CBRE CLARION GLOBAL REAL ESTATE INCOME FUND
Form N-CSRS
September 03, 2015
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT

INVESTMENT COMPANIES

Investment Company Act file number 811-21465

CBRE Clarion Global Real Estate Income Fund

(Exact name of registrant as specified in charter)

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Address of principal executive offices) (Zip code)

T. Ritson Ferguson, President and Chief Executive Officer

CBRE Clarion Global Real Estate Income Fund

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Name and address of agent for service)

Registrant s telephone number, including area code: 1-877-711-4272

Date of fiscal year end: December 31

Date of reporting period: June 30, 2015

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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Item 1. Reports to Stockholders.

The semi-annual Report of CBRE Clarion Global Real Estate Income Fund (the Trust) transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

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CBRE CLARION GLOBAL REAL ESTATE

INCOME FUND

Semi-Annual Report for the Six Months Ended June 30, 2015

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CBRE Clarion Global Real Estate Income Fund (the Trust), acting in accordance with an exemptive order received from the Securities and Exchange Commission (SEC) and with approval of its Board of Trustees (the Board), has adopted a managed distribution policy (the Policy) with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of the Trust during such year and all of the returns of capital paid by portfolio companies to the Trust during such year. In accordance with its Policy, the Trust distributes a fixed amount per common share, currently $0.045, each month to its common shareholders. This amount is subject to change from time to time in the discretion of the Board. Although the level of distributions is independent of fund performance, the Trust expects such distributions to correlate with its performance over time. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential increases or decreases in the final dividend periods for each year in light of the Trust s performance for the entire calendar year and to enable the Trust to comply with the distribution requirements imposed by the Internal Revenue Code. Over time, the Trust expects that the distribution rate in relation to the Trust s Net Asset Value (NAV) will approximately equal the Trust s total return on NAV.

The fixed amount of distributions will be reviewed and amended as necessary by the Board at regular intervals with consideration of the level of investment income and realized gains. The Board strives to establish a level regular distribution that will meet the Trust s requirement to pay out all taxable income (including amounts representing return of capital paid by portfolio companies) with a minimum of special distributions. The Trust s total return in relation to changes in NAV is presented in the financial highlights table. Shareholders should not draw any conclusions about the Trust s investment performance from the amount of the current distribution or from the terms of the Trust s managed distribution policy. The Board may amend or terminate the managed distribution policy without prior notice to Trust shareholders.

Shareholders should note that the Trust s Policy is subject to change or termination as a result of many factors. The Trust is subject to risks through ownership of its portfolio company holdings including, but not limited to, declines in the value of real estate held by the portfolio company, risks related to general and local economic conditions, and portfolio company losses. Moreover, an economic downturn could have a material adverse effect on the real estate markets and on real estate companies in which the Trust invests, which in turn could result in the Trust not achieving its investment or distribution objectives thereby jeopardizing the continuance of the Policy. Please refer to the prospectus for a fuller description of the Trust s risks.

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Investors should consider a fund s investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus that contains this and other information about the Fund may be obtained by calling 888-711-4272. Please read the prospectus carefully before investing. Investing in closed-end funds involves risk, including possible loss of principal. Past performance does not guarantee future results.

Real Estate investments are subject to changes in economic conditions, credit risk, and interest rate fluctuations. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Because real estate funds concentrate their investments in the real estate industry, the portfolio may experience more volatility and be exposed to greater risk than the portfolios of other funds.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund s investment return and principal value will fluctuate so that an investor s shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund s portfolio. There is no assurance that the Fund will achieve its investment objective.

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Letter to Shareholders

T. Ritson Ferguson

Steven D. Burton

Dear Shareholder:

We are pleased to present the 2015 Semi-Annual Report for the CBRE Clarion Global Real Estate Income Fund (the Trust).

Performance Review

Global real estate stocks, as measured by the S&P Developed Property Index (S&PDPI) (1), finished slightly negative for the first half of 2015 as healthy first quarter gains were erased by declines late in the second quarter. Real estate stocks started the year with positive returns, but turned negative in the second quarter as the threat of higher interest rates and the unsettled situation in Europe around Greece s continuing financial difficulties weighed on investors sentiment. Despite the negative returns in the first half of the year, the real estate business fundamentals are very good and the combination of moderate yet steady economic growth and historically low long-term interest rates bodes well for real estate and real estate securities.

During the first six months of 2015, the S&P Developed Property Index (S&PDPI) fell -1.6% and the MSCI REIT Preferred Index (MSRPI) (2) rose +3.0%. The Trust s net asset value return (NAV Return, i.e., the change in the Trust s net asset value adjusted for dividends) was -5.8%, trailing the -0.7% return of a blended index comprised of 80% S&PDPI and 20% MSRPI. (3) The Trust s market price return of -8.7% (i.e., the change in the Trust s stock price adjusted for dividends) trailed its NAV Return as the discount of the Trust s share price to its NAV widened from 12% at year-end to 15% at June 30, 2015. The Trust s NAV Return underperformed the blended index due to a combination of two main factors. First, the Trust maintained an underweight to U.S. REIT preferred stocks, which outperformed common stocks in the first half of the year. Second, the Trust s common stock portfolio produced below average returns during the period. The average gross return on the Trust s common stock portfolio in the first half of the year was -5.0%, which trailed the S&PDPI due to the portfolio s relative overweight of the U.S. (which has been the worst performing country year-to-date) and its underweight to Asian property stocks, especially Hong Kong, which has been the best performer so far in 2015. We also elected to reposition the portfolio by selling several securities having significant unrealized gains. The gains realized should be offset by losses incurred in past periods. The extra trading activity associated with this re-positioning contributed somewhat to the Trust s relative underperformance so far this year. The Trust s performance was also hurt by holdings positions in several US companies with relatively high yields but lower-than-average earnings growth potential. These stocks did not fare well in the second quarter when the increasing rhetoric about the Federal Reserve increasing interest rates caused a general sell-off in U.S. REITs, especially those with lower-than-average earnings growth. In managing the Trust, we endeavor to strike a balance between an investment portfolio with higher-than-average yield, but also having sufficient growth potential to benefit from stock price appreciation in the current environment of improving real estate fundamentals.

(1) The S&P Developed Property Index is an unmanaged market-weighted total return index which consists of over 350 real estate companies from 22 developed markets with a free float total market capitalization of at least U.S. $100 million that derive more than 60% of their revenue from real estate development, management, rental and/or direct investment in physical property.

(2) The MSCI REIT Preferred Index is a preferred stock market capitalization weighted index of all exchange traded preferred securities of equity REITs.

(3) We include the return of this blended index as a reference point, since the Trust invests in both common and preferred stocks issued by listed property companies. The Trust does not have a formal performance benchmark.

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The Trust paid total dividends of $0.27 per share for the first six months of 2015, consisting of six regular monthly dividends of $0.045 per share. The annualized dividend of $0.54 per share represents a 6.8% yield on the $7.96 share price and a 5.8% yield on the $9.32 NAV as of June 30th. In early July, the Board announced the decision to increase the regular monthly dividend to $0.05 per share (or $0.60 annually), an increase of 11%. The increased annualized dividend represents a 7.5% yield on the $7.96 share price and a 6.4% yield on the $9.32 NAV as of June 30th.

The Trust s dividend is established by the Board at regular intervals with consideration of the portfolio s level of investment income, potential capital appreciation and market conditions. The Board cited several reasons for increasing the dividend in July, including: 1) the growth of the Trust s net asset value relative to its distribution rate (i.e., dividends paid) over the past 5 years, 2) the increase in the value of the Trust s underlying investments, including significant capital gains realized as a result of the active portfolio management, and 3) the anticipation of increasing levels of earnings and income received from the investment portfolio. The Board will continue to review the level and sustainability of the Trust s regular monthly dividend in light of future market conditions.

Portfolio Review

The Trust s investments remain well-diversified by property type and geography, as shown in the charts below. At June 30th, approximately 54% the Trust s portfolio was invested in common stock of companies within the Americas region, 15% in the European region, and 22% in the Asia-Pacific region. Approximately 9% of the Trust s portfolio was invested in preferred stock of US real estate companies. The Trust sold its investment in the Link REIT (Hong Kong) in January and invested the proceeds into new investments in Australia and the U.S., which we believe offer more compelling yields and total return prospects. By property type, we continue to favor retail properties, including top-quality malls and shopping centers, where cash flow growth benefits from economic recovery cycles. A number of the portfolio s investments in the Asia-Pacific region are classified under the diversified property type as companies in this region tend to specialize by geography, owning a mix of high quality office, retail and residential properties. The Trust also has meaningful positions in the industrial, apartment and office sectors, which stand to benefit from the acceleration in economic activity we expect will continue, particularly in the U.S.

Geographic Diversification **Sector Diversification**

Source: CBRE Clarion Securities as of 06/30/2015. Geographic and Sector diversification are unaudited. Percentages presented are based on managed trust assets, which includes borrowings. The percentages in the pie charts will differ from those on the Portfolio of Investments because the figures on the Portfolio of Investments are calculated using net assets of the Trust.

Market Commentary

Real estate stocks were down in the second quarter after a good start to the year on concerns about the situation in Greece and rising long-term interest rates. The fundamentals of the property business are steadily improving, but property stocks were poor performers for the second quarter as investor fears of the impacts of higher interest rates and the unsettled situation in Europe around the resolution of Greece s continuing financial difficulties overwhelmed the good news of improving fundamentals, earnings and values. Only property stocks in Hong Kong managed gains for the second quarter. Property stocks in Continental Europe and the U.S. were the poorest performers, each declining more than 10% in local currency terms. The decline in the second quarter erased the gains of the first quarter as returns are now slightly negative year-to-date.

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Global Real Estate Performance by Country*

Region/ Country	Q1 2015	Q2 2015	YTD 2015
World	4.8%	-6.1%	-1.6%
North America	4.7%	-10.1%	-5.9%
Canada	-2.1%	-3.7%	-5.8%
United States	4.9%	-10.3%	-5.9%
Europe	6.5%	-3.0%	3.3%
Continental Europe	7.6%	-7.1%	-0.1%
United Kingdom	4.6%	4.0%	8.8%
Asia-Pacific	4.0%	-1.3%	2.6%
Australia	1.7%	-2.3%	-0.7%
Hong Kong	7.7%	1.5%	9.3%
Japan	3.2%	-3.1%	0.0%
Singapore	2.5%	-0.4%	2.1%

Source: S&P Developed Property Index as of 06/30/2015.

** Please note that not all countries are displayed.* ***Past performance is no guarantee of future results.***

Real estate values continue to grow despite the recent rise in interest rates. Rates on long-term (10-year) sovereign bonds rose during the quarter in most major countries around the world between 0.4%-0.8% (i.e., +40-80 basis points), despite the fact that the U.S. Federal Reserve Bank is the only central bank currently signaling an intent to raise short-term interest rates and tighten monetary policy. The increase in long-term rates reflects a sense that global growth is accelerating despite the fact that outside the U.S., most central banks are maintaining very accommodative monetary policy in response to still mixed economic data, weak labor markets, and growth below historical averages and desired targets. Despite the higher rates, demand for real estate remains high given the attractive total return prospects driven by yield and improving earnings growth. The significant sources of capital seeking real estate include institutional investors, sovereign wealth funds, private equity, and listed property companies. Listed property companies at June 30th were trading at an 11% discount to Net Asset Value (NAV) on a global weighted average setting up an interesting arbitrage for savvy investors.

NAV Premium/Discount by Country

Information is the opinion of CBRE Clarion as of 06/30/2015, is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.

(1) Japan Real Estate Investment Trusts (J-REITs)

(2) Japan Real Estate Operating Companies (J-REOCs)

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Stock prices fell even as capital flows to private real estate are ramping up and transaction activity indicates that property stocks trade at discounts to private market values. U.S. REITs were the worst performers for the quarter falling more than 10% despite some significant M&A announcements. In early April, Blackstone Group announced a deal to buy U.S. shopping center REIT Excel Realty for $2 billion. Also in April, Canada-based Brookfield Asset Management announced that it will acquire U.S. apartment company Associated Estates for $2.5 billion. In late June, Home Properties, a U.S. apartment REIT, reached a deal to be acquired by Lone Star Funds in a deal valued at $7.6 billion including the assumption of debt. There were two other noteworthy real estate transactions announced in the first half of 2015. Blackstone Group and Wells Fargo announced an agreement to buy approximately $23 billion of real estate assets (mostly debt) from GE Capital, as GE largely exits the real estate business as part of a larger downsizing of the GE Capital business. Mall giant Simon Property Group was rebuffed in its bid for Macerich, in what would have been a sizeable listed-to-listed transaction. M&A is expected to continue in an environment where capital is widely available and where listed real estate is attractively priced relative to the private market. Data shows that dry powder available to private real estate investment funds rose by $70 billion to over $250 billion.

Closed-End Private Equity Real Estate Fund Dry Powder (US$ Billions)

Source: Prequin Ltd. as of 06/30/2015. Prequin defines Dry Powder as the sum of the uncalled capital commitments which private equity funds still have to invest. Information is the opinion of CBRE Clarion and is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.

Total return prospects for listed real estate look promising. We are still early in the rental rate recovery cycle in many real estate markets around the world. Economic growth is expanding in most developed markets around the globe, albeit slowly. The spread between cap rates and 10-year sovereign bond yields remains at historically wide levels, even with the recent rise in interest rates, which suggests that there is plenty of cushion to absorb some further increase in bond yields. Meanwhile, property companies continue to benefit from improving fundamentals, earnings growth, rising dividends, and improving property values. For those with a longer-term view, the recent pull-back in real estate stock prices may prove to be an interesting buying opportunity.

We appreciate your continued faith and confidence.

Sincerely,

CBRE CLARION SECURITIES LLC

T. Ritson Ferguson, CFA
President & CEO
Co-Portfolio Manager

Steven D. Burton, CFA
Co-Portfolio Manager

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The views expressed represent the opinion of CBRE Clarion Securities which are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CBRE Clarion Securities believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimate, projections, and other forward-looking statements are based on available information and management s view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. The securities discussed herein should not be perceived as a recommendation to purchase or sell any particular security. It should not be assumed that investments in any of the securities discussed were or will be profitable. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in real estate securities involves risks including the potential loss of principal. Real estate equities are subject to risks similar to those associated with the direct ownership of real estate. Portfolios concentrated in real estate securities may experience price volatility and other risks associated with non-diversification. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. ***Past performance is no guarantee of future results.***

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Portfolio of Investments (unaudited)

June 30, 2015

Shares			Market Value ($)
	Real Estate Securities* 109.9%		
	Common Stock 100.4%		
	Australia 11.6%		
4,309,600	DEXUS Property Group	$	24,180,215
11,351,100	Federation Centres		25,475,407
1,410,723	Goodman Group		6,798,446
11,628,821	Scentre Group		33,517,166
5,202,900	Westfield Corp.		36,470,411
			126,441,645
	Canada 7.2%		
200,100	Calloway Real Estate Investment Trust		4,635,261
500,000	Crombie Real Estate Investment Trust		4,994,193
1,856,000	H&R Real Estate Investment Trust		33,360,279
2,522,900	InnVest Real Estate Investment Trust		10,407,253
1,132,900	RioCan Real Estate Investment Trust		24,292,309
			77,689,295
	France 5.9%		
67,789	Altarea (a)		12,122,645
514,560	Klepierre		22,620,448
117,451	Unibail-Rodamco SE		29,666,845
			64,409,938
	Japan 6.4%		
15,811	Japan Retail Fund Investment Corp.		31,643,966
480,800	Mitsui Fudosan Co., Ltd.		13,465,465
711,400	Sumitomo Realty & Development Co., Ltd.		24,961,352
			70,070,783
	Mexico 0.9%		
6,043,300	Prologis Property Mexico SA de CV (a)		10,191,147
	Netherlands 3.1%		
528,401	Eurocommercial Properties NV		22,021,983
277,161	Vastned Retail NV		12,202,736
			34,224,719
	New Zealand 0.7%		
9,050,000	Goodman Property Trust		7,222,206

Shares			Market Value ($)
	Singapore 4.9%		
6,735,000	Ascendas Real Estate Investment Trust	$	12,304,568

25,453,700	CapitaLand Commercial Trust	29,489,619
8,677,000	Suntec Real Estate Investment Trust	11,116,097
		52,910,284
	United Kingdom 8.3%	
4,182,800	British Land Co. Plc	52,198,742
1,263,400	Hammerson Plc	12,229,676
3,964,910	SEGRO Plc	25,304,128
		89,732,546
	United States 51.4%	
2,828,653	Brandywine Realty Trust	37,564,512
1,745,532	CBL & Associates Properties, Inc.	28,277,618
366,500	DCT Industrial Trust, Inc.	11,522,760
415,300	Douglas Emmett, Inc.	11,188,182
1,861,500	Duke Realty Corp.	34,568,055
668,000	Equity Residential	46,873,560
58,500	Essex Property Trust, Inc.	12,431,250
1,519,769	General Growth Properties, Inc.	38,997,273
593,415	Health Care REIT, Inc.	38,945,826
448,500	Healthcare Realty Trust, Inc.	10,432,110
457,300	Healthcare Trust of America, Inc., Class A	10,952,335
280,300	Highwoods Properties, Inc.	11,197,985
390,900	Home Properties, Inc.	28,555,245
1,774,900	Host Hotels & Resorts, Inc.	35,196,267
945,900	Kimco Realty Corp.	21,320,586
1,703,200	Liberty Property Trust	54,877,104
175,000	Simon Property Group, Inc.	30,278,500
3,553,387	Spirit Realty Capital, Inc.	34,361,252
321,400	Taubman Centers, Inc.	22,337,300
826,300	UDR, Inc.	26,466,389
844,400	WP GLIMCHER, Inc.	11,424,732
		557,768,841
	Total Common Stock	
	(cost $1,134,328,832)	1,090,661,404

See notes to financial statements.

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Portfolio of Investments concluded

Shares			Market Value ($)
	Preferred Stock 9.5%		
	United States 9.5%		
100,000	CBL & Associates Properties, Inc., Series D	$	2,513,000
320,000	Digital Realty Trust, Inc., Series E		8,179,200
1,050,000	EPR Properties, Series F		27,300,000
444,300	General Growth Properties, Inc., Series A		11,245,233
150,000	iStar Financial, Inc., Series F		3,697,500
765,000	iStar Financial, Inc., Series I		18,360,000
400,000	LaSalle Hotel Properties, Series I		10,360,000
268,000	Pebblebrook Hotel Trust, Series A		6,863,480
272,000	Pennsylvania Real Estate Investment Trust, Series B		7,208,000
280,000	Urstadt Biddle Properties, Inc., Series F		7,352,800
	Total Preferred Stock		
	(cost $89,439,607)		103,079,213
	Total Investments 109.9%		
	(cost $1,223,768,439)		1,193,740,617
	Liabilities in Excess of Other Assets (9.9)%		(107,583,432)
	Net Assets 100.0%	$	1,086,157,185

* Include U.S. Real Estate Investment Trusts (REIT) and Real Estate Operating Companies (REOC) as well as entities similarly formed under the laws of non-U.S. Countries.

(a) Non-income producing security.

See notes to financial statements.

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Statement of Assets and Liabilities (unaudited)

	June 30, 2015
Assets	
Investments, at value (cost $1,223,768,439)	$1,193,740,617
Cash and cash equivalents (including foreign currency of $249,225 with a cost of $248,963)	249,250
Unrealized appreciation on spot contracts	890
Dividends and interest receivable	5,510,788
Dividend withholding reclaims receivable	559,371
Other assets	98,269
Total Assets	1,200,159,185
Liabilities	
Line of credit payable	112,735,000
Unrealized depreciation on spot contracts	1,331
Management fees payable	841,288
Accrued expenses	424,381
Total Liabilities	114,002,000
Net Assets	$1,086,157,185
Composition of Net Assets	
$0.001 par value per share; unlimited number of shares authorized, 116,590,494 shares issued and outstanding	$116,590
Additional paid-in capital	1,297,453,644
Distributions in excess of net investment income	(65,155,074)
Accumulated net realized loss on investments and foreign currency transactions	(116,142,117)