service providers of Clarion or a client could process, store and transmit such information. Despite security measures, information technology and infrastructure could be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Clarion may face a heightened risk of a security breach, online extortion attempt, or disruption with respect to this information resulting from an attack by computer hackers, foreign governments, cyber extortionists or cyber terrorists. Any such breach or other cyber event could compromise Clarion's networks or those of its service providers, and the information stored there could be accessed, publicly disclosed, lost or stolen. Any successful attack could have a material adverse effect on Clarion's business and results of operations.

Clarion's service providers, suppliers, contractors, investors, and other third parties with whom Clarion does business ("Other Parties") also are subject to and may experience cyber threats and attacks that are similar in frequency and sophistication and are subject to the risk of information/technology disruptions. In many cases, Clarion must rely on the controls and safeguards put in place by these Other Parties to defend against, respond to, and report these attacks and otherwise prevent disruptions. If an Other Party fails to adopt or adhere to adequate data security and similar policies, or in the event of a breach of or inaccessibility to its networks, such information could be lost or improperly accessed, used or disclosed. In addition to cybersecurity and similar threats, Clarion's and the Other Parties' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, usage errors, power outages and catastrophic events (e.g., fires, weather events, wars, public health crises). The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. Breaches of Other Parties' controls may also result in attempted social engineering episodes or other attempts to steal or misdirection money away from Clarion and its business partners.

Any unauthorized or inadvertent access, disclosure or other loss of or inaccessibility to information could result in monetary losses, legal claims or proceedings (and related legal costs), liability under laws that protect the privacy of personal information, and regulatory penalties or fines (and related legal costs). It could also disrupt operations, damage Clarion's reputation and cause a loss of confidence in its services, which could adversely affect its business and competitive position. The expenses and potential liabilities associated with collecting, storing and protecting this information, and remediating breaches or similar events, could adversely impact Clarion. The costs related to cyber or other security threats or disruptions or data privacy breaches may not be insured or indemnified by other means. A cybersecurity incident or data privacy breach could similarly adversely affect impact clients or Fund investors.

Risks Related to the Use of Leverage

To the extent the investments are leveraged, risks will be exacerbated. These include risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks and government regulations. Any default on the payment of principal and interest could result in foreclosure of any security instrument securing the debt, the complete loss of the capital invested in a particular investment and, in some cases, recourse by the lender to other portfolio properties. In addition, a credit facility or other debt instrument generally will impose performance and operational covenants on the borrower, and therefore impact the availability of cash flow from the investment and operations of the investment.

Regulatory Risks

Certain clients and portfolio investments are subject to extensive governmental regulation. These regulations can under certain circumstances prevent a client from making investments that it otherwise would make. Regulations generally, as well as regulations more specifically addressed to the real estate or private investment fund industry (such as tax laws and regulations), whether in the United States or abroad, could increase the cost of acquiring, holding or divesting portfolio investments, the profitability of enterprises and the cost of operating a Fund or investing through an SMA.

Risk of Uninsurable Losses

Uninsured and underinsured losses could harm real estate investments held by Funds or SMAs. Various types of catastrophic losses, such as losses due to wars, riots, pandemics, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable, or subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, it is possible that insurance coverage will not be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, a client could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, the client might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the client's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans and other factors might also keep the client from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the client receives might be inadequate to restore the client's economic position on the damaged or destroyed investment.

Risks Related to Pandemics and Other Public Health Crises

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the operations of Clarion, any Fund or SMA and its investments, and could adversely affect a Fund's or SMA's ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the operational and financial performance of Clarion, any Fund or SMA will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of a Fund's or SMA's investments as well as the ability to source, manage and divest investments, all of which could result in significant losses to the Fund or SMA. In addition, the operations of Clarion, any Fund or SMA and its investments may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel.

Risks Related to Force Majeure Events

There is a risk that investments will be impacted by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, such as energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). There is a risk that some force majeure events will adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of client) to perform its obligations until it is able to remedy the force majeure event. Such a party could also claim force majeure for nonperformance of its contractual obligations. Certain force majeure events (such as an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which investments are located. Additionally, a major governmental intervention into industry, including but not limited to the nationalization of an industry or the assertion of control over an investment, could result in a loss to a client. Any of the foregoing would therefore adversely affect the performance of such Clarion Fund or SMA and its investments.

Risks Related to the Russia-Ukraine Conflict

There is currently an ongoing military conflict between Russia and the Ukraine which, in a relatively short period of time, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of a Fund, SMA and/or their investments or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict. The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to a Fund, SMA and/or their investments. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities among a Fund's or SMA's investments and reductions in the availability of investment or operational capital. It may also limit the ability of the Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy that a Fund or SMA intends to pursue, all of which could adversely affect a Fund's or SMA's ability to fulfill its investment objectives.

Risks Related to Litigation

In the ordinary course of its business, Clarion's investments, investment vehicles, affiliated operating companies, and business activities are subject to litigation from time to time. In addition, the acquisition, ownership and disposition of properties entail certain litigation risks. The outcome of any proceedings could materially adversely affect the value of a Fund or SMA and its investments and could continue without resolution for long periods of time. Any litigation has the potential to consume substantial amounts of Clarion's time and attention, at times disproportionate to the amounts at stake in the litigation.

Risks Related to Lack of Liquidity

Investments in real estate are highly illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors (whether to finance or refinance portfolio properties or for potential purchasers of such properties). Accordingly, there is no assurance that a Fund or SMA Client will be able to dispose of investments in a timely manner and/or on favorable terms.

Risk that Suitable Investments Will Not Be Available

There is no guarantee that Clarion will be able to identify and acquire investments that meet the investment objectives of a client on satisfactory terms or at all, or that Clarion will be able fully to invest the capital available. The availability of investment opportunities generally will be subject to market conditions and competition from other similarly focused investors.

Risks Due to Reliance on Key Employees

Clarion employs experienced individuals who manage the Firm's operations and investment activities and depends upon the experience and relationships of certain members of the senior management team. Clarion's success depends on, among other things, its ability to retain these individuals and attract additional qualified personnel. The failure to do so could have a material adverse effect on Clarion or on its ability to service particular Funds or SMAs.

Bank Failures and Health of the Banking Industry

The failures of Silicon Valley Bank and Signature Bank in 2023 resulted in heightened concern regarding the health of other banking institutions and the ability of such institutions to withstand the economic conditions posed by rapidly increasing interest rates, including a decline in value of securities and loan portfolios, and it is unclear if there will be additional bank failures. To the extent there is a failure of a bank at which Fund or SMA assets are maintained, such failure could result in a delay in deploying and using assets in such client accounts at that bank which could have an impact on Clarion's ability to engage in recommended transactions for Funds and SMAs. Although it is not clear at this time what impact such bank failures will have on the instruments in which Clarion invests for Funds or SMAs, it is possible that the liquidity and market value of those instruments may be adversely affected.

Risks Related to the Recently Adopted SEC Private Funds Rule

On August 23, 2023, the SEC adopted new rules and amendments to existing rules under the Advisers Act applicable to registered advisers and their activities with respect to certain private funds (collectively, the "New Private Fund Rule"). In particular, among other provisions, the New Private Fund Rule: (i) increases reporting requirements by private funds to investors concerning performance, fees and expenses; (ii) requires registered advisers to private funds to obtain an annual audit for private fund clients; (iii) enhances requirements in connection with adviser-led secondary transactions with respect to private fund clients (also known as GP-led secondaries), including an obligation to obtain a fairness or valuation opinion and make certain disclosures; (iv) prohibits private fund advisers from engaging in certain practices with respect to their private fund clients including, without limitation, charging private fund clients for fees and expenses associated with an investigation of the private fund adviser by governmental or regulatory authorities without the prior written consent from a majority in interest of third-party investors; and (v) imposes limitations and new disclosure requirements regarding preferential treatment of investors in private funds in side letters or other arrangements with the private fund adviser. The New Private Fund Rule is expected to have a material impact on Clarion and the Funds, including, without limitation, requiring changes to the business practices and operations of the Clarion and the Funds, increasing the compliance-related expenses of the Funds, enhancing the risk of regulatory action, including public regulatory sanctions, and otherwise requiring the attention of Clarion's professionals.

ITEM 9 – DISCIPLINARY INFORMATION

Form ADV Part 2 requires investment advisers to disclose legal or disciplinary events involving the investment adviser or its partners, officers, or principals that are material to an evaluation of its investment advisory business and the integrity of its management. Clarion has no information to report that is applicable to this Item.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Clarion has other financial industry activities and affiliations.

Clarion serves as investment adviser, subadviser, managing member and/or general partner for the Funds and various investment vehicles established to facilitate investments for Funds and SMA Clients, and serves as the investment sub-adviser to a registered investment company.

Certain of Clarion's associates are registered representatives of Clarion's affiliated broker-dealer Clarion Partners Securities, LLC ("CPS"). CPS is wholly owned by Clarion and is a member of the Financial Industry Regulatory Authority. CPS provides marketing and administrative support to one or more Funds.

On July 31, 2021, Franklin Templeton became the ultimate parent company to Clarion. Franklin Templeton is a

global asset management company. Acting through its subsidiaries, Franklin Templeton provides investment management and related services to institutional and individual clients, company sponsored mutual funds and other pooled investment vehicles. Franklin Templeton and its affiliates partner with Clarion to facilitate the distribution of one or more Funds or other Clarion products globally.

As discussed in Item 5, Clarion or its affiliates provide additional services to, and receive additional fees from, Funds and SMAs. Currently, two Clarion affiliates provide property management services to clients: CPIM and Gables. CPIM primarily manages industrial properties under specific circumstances where the investments are single tenant properties. Gables provides property management services in the multi-family residential sector. Fees paid to Clarion or its affiliates for these property management services are not offset against Clarion's asset management or other fees. Clarion faces a conflict when selecting these affiliated service providers over a third party, due to the additional fees payable to Clarion and its affiliates, including in the case of Gables to the Fund that owns Gables. Clarion has policies and procedures to monitor the selection of affiliated property management service providers, and the fees charged by those service providers. Pursuant to these policies and procedures, Clarion evaluates whether the fees charged by affiliated service providers are consistent with prevailing market rates for, and are provided on other terms and conditions that are no less favorable than those generally available from, unaffiliated third parties for a comparable level of service and quality.

As discussed in Item 5, in most instances unaffiliated third party developers are hired to provide client property construction management and development services. However, in some circumstances, Clarion provides construction management and development services to clients through its CPIG team, in which case Clarion earns additional fees for these services. This includes circumstances where CPIG and an unaffiliated third party serve as co-developers, in which cases fees will be allocated between CPIG and the third party developer as agreed by the parties. For any of its construction management and development services, CPIG receives compensation that reflects the size and scope of the project, generally tied to a percentage of budgeted development costs. Although third party developers might receive incentive fees or carried interest distributions in connection with a development, CPIG is not paid incentive compensation for any development. Fees paid to Clarion for these construction management and development services are not offset against Clarion's asset management or other fees. Clarion faces a conflict when selecting its own team (i.e., CPIG) over a third party developer, due to the additional fees payable to Clarion. Clarion has policies and procedures to monitor the selection of CPIG for development services, and the fees charged for those services. Pursuant to these policies and procedures, Clarion evaluates whether the fees charged for these services are consistent with prevailing market rates for, and are provided on other terms and conditions that are no less favorable than those generally available from, unaffiliated third parties for a comparable level of service and quality.

In addition, Clarion engages itself, its affiliates, or providers with familial or business connections to Clarion employees to provide certain administration or other types of services to client (such as financing, asset disposition, and sales brokerage services). Fees paid to Clarion or its affiliates for these services are generally not offset against Clarion's asset management or other fees. This presents a conflict for Clarion, in that Clarion has an incentive to select itself or an affiliated or connected service provider over a third party, due to the additional fees paid to Clarion or its affiliates or connected providers. In an effort to mitigate these conflicts, Clarion seeks to establish that the selection of itself or an affiliated or connected provider, and the fees charged, are appropriate under the circumstances.

Certain Funds invest in other Funds and under certain circumstances, do so on different fee, information access and other terms as compared to the underlying Fund's other investors. Although Clarion generally does not offset the asset management or other fees of the investing Fund by any of the fees or expenses payable to Clarion or its affiliates by the underlying Funds, in some cases, Clarion does so offset. These types of investments present various conflicts for Clarion, including those related to management, performance and incentive fee arrangements, and decisions regarding the allocation of capital of investing Funds to or among underlying Funds. Clarion seeks to mitigate these conflicts by following established investment guidelines and investment governance for each investing Fund. See also Item 5, Item 6, and the applicable Fund Documents.

Certain Fund investors are not required to pay all (or a portion) of the Fund management fees or performance-based fees. These Fund investors include but are not limited to:

- Clarion and its affiliated companies, when investing in Funds on a principal basis; and

- Individual Fund investors that are affiliates of Clarion (such as current and former employees of Clarion and its affiliates).

Clarion Partners EMEA Limited (“CPEL”), an entity that is wholly owned by Clarion, is regulated by the Financial Conduct Authority of the UK. CPEL provides marketing, operational and administrative support to Clarion in Europe.

Clarion owns a majority interest in Clarion Partners Europe (distinct from CPEL above) a Europe-based advisory business comprising a Jersey entity registered as an investment adviser with the Jersey Financial Services Association and its subsidiaries, including a UK entity regulated by the Financial Conduct Authority. Clarion Partners Europe, which focuses on European industrial assets, has its own management and investment teams and operates separately from Clarion’s U.S. business. Clarion acts as a subadviser to and performs services for Clarion Partners Europe.

Clarion, under a subadvisory agreement, employs the use of a third-party subadviser which provides investment recommendations and asset management services with respect to certain real property investments in Mexico.

Clarion is not registered as a futures commission merchant (FCM), commodity trading advisor (CTA), or commodity pool operator (CPO), as each term is defined by the Commodity Exchange Act of 1936, as amended.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Clarion has adopted a Code of Ethics that sets forth ethical standards of business conduct that Clarion requires of its employees. The Code of Ethics is intended to reflect fiduciary principles that govern the conduct of Clarion employees and its supervised persons in those situations where Clarion acts as an investment adviser as defined under the Advisers Act in providing investment advice to clients. It consists of an outline of policies regarding several key areas: standards of conduct and compliance with laws, rules and regulation; protection of material non-public information; personal securities trading; and outside business activities. Clarion periodically makes or directs contributions to bona fide charities pursuant to the terms of its Code of Ethics and applicable law, such as charities sourced by employees of or other persons affiliated with Clarion, business partners of Clarion or Fund investors. The Code of Ethics is available upon request by contacting the Legal and Compliance Department at (212) 883-2500.

Participation or Interest in Client Transactions

Conflicts of interest generally will arise whenever Clarion has an actual or perceived economic or other incentive to act in connection with the management of client assets in a way that benefits a particular client, or benefits Clarion or its affiliates. Clarion seeks to mitigate these conflicts through policies and procedures, disclosures, and by following established investment guidelines and investment governance for each investing Fund and SMA.

Funds and SMAs advised by Clarion invest in properties in which Clarion or its affiliates are tenants or in multi-use developments in which Clarion or its affiliates hold other parcels. Clarion or its affiliates may lease space in properties or acquire properties adjacent to or under concurrent development with properties in which Funds or SMAs advised by Clarion hold an interest. Conflicts of interests arise for Clarion in setting lease terms or determining whether to pursue default remedies against affiliated tenants. Conflicts of interest also arise where multiple properties are held in the same development zone as investment decisions made with respect to such properties can concurrently harm or benefit related properties. Clarion seeks to mitigate these conflicts through policies and procedures, disclosures, and by following established investment guidelines and investment governance for each investing Fund and SMA.

In some circumstances, Clarion recommends to its clients that they buy or sell securities or investment products in which Clarion or an affiliate has some financial interest. As a result of these financial interests, Clarion and its affiliates could have an incentive to recommend such investments to clients on terms that are not as favorable as might be obtained from an unaffiliated third party acting on an arm’s-length basis. Clarion faces similar conflicts of interest in exercising rights under these arrangements. See also Item 10.

Co-Investing – From time to time, Clarion or its affiliates co-invest with clients, or clients co-invest with one another, in direct real estate investments or real estate joint venture investments, as permitted under the relevant Fund Documents or IMA. Such co-investments can occur on a one-off or programmatic basis. From time to time Clarion, or its affiliates, such as Franklin Templeton, also invest seed capital or make a direct investment in a Fund, as discussed in the applicable Fund Documents.

Cross, Principal and Similar Transactions – From time to time, transactions involve one or more clients buying investments from, or selling investments to, or engaging in similar transactions with, one or more other clients (“cross trades”). In connection with these transactions, conflicts are likely to exist between the duties and obligations of Clarion to each client. Fund investors will not have the right to vote on such transactions unless the Fund’s governing documents provide otherwise. Conflicts of interest also arise if Clarion or an affiliate purchases investments from or sells investments to clients (“principal trades”). Conflicts also arise when Clarion recommends to a client, or invests on behalf of a client, in a security or issuer advised, managed, sponsored or distributed by Clarion or an affiliate (or otherwise from or with respect to which Clarion or an affiliate receives compensation). Conflicts also arise when Clarion or its affiliates purchase or sell investments for clients through its affiliates.

Employee Investments – Employees of Clarion invest in the Funds or SMAs as permitted by law and in accordance with the respective Fund Documents or IMAs and internal Clarion policy. Employees of Clarion and its affiliates also invest in real estate investments for their own accounts. See Personal Securities Trading below, and also Item 10.

Funds of Funds Arrangements – See Items 5 and 10.

Personal Securities Trading

Clarion’s Code of Ethics includes personal securities trading policies and procedures, and insider trading policies and procedures. The Code of Ethics requires supervised persons to: (1) report personal securities transactions on at least a quarterly basis, (2) provide a report of holdings and securities accounts (both upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest, (3) pre-clear acquisitions of IPOs; and (4) pre-clear acquisitions, dispositions, or transfers of private placement investments, including interests in private funds. The Code of Ethics also addresses employee trading in cryptocurrencies and digital assets.

Clarion employees receive periodic training regarding Clarion’s personal securities trading policies and procedures. In addition, Clarion employees periodically confirm that they have read, understand, and will abide by the Code of Ethics.

ITEM 12 – BROKERAGE PRACTICES

General Brokerage Practices

Due to the nature of the investments the Funds and SMAs make, securities broker-dealers are generally not used for Clarion transactions. However, when executing transactions on behalf of the Funds or SMAs through a broker or dealer, Clarion has the investment discretion under the applicable IMA or Fund Documents to buy or sell securities, to determine the amount of securities to be bought or sold, and to determine which broker or dealer to be used to execute any securities transaction. Clarion seeks best execution in such circumstances pursuant to the applicable IMA or Fund Documents and its best execution policy. Clarion generally does not recommend, request or require clients’ direct execution of securities transactions through a specified broker-dealer.

On behalf of clients, Clarion engages service providers and real estate brokers for investment sales, property management, leasing, debt financing and other services. Clarion has the investment discretion (as set out under the applicable IMA or Fund Documents) to hire third party service providers, including real estate brokers, and to negotiate the commissions paid to those providers. In recognition of its responsibilities as a fiduciary and in keeping with its level of operational practices and efforts to maximize the value of client accounts, Clarion’s primary objective is to seek to obtain best execution of real estate transactions for client accounts considering the relevant circumstances. In engaging brokers and service providers, Clarion considers a number of factors

including, but not limited to: execution capability, commission rates, knowledge of markets, experience, reputation, current market conditions and marketing support.

In addition, Clarion and its affiliates have long-term relationships with a significant number of industry service providers, such as property managers, brokers, lenders, investment bankers, landlords, developers, general contractors, institutions and corporations and their advisors. In determining whether a client should invest in any particular transaction and which service providers to use, if any, Clarion generally considers these relationships.

Research and Other Soft Dollar Benefits

Clarion generally does not accept or use soft dollars and has no soft dollar arrangements at present.

Trade Aggregation

Clarion does not generally aggregate trades, given its central focus on real estate and real estate-related investments, but to the extent that trades are aggregated for certain portfolios, then Clarion would do so if it believes that aggregating trades would be in the best interest of the clients. As noted above, given the size and nature of the investments, there is currently no expectation that such an aggregate order could not be completed at one time. In the event that more than one trade would be necessary to complete the total order, then clients would be charged the average price.

Brokerage Services by CPS

CPS does not provide brokerage services in connection with transactions involving securities.

Brokerage for Client Referrals

Clarion does not generally receive client referrals from brokers and does not select brokers based on referrals.

Cross Trading

See Item 11.

ITEM 13 – REVIEW OF ACCOUNTS

Clarion's portfolio managers and their teams review the investments of each Fund and SMA on an ongoing basis. The teams review investment performance, and conduct performance attribution analysis, risk analysis and strategic planning for each client portfolio. Clarion's Executive Board provides supervisory management for the entire business, including with respect to Funds and SMAs.

Clarion facilitates the preparation of written quarterly and annual reports for each Fund and SMA. These reports are provided to Fund investors and SMA Clients, and they include accounting, operations and performance information about the investments.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

From time to time, Clarion enters into cash compensation arrangements with third parties for client referrals and with third-party solicitation agents in connection with the solicitation of prospective investors to the Funds.

ITEM 15 – CUSTODY

For purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940 (the "Custody Rule"), with respect to Funds, Clarion and/or an affiliate is deemed to have "custody" of each Fund's assets (as defined by the Custody Rule) due to such affiliate's role as general partner of the Funds. Assets of each Fund are held in the name of the Fund by one or more independent qualified custodians. Each Fund is audited on an annual basis and audited financial statements are distributed to the limited partners within 120 days of the end of the fiscal year.

With respect to accounts of an SMA Client for which Clarion and/or an affiliate is deemed to have custody (each, an

“SMA Custody Account”), the SMA Client receives notification of the opening of, or changes to, each SMA Custody Account. Clarion also expects each SMA Client to receive account statements from the client’s qualified custodian on at least a quarterly basis. SMA Clients are encouraged to carefully review the account statements they receive from their custodians. Clarion also encourages SMA Clients to compare any statements received from their qualified custodians with the corresponding statements they receive from Clarion, which are contained within the financial reports referenced in Item 13.

ITEM 16 – INVESTMENT DISCRETION

Typically, clients hire Clarion to provide discretionary asset management services, in which case Clarion acquires or disposes of investments in a client’s account without obtaining the client’s permission. When applicable, Clarion’s discretionary authority generally includes the ability to identify which investments to buy or sell as well as the price and the quantity.

When clients grant Clarion discretionary authority, they do so by way of executing a discretionary agreement in which Clarion’s authority is outlined. SMA Clients have the ability to limit this authority by written instructions. For example, SMA Clients have the ability to restrict the inclusion of specific types of assets in their portfolio. Clients also have the ability to enter into non-discretionary investment management agreements with Clarion.

Clarion has full discretionary authority for the management and conduct of the affairs of the Funds (to the extent it has advisory or subadvisory responsibility for the particular Fund’s assets). Clarion is responsible for and has the authority to identify, acquire, operate, manage, finance and sell these Fund assets. Other responsibilities include, among other things, determining investment strategy and providing research, acquisition, portfolio management, asset management, property management, leasing supervision, client service, administration and financial accounting.

ITEM 17 – VOTING CLIENT SECURITIES

In the event that there are any proxies issued with respect to client investments, Clarion’s response will be governed by its proxy voting policies and procedures. If the proxy vote potentially presents a conflict of interest, the portfolio manager will consult with Clarion’s legal department, and an appropriate review will be conducted. The portfolio manager will then vote the affected proxy in accordance with the results of that review. A full copy of Clarion’s proxy voting policies is available upon request. Clients may also request a copy of the proxy voting record for their account.

ITEM 18 – FINANCIAL INFORMATION

Form ADV Part 2 requires Clarion to disclose any financial condition reasonably likely to impair Clarion’s ability to meet contractual commitments to clients. At this time, Clarion has no information to report that is applicable to this Item.