

CALAVO GROWERS INC
Form 10-K
January 14, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2008

Commission file number: 000-33385
CALAVO GROWERS, INC.
(Exact name of registrant as specified in its charter)

California
(State of incorporation)

33-0945304
(I.R.S. Employer Identification No.)

1141-A Cummings Road, Santa Paula, CA
(Address of principal executive offices)

93060
(Zip code)

Registrant's telephone number, including area code: (805) 525-1245
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name Of Each Exchange On Which Registered
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Common Stock, \$0.001 Par Value per Share

Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company)

Indicate by check mark if whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

Based on the closing price as reported on the Nasdaq Global Select Market, the aggregate market value of the Registrant's Common Stock held by non-affiliates on April 30, 2008 (the last business day of the Registrant's most

recently completed second fiscal quarter) was approximately \$188.4 million. Shares of Common Stock held by each executive officer and director and by each shareholder affiliated with a director or an executive officer have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the Registrant's Common Stock as of November 30, 2008 was 14,418,833.

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement for the 2009 Annual Meeting of Shareholders, which we intend to hold on April 22, 2009 are incorporated by reference into Part III of this Form 10-K. The definitive Proxy Statement will be filed within 120 days after October 31, 2008.

CAUTIONARY STATEMENT

This Annual Report on Form 10-K contains statements relating to future results of Calavo Growers, Inc. (including certain projections and business trends) that are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by those sections. Forward-looking statements frequently are identifiable by the use of words such as believe, anticipate, expect, intend, will, and other similar expressions. Our actual results may differ materially from those projected as a result of certain risks and uncertainties. These risks and uncertainties include, but are not limited to: increased competition, general economic and business conditions, energy costs and availability, conducting substantial amounts of business internationally, pricing pressures on agricultural products, adverse weather and growing conditions confronting avocado growers, new governmental regulations, as well as other risks and uncertainties, including those set forth in Item 1A. Risk Factors and elsewhere in this Annual Report on Form 10-K and those detailed from time to time in our other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

Item 1. Business

General development of the business

Calavo Growers, Inc. (Calavo, the Company, we, us or our) procures and markets avocados and other perishable commodities and prepares and distributes processed avocado products. Our expertise in marketing and distributing avocados, processed avocados, and other perishable foods allows us to deliver a wide array of fresh and processed food products to food distributors, produce wholesalers, supermarkets, and restaurants on a worldwide basis. We procure avocados principally from California, Mexico, and Chile. Through our operating facilities in southern California, Texas, New Jersey, Arizona, and Mexico, we sort, pack, and/or ripen avocados for distribution both domestically and internationally. Additionally, we also distribute other perishable foods, such as Hawaiian grown papayas, and prepare processed avocado products. We report our operations in two different business segments: (1) fresh products and (2) processed products. See Note 11 in our consolidated financial statements for further information about our business segments.

On October 9, 2001, we completed a series of transactions whereby common and preferred shareholders of Calavo Growers of California (the Cooperative), an agricultural marketing cooperative association, exchanged all of their outstanding shares for shares of our common stock. Concurrent with this transaction, the Cooperative was merged into us with Calavo Growers, Inc. (Calavo) emerging as the surviving entity. These transactions had the effect of converting the legal structure of the business from a non-profit cooperative to a for-profit corporation. All references herein to us for periods prior to the merger refer to the business and operations of the Cooperative.

In August 2006, we entered into a joint venture agreement with San Rafael Distributing (SRD) for the purpose of the marketing, sale and distribution of fresh produce from the existing location of SRD at the Los Angeles Wholesale Produce Market (Terminal Market), located in Los Angeles, California. Such joint venture operates under the name of Maui Fresh International, LLC (Maui Fresh) and commenced operations in August 2006. SRD and Calavo each have an equal one-half ownership interest in Maui Fresh, but SRD has overall management responsibility for the operations of Maui Fresh at the Terminal Market. We use the equity method to account for our investment.

In June 2007, we entered into a distribution agreement with Agrícola Belher (Belher) of Mexico, a well-established quality producer of fresh vegetables, primarily tomatoes, for export to the U.S. market. Pursuant to such distribution agreement, Belher agreed, at their sole cost and expense, to harvest, pack, export, ship, and deliver tomatoes exclusively to our company, primarily our Arizona facility. In exchange, we agreed to sell and distribute such tomatoes, advance \$2 million to Belher for operating purposes, provide additional advances as shipments are made during the season (subject to limitations, as defined), and return the proceeds from such tomato sales to Belher, net of our commission and aforementioned advances. The agreement also allows for us to advance additional amounts to Belher at our sole discretion. As of October 31, 2008, we have advanced \$2.0 million to Belher pursuant to this agreement, which is recorded in advances to suppliers.

We also entered into an infrastructure agreement in June 2007 with Belher in order to significantly increase production yields and fruit quality. Pursuant to this agreement, we are to advance up to \$5 million to be used solely for the acquisition, construction, and installation of improvements to and on certain land owned by Belher, as well as packing line equipment. Advances incur interest at 8.8% at October 31, 2008. We advanced \$4.8 million as of October 31, 2008 (\$1.2 million included in prepaid expenses and other current assets and \$3.6 million included in other long-term assets). Belher is to annually repay these advances in no less than 20% increments through July 2012. In addition, the agreement allows for additional \$1.0 million advances to take place during the last five months of each of our fiscal years 2009 and 2010, but they are subject to certain conditions and are to be made at our sole discretion. Belher is to annually repay these advances in full on or before each of July 2009 and July 2010. Interest is to be paid monthly or annually, as defined. Belher may prepay, without penalty, all or any portion of the advances at any time.

In order to secure their obligations pursuant to both agreements discussed above, Belher granted us a first-priority security interest in certain assets, including cash, inventory and fixed assets, as defined.

Effective December 2007, we entered into a consignment and marketing agreement with Maui Pineapple Company, LTD. (MPC) to market and sell Maui Gold Pineapples throughout the continental United States and Canada. MPC agreed, among other things, to source, pack and ship such pineapples to an agreed port of entry. In

exchange, we agreed, among other things, to be responsible for such product upon arrival at the port, to market and sell the related product, and to develop and implement marketing strategies aimed at building the Maui Gold brand recognition.

The agreement calls for us to provide certain advances, as defined, and return the proceeds from such pineapple sales to MPC, net of our commission, fees, and incentives, if applicable. The term of this agreement is generally for 12 months and automatically

renews for a 12-month period, unless terminated, as defined. Our initial agreement expired in December 2008 and we are currently re-negotiating such agreement.

In May 2008, we purchased all of the outstanding shares of Hawaiian Sweet, Inc. (HS) and all ownership interests of Hawaiian Pride, LLC (HP) from the Chairman of our Board of Directors, Chief Executive Office and President. HS and HP engage in tropical-product packing and processing operations in Hawaii. The Acquisition Agreement provides, among other things, that as a result of the Acquisition Agreement, Calavo shall make an initial purchase price payment in the aggregate amount of \$3,500,000 for both entities. We made the initial payment on May 20, 2008. Calavo shall also make two additional annual payments, ranging from \$2,500,000 to \$4,500,000, based on certain operating results (the Earn-Out Payment(s)), as defined. Pursuant to SFAS 141, *Business Combinations*, we recorded approximately \$7.1 million as a liability related to deferred and contingent consideration to the Sellers, of which \$3.6 million was recorded in accrued expenses, \$3.5 million is recorded in long-term obligations, less current portion, and \$0.6 million as deferred tax liabilities. Total liabilities recorded as a result of the acquisition was \$7.7 million.

Our principal executive offices are located at 1141-A Cummings Road, Santa Paula, California 93060; telephone (805) 525-1245.

At October 31, 2008, we employed 876 employees worldwide.

Available information

We maintain an Internet website at <http://www.calavo.com>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to such reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and other information related to us, are available, free of charge, on our website as soon as reasonably practicable after we electronically file those documents with, or otherwise furnish them to, the Securities and Exchange Commission. Our Internet website and the information contained therein, or connected thereto, is not and is not intended to be incorporated into this Annual Report on Form 10-K.

Fresh products

Calavo was founded in 1924 to market California avocados. In California, the growing area stretches from San Diego County to Monterey County, with the majority of the growing areas located approximately 100 miles north and south of Los Angeles County. The storage life of fresh avocados is limited. It generally ranges from one to four weeks, depending upon the maturity of the fruit, the growing methods used, and the handling conditions in the distribution chain.

We sell avocados to a diverse group of supermarket chains, wholesalers, food service and other distributors, under the Calavo family of brand labels, as well as private labels. The consolidation in the supermarket industry has led to fewer, but bigger buyers. From time to time, sales are transacted via e-commerce. We believe that our largest customers will require us and our competitors to implement one or more e-commerce distribution solutions to facilitate their procurement and inventory management programs. In our judgment, the shift to e-commerce by our largest customers will favorably impact larger handlers like us, which have the ability and financial resources to support these strategies. From time to time, some of our larger customers seek short-term sales contracts that formalize their pricing and volume requirements. Generally, these contracts contain provisions that establish a price floor and/or ceiling during the contract duration. Again, in our judgment, the shift by our customers to drafting sales contracts benefits large handlers like us, which have the ability to fulfill the terms of these contracts. During fiscal year 2008, our 5 and 25 largest customers represented approximately 17% and 43% of our total consolidated revenues. During fiscal year 2007, our 5 and 25 largest customers represented approximately 12% and 25% of our total consolidated revenues. During fiscal years 2008, 2007 and 2006 none of our customers represented more than 10% of total consolidated revenues.

The Hass variety is the predominant avocado variety marketed on a worldwide basis. California grown Hass avocados are available year-round, with peak production periods occurring between February through September. Other varieties have a more limited picking season and generally command a lower price. Approximately 2,100 California growers deliver avocados to us, generally pursuant to a standard marketing agreement. Over the past several years, our share of the California avocado crop has remained strong, with approximately 28% of the 2008 shipped California avocado crop handled by us, based on data published by the California Avocado Commission. We

attribute our solid foothold in the California industry principally to the competitiveness of the per pound returns we pay and the communication and service we maintain with our growers.

California avocados delivered to our packinghouses are graded, sized, packed, cooled and, at times, ripened for delivery to customers. Our ability to estimate the size, as well as the timing of the delivery of the annual avocado crop, has a substantial impact on both our costs and the sales price we receive for the fruit. To that end, our field personnel maintain direct contact with growers and farm managers and coordinate harvest plans. The feedback from our field-managers is used by our sales department to prepare sales plans used by our direct sales force.

A significant portion of our costs are fixed. As a result, significant fluctuations in the volume of avocados delivered have a considerable impact on the per pound packing costs of avocados we handle. Generally, larger crops will result in a lower per pound handling cost. We believe that our cost structure is geared to optimally handle larger avocado crops. Our strategy calls for continued efforts in aggressively recruiting new growers, retaining existing growers, and procuring a larger percentage of the California avocado crop.

California avocados delivered to us are grouped as a homogenous pool on a weekly basis based on the variety, size, and grade. The proceeds we receive from the sale of each separate avocado pool, net of a packing and marketing fee to cover our costs and a profit, are paid back to the growers once each month. The packing and marketing fee we withhold is set annually by our Board of Directors and is revised based on our estimated per pound packing and operating costs, as well as our operating profit. This fee is a fixed rate per pound. Significant competitive pressures dictate that we set the packing and marketing fee at the lowest possible level to attract new and retain existing grower business. We believe that, if net proceeds paid ceased to be competitive, growers would choose to deliver their avocados to alternate competitive handlers. Consequently, we strive to deliver growers the highest return possible on avocados delivered to our packinghouses.

The California avocado market is highly competitive with 9 major avocado handlers. A marketing order enacted by the state legislature is in effect for California grown avocados and provides the financial resource to fund generic advertising and promotional programs. Avocados handled by us are identifiable through packaging and the Calavo brand name sticker.

We also handle avocados from Mexico and Chile, some of which are on a consignment basis for the suppliers. Pursuant to these arrangements, from time to time, we make advances to Mexican growers and Chilean packers. Historically, we made such advances related to both pre-harvest and post-harvest activities, but our focus during fiscal 2007 and 2008 was primarily related to post-harvest activities. Typically, we obtain collateral (i.e. fruit, fixed assets, etc.) that approximates the value at risk, prior to making such advances. Historical experience demonstrates that providing post-harvest advances results in our acquiring full market risk for the product, as it is possible (although unlikely) that our resale proceeds may be less than the amounts we paid to the grower. This is a result of the high level of volatility inherent in the avocado and perishable food markets, which are subject to significant pricing declines based on the availability of fruit in the market. In the event that we do make a pre-season advance, our ability to recover such pre-harvest advance would be largely dependent on the growers' ability to deliver avocados to us, as well as the inherent risks of farming, such as weather and pests. We anticipate making moderate pre-season advances during fiscal 2009.

Net sales generated by non-California sourced avocados depend principally on the availability of Mexican and Chilean grown avocados in the U.S. markets. In November 2004, the United States Department of Food and Agriculture (USDA) published a rule allowing Hass avocado imports from Mexico into all 50 states year round (up from 31 states for only a six month period), except for California, Florida, and Hawaii. The restriction on such states was lifted in February 2007. For the remaining 47 states, however, Mexico was able to deliver its fruit for all of fiscal 2008, 2007 and 2006. The implementation of this rule did not result in a significant increase in the sale of Mexican sourced fruit during fiscal 2008, as compared to fiscal 2006. See Item 7 for further details.

We have leveraged our expertise in the handling and marketing of California avocados to our non-California sourced avocados and perishable food products. Non-California sourced avocados primarily include fruit imported from Mexico and Chile. Our strategy is to increase our market share of currently sourced avocados to all accepted marketplaces. We believe our diversified avocado sources provide a level of supply stability that may, over time, help solidify the demand for avocados among consumers in the United States and elsewhere in the world. We believe our efforts in distributing our other various commodities complement our offerings of avocados.

In 1998, we invested in the Mexican avocado market by building a packinghouse in Uruapan, Mexico. We believe that our continued success in marketing Mexican avocados is largely dependent upon securing a reliable, high-quality supply of avocados at reasonable prices. The Mexican avocado harvest is both complimentary and competitive with the California market, as the Mexican harvest typically runs from September to June. As a result, it is common for Mexican growers to monitor the supply of avocados for export to the United States in order to obtain higher field prices. During 2008, we packed and distributed approximately 22% of the avocados exported from Mexico into the

United States and approximately 15% of the avocados exported from Mexico to countries other than the United States, based on our estimates.

In recent years, the volume of avocados exported by Chilean growers to the United States has continued to increase. Chilean growers continue to increase/monitor avocado plantings to capitalize on returns available in the worldwide avocado markets. Sales of Chilean grown avocados have generally been significant during our 4th and 1st fiscal quarters. Additionally, with the Chilean harvesting season being complimentary to the California season (August through February), Chilean avocados are able to command competitive retail pricing in the market. During 2008, we distributed approximately 6% of the Chilean imports into the United States, based on our estimates.

We have developed a series of marketing and sales initiatives primarily aimed at our largest customers that are designed to differentiate our products and services from those offered by our competitors. Some of these key initiatives are as follows:

We continue to have success with our ProRipeVIP avocado ripening program. This proprietary program allows us to deliver avocados evenly ripened to our customers specifications. We have invested in the Aweta AFS (acoustic firmness sensor) technology and equipment. ProRipeVIP is the next generation of selling conditioned avocados that have firmness determined via soundwaves. This technology is new to avocados. The most significant and compelling reason we invested in the Aweta systems is because the acoustic sensors measure firmness of the entire piece of fruit, as opposed to competitive mechanical tests that use pressure and calculated averages to measure firmness. We believe that ripened avocados help our customers address the consumers immediate needs and accelerate the sale of avocados through their stores. We currently have three Aweta systems in use in the United States, which, we believe, can effectively meet our customers demand for conditioned fruit.

We have developed various display techniques and packages that appeal to consumers and, in particular, impulse buyers. Some of our techniques include the bagging of avocados and the strategic display of the bags within the produce section of retail stores. Our research has demonstrated that consumers generally purchase a larger quantity of avocados when presented in a bag as opposed to the conventional bulk displays. We also believe that the value proposition of avocados in a bag provides for a higher level of sales to grocery stores.

From time to time, we market our avocados under joint promotion programs with other food manufacturers. Under these programs, we seek to increase the promotional exposure of our products by providing certain sales incentives. These incentives will be offered in conjunction with various promotional campaigns designed to advertise the products of all parties involved. We believe these programs will help us minimize our advertising costs, as they will be shared with other parties, while still achieving recognition in the marketplace.

The acquisition of Maui Fresh International, Inc. expanded our perishable food products to include various commodities, like tomatoes, mushrooms, and pineapples. We leverage our expertise in the handling and marketing of California avocados to these perishable food products as well. While many of these items are purchased, the majority of our sales are generated from tomatoes and pineapples, both of which are handled on a consigned basis. Commission rates for all products generally range from a flat commission rate per dollar sold to a fixed rate per-carton. Sales of our diversified products do not generally experience significant fluctuations related to seasonality.

In June 2007, we entered into a distribution agreement with Agricola Belher (Belher) of Mexico, a well-established quality producer of fresh vegetables, primarily tomatoes, for export to the U.S. market. Pursuant to such distribution agreement, Belher agreed, at their sole cost and expense, to harvest, pack, export, ship, and deliver tomatoes exclusively to our Arizona facility. In exchange, we agreed to sell and distribute such tomatoes, advance \$2 million to Belher for operating purposes, provide additional advances as shipments are made during the season (subject to limitations, as defined), and return the proceeds from such tomato sales to Belher, net of our commission and aforementioned advances.

Effective December 2007, we entered into a consignment and marketing agreement with Maui Pineapple Company, LTD. (MPC) to market and sell Maui Gold Pineapples throughout the continental United States and Canada. MPC agreed, among other things, to source, pack and ship such pineapples to an agreed port of entry. In exchange, we agreed, among other things, to be responsible for such product upon arrival at the port, to market and sell the related product, and to develop and implement marketing strategies aimed at building the Maui Gold brand recognition.

The agreement calls for us to provide certain advances, as defined, and return the proceeds from such pineapple sales to MPC, net of our commission, fees, and incentives, if applicable. The term of this agreement is generally for 12 months and automatically renews for a 12-month period, unless terminated, as defined. Our initial agreement expired in December 2008 and we are currently re-negotiating such agreement.

In May 2008, we purchased all of the outstanding shares of Hawaiian Sweet, Inc. (HS) and all ownership interests of Hawaiian Pride, LLC (HP) from the Chairman of our Board of Directors, Chief Executive Office and President. HS and HP engage in tropical-product packing and processing operations in Hawaii.

Processed Products

The processed product segment was originally conceived as a mechanism to stabilize the price of California avocados by reducing the volume of avocados available to the marketplace. In the 1960 s and early 1970 s, we pioneered the process of freezing avocado pulp and developed a wide variety of guacamole recipes to address the diverse tastes of consumers and buyers in both the retail and food service industries. One of the key benefits of frozen products is its long shelf-life. With the introduction of low cost processed products delivered from Mexican based processors, however, we realigned the segment s strategy by shifting the fruit procurement and pulp processing functions to Mexico. In 1995, we invested in a processing plant in Mexicali, Mexico to derive the benefit of competitive avocado prices available in Mexico.

Through January 2003, the primary function of our Mexicali processed operation was to produce pulp for our Santa Paula plant. Our processing facility in Santa Paula, California would receive the pulp from Mexicali, add ingredients, and package the product in various containers. The product would then be frozen for storage with shipment to warehouses and, ultimately, to our customers. From January 2003 to August 2004, however, our Mexicali processed operations became primarily focused on our individually quick frozen (IQF) avocado half product line and one of our ultra high-pressure lines. Our IQF line provides food service and retail customers with peeled avocado halves that are ripe and suitable for immediate consumption. These halves were frozen, packaged and shipped out of Mexicali to warehouses located in the U.S., and, ultimately, to our customers.

In February 2003, our Board of Directors approved a plan whereby the operations of our processed products business would be relocated. The plan called for the closing of our Santa Paula, California and Mexicali, Baja California Norte (Mexicali) processing facilities and relocating these operations to a new facility in Uruapan, Michoacan, Mexico (Uruapan). This restructuring has provided for cost savings in the elimination of certain transportation costs, duplicative overhead structures, and savings in the overall cost of labor and services. The Uruapan facility commenced operations in February 2004 and the Santa Paula and Mexicali facilities ceased production in February 2003 and August 2004. Net sales of frozen products represented approximately 64% and 63% of total processed segment sales for the years ended October 31, 2008 and 2007.

During fiscal year 2002, we purchased and commissioned a 35-liter (35L) ultra high pressure machine designed to cold pasteurize fresh guacamole. Utilizing ultra high pressure only and without the need of any additives or preservatives, this procedure substantially destroys the cells of any bacteria that could lead to spoilage or oxidation issues. Once the procedure is completed, our guacamole is cased and shipped to various retail and food service customers throughout the United States and Canada.

Our 35L machine discussed above ran near capacity during fiscal year 2003 through the closure date of Mexicali, which was August 2004. During fiscal year 2004, we purchased and commissioned a 215-liter (215L) ultra high pressure machine in Uruapan. This machine was commissioned for operations in July 2004, ran at about 40% capacity during fiscal 2004, increased to approximately 60% capacity during fiscal 2005, and ran at about 80% capacity during fiscal years 2006 and 2007. The 35L machine discussed above was ultimately traded in for credit towards another 215L machine, which was commissioned for operation in September 2007. As such, we currently have two 215L ultra high pressure machines located in Uruapan and estimate we are operating at approximately 50% of the combined machines capacities as of October 31, 2008. We believe the additional capacity provided by the 215L machine is reasonable given our current sales projections and expected growth. Net sales of our ultra high pressure products represented approximately 36% and 37% of total processed segment sales for the years ended October 31, 2008 and 2007.

Sales are made principally through a commissioned nationwide broker network, which is supported by our regional sales managers. We believe that our marketing strength is distinguished by providing quality products, innovation, year-round product availability, strategically located warehouses, and market relationships. During fiscal year 2008, our 5 and 25 largest customers represented approximately 6% and 11% of our total consolidated revenues. During fiscal year 2007, our 5 and 25 largest customers represented approximately 7% and 12% of our total consolidated revenues. During fiscal years 2008, 2007 and 2006 none of our processed product customers represented more than 10% of total consolidated revenues.

We believe that these ultra high pressure machines will enable our company to deliver the widest available array of prepared avocado and other products to our customers. Consequently, we believe that we are positioned to expand our ultra high pressure product line to include more avocado related products, high-end salsas, mangoes and other readily available fruit products.

Sales and Other Financial Information by Business Segment and Product Category

Sales and other financial information by business segment are provided in Note 11 to our consolidated financial statements that are included in this Annual Report.

Patents and Trademarks

Our trademarks include the Calavo brand name and related logos. We also utilize the following trademarks in conducting our business: Avo Fresco, Bueno, Calavo Gold, Celebrate the Taste, El Dorado, Fresh Ripe, Select, Taste of Paradise, The First Name in Avocados, Tico, Mfresh, and Triggered Avocados, and ProRipeVIP .

Working Capital Requirements

Generally, we make payments to our California avocado growers and other suppliers in advance of collecting all of the related accounts receivable. We generally bridge the timing between vendor payments and customer receipts by using operating cash flows and commercial bank borrowings. In addition, we provide crop loans and other advances to some of our growers, which are also funded through operating cash flows and borrowings. We generally experience larger levels of commercial bank borrowings during the California avocado crop harvesting season.

Non-California sourced avocados and perishable food products often require working capital to finance the payment of advances to suppliers and collection of accounts receivable. These working capital needs are also financed through the use of operating cash flows and bank borrowings.

With respect to our processed products business, we require working capital to finance the production of our processed avocado products, building and maintaining an adequate supply of finished product, and collecting our accounts receivable balances. These working capital needs are financed through the use of operating cash flows and bank borrowings.

Backlog

Our customers do not place product orders significantly in advance of the requested product delivery dates. Customers typically order perishable products two to ten days in advance of shipment, and typically order processed products within thirty days in advance of shipment.

Research and Development

We do not undertake significant research and development efforts. Research and development programs, if any, are limited to the continuous process of refining and developing new techniques to enhance the effectiveness and efficiency of our processed products operations and the handling, ripening, storage, and packing of fresh avocados.

Compliance with Government Regulations

The California State Department of Food and Agriculture oversees the packing and processing of California avocados and conducts tests for fruit quality and packaging standards. All of our packages are stamped with the state seal as meeting standards. Various states have instituted regulations providing differing levels of oversight with respect to weights and measures, as well as quality standards.

As a manufacturer and marketer of processed avocado products, our operations are subject to extensive regulation by various federal government agencies, including the Food and Drug Administration (FDA), the USDA and the Federal Trade Commission (FTC), as well as state and local agencies, with respect to production processes, product attributes, packaging, labeling, storage and distribution. Under various statutes and regulations, these agencies prescribe requirements and establish standards for safety, purity and labeling. In addition, advertising of our products is subject to regulation by the FTC, and our operations are subject to certain health and safety regulations, including those issued under the Occupational Safety and Health Act. Our manufacturing facilities and products are subject to periodic inspection by federal, state and local authorities.

As a result of our agricultural and food processing activities, we are subject to numerous environmental laws and regulations. These laws and regulations govern the treatment, handling, storage and disposal of materials and waste and the remediation of contaminated properties.

We seek to comply at all times with all such laws and regulations and to obtain any necessary permits and licenses, and we are not aware of any instances of material non-compliance. We believe our facilities and practices are sufficient to maintain compliance with applicable governmental laws, regulations, permits and licenses. Nevertheless, there is no guarantee that we will be able to comply with any future laws and regulations or requirements for necessary permits and licenses. Our failure to comply with applicable laws and regulations or obtain any necessary permits and licenses could subject us to civil remedies including fines, injunctions, recalls or seizures, as well as potential criminal sanctions.

Employees

As of October 31, 2008, we had 876 employees, of which 216 were located in the United States and 660 were located in Mexico. None of Calavo's United States employees are covered by a collective bargaining agreement. Approximately 550 of Calavo's Mexican employees are represented by a union. We consider the relationship with our employees to be good and we have never experienced a significant work stoppage.

The following is a summary of the number of salaried and hourly employees as of October 31, 2008.

	Location	Salaried	Hourly
United States		98	118
Mexico		110	550
TOTAL		208	668

Item 1A. Risk Factors

Risks Related to Our Business

We are subject to increasing competition that may adversely affect our operating results.

The market for avocados and processed avocado products is highly competitive and affects each of our businesses. Each of our businesses are subject to competitive pressures, including the following:

California avocados are impacted by an increasing volume of foreign grown avocados being imported into the United States. Recently, there have been significant plantings of avocados in Mexico, Chile, the Dominican Republic, Peru and other parts of the world, which have had, and will continue to have, the effect of increasing the volume of foreign grown avocados entering the United States market.

California avocados are subject to competition from other California avocado handlers. If we are unable to consistently pay California growers a competitive price for their avocados, these growers may choose to have their avocados marketed by alternate handlers.

Non-California sourced avocados and perishable food products are impacted by competitors operating in Mexico. Generally, handlers of Mexican grown avocados operate facilities that are substantially smaller than our facility in Uruapan, Mexico. If we are unable to pack and market a sufficient volume of Mexican grown avocados, smaller handlers will have a lower per unit cost and be able to offer Mexican avocados at a more competitive price to our customers.

Non-California sourced avocados and perishable food products are also subject to competition from other California avocado handlers that market Chilean grown avocados. If we are unable to consistently pay Chilean packers a competitive price for their avocados, these packers may choose to have their avocados marketed by alternate handlers.

We are subject to the risks of doing business internationally.

We conduct a substantial amount of business with growers and customers who are located outside the United States. We purchase avocados from foreign growers and packers, sell fresh avocados and processed avocado products to foreign customers, and operate a packinghouse and a processing plant in Mexico. For additional information about our non-California sourced fruit, see the Business section included in this Annual Report.

Our current international operations are subject to a number of inherent risks, including:

Local economic and political conditions, including disruptions in trading and capital markets;

Restrictive foreign governmental actions, such as restrictions on transfers of funds and trade protection measures, including export duties and quotas and customs duties and tariffs;

Changes in legal or regulatory requirements affecting foreign investment, loans, taxes, imports, and exports;
and

Currency exchange rate fluctuations which, depending upon the nature of the changes, may make our domestic-sourced products more expensive compared to foreign grown products or may increase our cost of obtaining foreign-sourced products.

We and our growers are subject to the risks that are inherent in farming.

Our results of operations may be adversely affected by numerous factors over which we have little or no control and that are inherent in farming, including reductions in the market prices for our products, adverse weather and growing conditions, pest and disease problems, and new government regulations regarding farming and the marketing of agricultural products.

We are subject to rapidly changing USDA and FDA regulations which govern the importation of foreign avocados into the United States and the processing of processed avocado products.

The USDA has established, and continues to modify, regulations governing the importation of avocados into the United States. Our permits that allow us to import foreign-sourced avocados into the United States generally are contingent on our compliance with these regulations. Our results of operations may be adversely affected if we are unable to comply with existing and modified regulations and are unable to secure avocado import permits in the future.

The FDA establishes, and continues to modify, regulations governing the production of processed avocado products. Our results of operations may be adversely affected if we are unable to comply with existing and modified regulations.

Our business could be adversely affected if we lost key members of our management.

We are dependent on the efforts and performance of our current directors and officers. If we were to lose any key members of management, our business could be adversely affected. You should read the information under **Executive Officers of the Registrant** in this Annual Report for additional information about our management.

The acquisition of other businesses could pose risks to our operating income.

We intend to review acquisition prospects that would complement our business. While we are not currently a party to any agreement with respect to any acquisitions, we may acquire other businesses in the future. Future acquisitions by us could result in accounting charges, potentially dilutive issuances of equity securities, and increased debt and contingent liabilities, any of which could have a material adverse effect on our business and the market price of our common stock. Acquisitions entail numerous risks, including the assimilation of the acquired operations, diversion of management's attention to other business concerns, risks of entering markets in which we have limited prior experience, and the potential loss of key employees of acquired organizations. We may be unable to successfully integrate businesses or the personnel of any business that might be acquired in the future, and our failure to do so could have a material adverse effect on our business and on the market price of our common stock.

Our ability to competitively serve our customers is a function of reliable and low cost transportation. Disruption of the supply of these services and/or significant increases in the cost of these services could impact our operating income.

We use multiple forms of transportation to bring our products to market. They include ocean, truck, and air-cargo. Disruption to the timely supply of these services or dramatic increases in the cost of these services for any reason including availability of fuel for such services, labor disputes, or governmental restrictions limiting specific forms of transportation could have an adverse effect on our ability to serve our customers and consumers and could have an adverse effect on our financial performance.

The value of our common stock may be adversely affected by market volatility.

The trading price of our common stock fluctuates and may be influenced by many factors, including:

Our operating and financial performance and prospects;

The depth and liquidity of the market for our common stock;

Investor perception of us and the industry and markets in which we operate;

Our inclusion in, or removal from, any equity market indices;

Changes in earnings estimates or buy/sell recommendations by analysts; and

General financial, domestic, international, economic and other market conditions;

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

We lease our corporate headquarters building. Additionally, we own two packinghouses and one distribution and ripening facility (our former processing facility) in California, lease one facility in Arizona, lease one facility in New Jersey, operate in a distribution center in Texas, own one processing facility and own one packinghouse in Mexico.

In March 2005, we completed the sale of our corporate headquarters building (located in Santa Ana, CA) for \$3.4 million. In conjunction with such sale, we relocated our corporate offices to Santa Paula, California in March 2005. We currently lease our corporate headquarters from Limoneira.

Our two California facilities handle avocados delivered to us by California, Mexican and Chilean growers. The Temecula, California facility was built in 1985 and has been improved in capacity and efficiency since then. The Santa Paula, California facility was purchased in 1955 and has had equipment improvements substantially equivalent to our Temecula facility. We believe that the combined annual capacity of the two packinghouses, under normal workweek operations, is sufficient to pack the annually budgeted volume of California avocados delivered to us by our growers.

Our Santa Paula, California processing facility was built in 1975 and had a major expansion in 1988. In conjunction with our restructuring plan, which was approved in February 2003, this facility ceased operating as a processed product avocado processing facility and now functions primarily as a ripening, storage and shipping facility for our fresh avocado operations. Additionally, it also serves to store and ship certain processed avocado as well. Also, effective December 2005, we sort and pack certain tropical commodities as well. We believe that the annual capacity of this facility will be sufficient to pack and ripen, if necessary, the expected annual volume of avocados and specialty commodities delivered to us.

Our leased Nogales, Arizona facility primarily sorts, packs, ripens, and ships, tomatoes, avocados, and other tropical commodities as well. We believe that the annual capacity of this facility will be sufficient to handle our budgeted annual production needs.

Our leased Swedesboro, New Jersey facility primarily sorts, packs, ripens, and ships avocados. Additionally, it also serves to store and ship certain tropical commodities as well. We believe that the annual capacity of this facility will be sufficient to handle our budgeted annual production needs.

Our distribution center located in San Antonio, Texas is neither leased nor owned, but rather operates pursuant to a usage agreement whereby we pay handling and distribution fees. This facility primarily ripens, sorts, packs and ships fresh avocados under our supervision. Effective 2nd quarter of fiscal 2009, we expect to cease operating in such facility and transfer our operations to our newly leased facility located in Garland, Texas. See Note 8 to our consolidated financial statements for further discussion. We believe that the annual capacity of this new facility will be sufficient to handle our budgeted annual production needs.

Our owned processing facility in Uruapan, Michoacan, Mexico was constructed pursuant to our restructuring plan approved in February 2003. This facility commenced operations in February 2004. We believe that the annual capacity of this facility will be sufficient to process our budgeted annual production needs.

During fiscal 2008, we purchased our previously leased fresh avocado packinghouse located in Uruapan, Michoacan, Mexico for \$4.0 million, plus acquisition costs. This facility was built to our specifications. We believe that the annual capacity of this facility will be sufficient to process our budgeted annual production needs.

Item 3. Legal Proceedings

From time to time, we become involved in legal proceedings that are related to our business operations. We are not currently a party to any legal proceedings that could have a material adverse effect upon our financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of our shareholders during the quarter ended October 31, 2008.

Executive Officers of the Registrant

The following table sets forth the name, age and position of individuals who hold positions as executive officers of our company. There are no family relationships between any director or executive officer and any other director or executive officer of our company. Executive officers are elected by the Board of Directors and serve at the discretion of the Board.

Name	Age	Position
Lecil E. Cole	69	Chairman of the Board, Chief Executive Officer and President
Arthur J. Bruno	58	Chief Operating Officer, Chief Financial Officer and Corporate Secretary
Robert J. Wedin	59	Vice President, Sales and Fresh Marketing
Alan C. Ahmer	60	Vice President, Processed Product Sales and Production
Michael A. Browne	50	Vice President, Fresh Operations

Lecil E. Cole has been a member of our board of directors since February 1982 and has served as Chairman of the Board since 1988. Mr. Cole has also served as our Chief Executive Officer and President since February 1999. He served as an executive of Safeway Stores from 1964 to 1976 and as Chairman of Central Coast Federal Land Bank from 1986 to 1996. Mr. Cole has served as Chairman and President of Hawaiian Sweet, Inc. and Tropical Hawaiian Products, Inc. since 1996. Mr. Cole farms approximately 4,400 acres in California and Hawaii on which avocados, papayas, and cattle are produced and raised.

Arthur J. Bruno has served as our Chief Financial Officer and Corporate Secretary since October 2003. During fiscal 2004, Mr. Bruno also assumed the title and responsibilities of Chief Operating Officer. From 1988 to 2003, Mr. Bruno served as the president and co-founder of Maui Fresh International, Inc. Mr. Bruno is a Certified Public Accountant.

Robert J. Wedin has served as our Vice President since 1993. Mr. Wedin joined us in 1973 at our then Santa Barbara packinghouse. Beginning in 1990, Mr. Wedin served as a director of the California Avocado Commission for a period of ten years. Mr. Wedin currently is a board member of Producesupply.org and serves as a member of that organization's executive committee.

Alan C. Ahmer has served as our Vice President since 1989. Mr. Ahmer joined us in 1979 as a regional sales manager in our processed products business. In September 2003, Mr. Ahmer's new title became Vice-President, Processed Products Sales and Production.

Michael A. Browne has served as our Vice President since 2005. From 1997 until joining us, Mr. Browne served as the founder and co-owner of Fresh Directions International, a closely held multinational fresh produce company, which marketed fresh avocados from Mexico, Chile, and the Dominican Republic. Mr. Browne joined us in May 2005.

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

In March 2002, our common stock began trading on the OTC Bulletin Board under the symbol CVGW. In July 2002, our common stock began trading on the Nasdaq National Market under the symbol CVGW and currently trades on the Nasdaq Global Select Market.

The following tables set forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the Nasdaq Global Select Market.

	Fiscal 2008	High	Low
First Quarter		\$22.71	\$14.75
Second Quarter		\$20.09	\$13.53
Third Quarter		\$15.65	\$10.46
Fourth Quarter		\$13.87	\$ 8.42

	Fiscal 2007	High	Low
First Quarter		\$11.67	\$ 9.61
Second Quarter		\$14.09	\$10.50
Third Quarter		\$14.52	\$11.85
Fourth Quarter		\$22.91	\$14.45

As of October 31, 2008, there were approximately 1,210 stockholders of record of our common stock.

During the year ended October 31, 2008, we did not issue any shares of common stock that were not registered under the Securities Act of 1933 and we did not repurchase any shares of our common stock.

Dividend Policy

Our dividend policy is to provide for an annual dividend payment, as determined by the Board of Directors. We anticipate paying dividends in the first quarter of our fiscal year.

On December 23, 2008, we paid a \$0.35 per share dividend in the aggregate amount of \$5,047,000 to shareholders of record on December 9, 2008.

On January 2, 2008, we paid a \$0.35 per share dividend in the aggregate amount of \$5,030,000 to shareholders of record on December 15, 2007.

Item 6. Selected Financial Data**SELECTED CONSOLIDATED FINANCIAL DATA**

The following summary consolidated financial data (other than pounds information) for each of the years in the five-year period ended October 31, 2008 are derived from the audited consolidated financial statements of Calavo Growers, Inc.

Historical results are not necessarily indicative of results that may be expected in any future period. The following data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto that are included elsewhere in this Annual Report.

	Fiscal Year Ended October 31,				
	2008	2007	2006	2005	2004
	(In thousands, except per share data)				
Income Statement Data: (1)					
Net sales	\$361,474	\$302,984	\$273,723	\$258,822	\$274,218
Gross margin	33,181	31,772	29,084	21,734	25,404
Net income	7,725	7,330	5,788	3,322	6,210
Basic net income per share	\$ 0.54	\$ 0.51	\$ 0.40	\$ 0.24	\$ 0.46
Diluted net income per share	\$ 0.53	\$ 0.51	\$ 0.40	\$ 0.24	\$ 0.46
Balance Sheet Data as of End of Period:					
Working capital	\$ 15,413	\$ 16,334	\$ 12,023	\$ 17,618	\$ 20,353
Total assets(3)	134,686	128,018	107,563	108,482	67,398
Short-term debt(3)	1,362	1,307	1,308	1,313	22
Long-term debt, less current portion(3)	25,351	13,106	10,406	11,719	34
Shareholders' equity(3)	65,517	74,003	58,943	64,746	43,937
Cash Flows Provided by (Used in):					
Operations	\$ 5,296	\$ 4,629	\$ 7,819	\$ 5,568	\$ 4,460
Investing(2)(3)(4)	(7,454)	(7,950)	(4,663)	(11,941)	(8,474)
Financing(3)	2,700	4,238	(4,239)	6,870	(725)
Other Data:					
Dividends per share	\$ 0.35	\$ 0.35	\$ 0.32	\$ 0.32	\$ 0.30
Net book value per share	\$ 4.52	\$ 5.15	\$ 4.12	\$ 4.51	\$ 3.25
Pounds of California avocados sold	92,165	91,038	218,460	104,950	152,725
Pounds of non-California avocados sold	123,740	135,723	70,063	103,830	69,410
Pounds of processed avocados products sold	22,274	22,556	20,489	15,628	13,317

(1) Operating results for fiscal 2008 include the acquisitions of Hawaiian Sweet (HS) and Hawaiian Pride

(HP). Such acquisitions, however, did not significantly impact trends or results of operations for fiscal 2008, as such acquisitions replaced the previous consigned arrangement, as discussed in Note 9 to our consolidated financial statements. See Note 17 to our consolidated financial statements for further discussion of these acquisitions.

- (2) Cash flows used in investing activities for fiscal 2004 include the effect of constructing a processing facility in Uruapan, Michoacan, Mexico. The Uruapan facility commenced operations in February 2004.
- (3) Total assets, short-term debt, long-term debt, equity, cash flows used in investing

activities, and cash flows provided by financing activities for fiscal 2005 and subsequent periods include the effect of the stock purchase agreement with Limoneira Company.

- (4) For fiscal years 2008 and 2007, we advanced \$0.8 million and \$5.0 million to Agricola Belher pursuant to our infrastructure agreement. See Note 15 to our consolidated financial statements. Additionally, we purchased HS and HP for \$5.2 million. See Note 17 to our consolidated financial statements for further discussion of these acquisitions.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with Selected Consolidated Financial Data and our consolidated financial statements and notes thereto that appear elsewhere in this Annual Report. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to, those presented under Risks related to our business included in Item 1A and elsewhere in this Annual Report.

Overview

We are a leader in the distribution of avocados, prepared avocado products, and other perishable food products throughout the United States and elsewhere in the world. Our history and expertise in handling California grown avocados has allowed us to develop a reputation of delivering quality products, at competitive prices, while providing competitive returns to our growers. This reputation has enabled us to expand our product offerings to include avocados sourced on an international basis, prepared avocado products, and other perishable foods. We report our operations in two different business segments: (1) fresh products and (2) processed products. See Note 11 to our consolidated financial statements for further discussion. We report our financial results on a November 1 to October 31 fiscal year basis to coincide with the California avocado harvest season.

On October 9, 2001, we completed a series of transactions whereby common and preferred shareholders of Calavo Growers of California, an agricultural marketing cooperative association, exchanged all of their outstanding shares for shares of our common stock. Concurrently with this transaction, the Cooperative was merged into us with Calavo emerging as the surviving entity. These transactions had the effect of converting the legal structure of the business from a non-profit cooperative to a for-profit corporation. The merger and the conversion were approved on an overwhelming basis by both the Cooperative's shareholders and our board of directors. Prior to the merger, the Cooperative reported results of operations as constituting either member (the packing and distribution of avocados procured from either members or associate members) or non-member business (non-member business included both the processed product business and the sourcing and distribution of all crops that were not procured from the Cooperative's members).

Our Fresh Products business grades, sizes, packs, cools, and ripens (if desired) avocados for delivery to our customers. We presently operate three packinghouses in Southern California. These packinghouses handled approximately 28% of the California avocado crop during the 2008 fiscal year, based on data obtained from the California Avocado Commission. Our operating results and the returns we pay our growers are highly dependent on the volume of avocados delivered to our packinghouses, as a significant portion of our costs are fixed. Our strategy calls for continued efforts to retain and recruit growers that meet our business model.

Additionally, our Fresh products business also procures avocados grown in Mexico and Chile, as well as other various commodities, including tomatoes, papayas, mushrooms, and pineapples. We operate a packinghouse in Mexico that, together with certain co-packers that we frequently purchase fruit from, handled approximately 22% of the Mexican avocado crop bound for the United States market and approximately 15% of the avocados exported from Mexico to countries other than the United States during the 2007-2008 Mexican season, based on our estimates. Additionally, during the 2007-2008 Chilean avocado season, we handled approximately 6% of the Chilean avocado crop, based on our estimates. Our strategy is to increase our market share of currently sourced avocados to all accepted marketplaces. We believe our diversified avocado sources provides a level of supply stability that may, over time, help solidify the demand for avocados among consumers in the United States and elsewhere in the world. We believe our efforts in distributing our other various commodities, such as those shown above, complement our offerings of avocados. From time to time, we continue to explore distribution of other crops that provide reasonable returns to the business.

Our processed products business procures avocados, processes avocados into a wide variety of guacamole products, and distributes the processed product to our customers. Customers include both food service industry and retail businesses and our products primarily include both frozen and cold pasteurized fresh guacamole. Cold pasteurized fresh guacamole refers to fresh guacamole product that has been treated by one of our ultra high pressure machines. We currently have two 215-liter ultra high pressure machines located in Uruapan, Michoacán, Mexico

(Uruapan). These machines utilize ultra high pressure only (i.e. without additives or preservatives) and destroy the cells of any bacteria that could lead to spoilage or oxidation issues.

Due to the long shelf-life of our frozen processed products and the purity of our ultra high pressure guacamole, we believe that we are well positioned to address the diverse taste and needs of today's customers. We believe our ultra high pressure machines will enable our company to deliver the widest available array of prepared avocado products to our customers. We also believe that we are positioned to expand our ultra high pressure product line to include more avocado related products, high-end salsas, mangoes and other readily available fruit products. We continue to seek to expand our relationships with major food service companies and develop alliances that will allow our products to reach a larger percentage of the marketplace.

Net sales of frozen products represented approximately 64% and 63% of total processed segment sales for the years ended October 31, 2008 and 2007. Net sales of our ultra high pressure products represented approximately 36 % and 37% of total processed segment sales for the years ended October 31, 2008 and 2007.

Our Fresh Products business is highly seasonal and is characterized by crop volume and price changes. Furthermore, the operating results of all of our businesses, including our processed products business, have been, and will continue to be, affected by substantial quarterly and annual fluctuations and market downturns due to a number of factors, such as pests and disease, weather patterns, changes in demand by consumers, the timing of the receipt, reduction, or cancellation of significant customer orders, the gain or loss of significant customers, market acceptance of our products, our ability to develop, introduce, and market new products on a timely basis, availability and cost of avocados and supplies from growers and vendors, new product introductions by our competitors, change in the mix of avocados and processed products we sell, and general economic conditions. We believe, however, that we are currently positioned to address these risks and deliver favorable operating results for the foreseeable future.

Recent Developments

Dividend Payment

On December 23, 2008, we paid a \$0.35 per share dividend in the aggregate amount of \$5.0 million to shareholders of record on December 9, 2008.

Fresh Packinghouse acquisition

Effective July 2008, we purchased our previously leased fresh avocado packinghouse located in Uruapan, Michoacan, Mexico for \$4.0 million, plus acquisition costs. We recorded approximately \$0.9 million and \$3.1 million in land and buildings and improvements related to this transaction. The building is currently being depreciated over a 40-year period.

Capital Lease

In April 2008, we entered into a capital lease for various fixed assets related to our Swedesboro, New Jersey facility. Such fixed assets are included in buildings and improvements and equipment at October 31, 2008, totaling \$0.6 million and \$0.5 million. Depreciation expense was \$2.1 million, \$2.0 million and \$1.9 million for fiscal years 2008, 2007, and 2006, of which \$0.1 million was related to depreciation on capital leases. We did not have any significant capital leases as of October 31, 2007.

Contingencies

Hacienda Suit We are currently under examination by the Mexican tax authorities (Hacienda) for the tax year ended December 31, 2000 and December 31, 2004. We have received assessments totaling approximately \$2.0 million and \$4.5 million from Hacienda related to the amount of income at our Mexican subsidiary. Subsequent to that initial assessment, the Hacienda offered a settlement of approximately \$400,000 related to the tax year 2000 assessment, which we declined. Based primarily on discussions with legal counsel and the evaluation of our claim, we maintain our belief that the Hacienda's position has no merit and that we will prevail. Accordingly, no amounts have been provided for in the financial statements as of October 31, 2008. We pledged our processed products building located in Uruapan, Michoacan, Mexico as collateral to Hacienda in regards to this assessment.

IRS examination We are currently under examination by the Internal Revenue Service for the year ended October 31, 2005. We do not believe that the settlement of such examination will have a material adverse impact on our financial statements.

From time to time, we are also involved in litigation arising in the ordinary course of our business that we do not believe will have a material adverse impact on our financial statements.

Term Revolving Credit Agreement

In May 2008, we entered into a Term Revolving Credit Agreement (the Agreement) with Farm Credit West, PCA. Under the terms of the Agreement, we are advanced funds for the purchase and installation of capital items and other corporate needs of the Company. Total credit available under the Agreement, which expires in February 2012, is now \$30 million, up from \$20 million. The credit facility contains various financial covenants, the most significant relating to working capital, tangible net worth (as defined), and Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) (as defined). We were in compliance with all such covenants at October 31, 2008.

Business Acquisitions

Calavo and Lecil E. Cole, Suzanne Cole-Savard, Guy Cole, Eric Weinert, and Lecil E. Cole and Mary Jeanette Cole, as trustees of the Lecil E. and Mary Jeanette Cole Revocable Trust dated October 19, 1993 (the Cole Trust) (collectively, the Sellers), have entered into an Acquisition Agreement, dated May 19, 2008 (the Acquisition Agreement), which sets forth the terms and conditions pursuant to which Calavo purchased all of the outstanding shares of Hawaiian Sweet, Inc. (HS) and all ownership interests of Hawaiian Pride, LLC (HP). HS and HP engage in tropical-product packing and processing operations in Hawaii. The Acquisition Agreement provides, among other things, that as a result of the Acquisition Agreement, Calavo shall make an initial purchase price payment in the aggregate amount of \$3,500,000 for both entities. Calavo made the initial payment on May 20, 2008. Calavo shall also make two additional annual payments, ranging from \$2,500,000 to \$4,500,000, based on certain operating results (the Earn-Out Payment(s)), as defined. Mr. Cole is President, Chief Executive Officer, and Chairman of the Board of Directors of Calavo. Pursuant to SFAS 141, *Business Combinations*, we recorded approximately \$7.1 million as a liability related to deferred and contingent consideration to the Sellers, of which \$3.6 million was recorded in accrued expenses, \$3.5 million is recorded in long-term obligations, less current portion, and \$0.6 million as deferred tax liabilities. Total liabilities recorded as a result of the acquisition was \$7.7 million.

The first Earn-Out Payment to be made by Calavo will be adjusted if the aggregate working capital (WC) of HS and HP does not equal \$700,000 as of the closing date. In the event that WC is less than \$700,000, Calavo shall reduce its first Earn-Out payment by an amount equal to the difference between \$700,000 and the closing date aggregate working capital of HS and HP. In the event that WC is greater than \$700,000, Calavo shall increase its first Earn-Out payment by an amount equal to the difference between \$700,000 and the closing date aggregate working capital of HS and HP.

Pursuant to the Acquisition Agreement, the transaction closed on May 30, 2008.

Concurrently with the execution of the Acquisition Agreement, Calavo and the Cole Trust have entered into an Agreement and Escrow Instructions for Purchase and Sale of Real Property (the Real Estate Contract), dated the same date as the acquisition agreement, pursuant to which Calavo purchased from the Cole Trust approximately 727 acres of agricultural land located in Paho, Hawaii for a purchase price of \$1,500,000, which Calavo delivered on May 19, 2008. The Real Estate Contract also closed on May 30, 2008.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands). We obtained third-party valuations for the long-term assets acquired and incurred approximately \$0.2 million in acquisition costs.

At May 30, 2008

Current assets	\$ 1,498	
Property, plant, and equipment	10,947	
Intangible assets	1,310	
Total assets acquired	13,755	
Current liabilities	(809)	
Deferred tax liabilities	(654)	
Net assets acquired	12,292	
Deferred consideration	(4,709)	
Contingent consideration	(2,358)	
	Urstadt Biddle Properties, Inc., Series F	7,464,800
		221,629,238

**Total Preferred
Stock**

(cost
\$199,163,723)

**Total
Investments
113.2%**

(cost
\$1,170,575,000)

1,262,780,389

Liabilities in
Excess of Other
Assets (13.2)%

(147,348,046)

**Net Assets
100.0%**

\$ 1,115,432,343

Market

**Number of
Contracts**

Value (\$)

Written Call Options (0.1)%

United States (0.1)%

(3,200)

Equity Residential

Expires 7/15/2016

(1,400)

Strike Price \$69.50

Macerich Co. (The)

Expires 7/15/2016

Strike Price \$80.00

Total Written Call Options

(premiums received \$199,896)

\$ (216,000)

(672,000)

\$ (888,000)

* Includes 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.

(b) A portion of the security has been pledged for open written option contracts. The aggregate market value of the collateral as of June 30, 2016 is \$33,996,200.

See notes to financial statements.

8 CBRE CLARION GLOBAL REAL ESTATE INCOME FUND

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Statement of Assets and Liabilities (unaudited)

	June 30, 2016
Assets	
Investments, at value (cost \$1,170,575,000)	\$1,262,780,389
Cash and cash equivalents (including foreign currency of \$62,911 with a cost of \$62,911)	62,991
Dividends and interest receivable	7,784,276
Dividend withholding reclaims receivable	1,030,798
Other assets	89,560
Total Assets	1,271,748,014
Liabilities	
Line of credit payable	154,121,100
Written options (premiums received \$199,896)	888,000
Unrealized depreciation on spot contracts	149
Management fees payable	850,240
Accrued expenses	456,182
Total Liabilities	156,315,671
Net Assets	\$1,115,432,343
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	1,243,716,399
Distributions in excess of net investment income	(34,579,009)
Accumulated net realized loss on investments, written options, and foreign currency transactions	(185,323,090)
Net unrealized appreciation on investments, written options, and foreign currency denominated assets and liabilities	91,501,453
Net Assets	\$1,115,432,343
Net Asset Value (based on 116,590,494 shares outstanding)	\$9.57

See notes to financial statements.

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Statement of Operations (unaudited)

	For the Six Months Ended June 30, 2016
Investment Income	
Dividends (net of foreign withholding taxes of \$1,462,995)	\$23,381,808
Other Income	348,413
Interest	22
Total Investment Income	23,730,243
Expenses:	
Management fees	4,755,610
Interest expense on line of credit	445,547
Printing and mailing fees	277,307
Administration fees	116,869
Custodian fees	93,656
Transfer agent fees	86,413
Trustees fees and expenses	80,971
Audit and tax fees	78,385
Insurance fees	66,215
NYSE listing fee	58,959
Legal fees	37,556
Miscellaneous expenses	16,281
Total Expenses	6,113,769
Net Investment Income	17,616,474
Net Realized and Unrealized Gain (Loss) on Investments, Written Options, and Foreign Currency Transactions	
Net realized gain (loss) on:	
Investments	(27,426,445)
Written options	1,193,783
Foreign currency transactions	(5,202,874)
Total Net Realized Loss	(31,435,536)
Net change in unrealized appreciation (depreciation) on:	
Investments	111,216,925
Written options	(688,104)
Foreign currency denominated assets and liabilities	(163,112)
Total Net Change in Unrealized Appreciation (Depreciation)	110,365,709
Net Realized and Unrealized Gain on Investments, Written Options, and Foreign Currency Transactions	78,930,173
Net Increase in Net Assets Resulting from Operations	\$96,546,647

See notes to financial statements.

10 CBRE CLARION GLOBAL REAL ESTATE INCOME FUND

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Statements of Changes in

Net Assets

	For the Six Months Ended June 30, 2016 (Unaudited)	For the Year Ended December 31, 2015
Change in Net Assets Resulting from Operations		
Net investment income	\$17,616,474	\$31,517,662
Net realized gain (loss) on investments, written options, and foreign currency transactions	(31,435,536)	200,398,040
Net change in unrealized appreciation (depreciation) on investments, written options, and foreign currency denominated assets and liabilities	110,365,709	(296,308,275)
Net increase (decrease) in net assets resulting from operations	96,546,647	(64,392,573)
Dividends and Distributions on Common Shares		
Distribution of net investment income	(34,977,148)	(66,456,582)
Net Increase (Decrease) in Net Assets	61,569,499	(130,849,155)
Net Assets		
Beginning of period	1,053,862,844	1,184,711,999
End of period (net of distributions in excess of net investment income of \$(34,579,009) and \$(17,218,335), respectively)	\$1,115,432,343	\$1,053,862,844

See notes to financial statements.

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Statement of Cash Flows (unaudited)

	For the Six Months Ended June 30, 2016
Cash Flows from Operating Activities:	
Net increase in net assets resulting from operations	\$96,546,647
Adjustments to Reconcile Net Increase in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities:	
Net change in unrealized appreciation/depreciation on investments	(111,216,925)
Net change in unrealized appreciation/depreciation on written options	688,104
Net realized loss on investments	27,426,445
Net realized gain on written options	(1,193,783)
Cost of securities purchased	(407,333,530)
Proceeds from sale of securities	463,996,718
Decrease in receivable for investment securities sold	10,245,771
Decrease in dividends and interest receivable	3,902
Increase in dividend withholding reclaims receivable	(254,435)
Decrease in unrealized appreciation on forward foreign currency contracts	312,224
Decrease in unrealized appreciation on spot contracts	7,852
Decrease in other assets	5,669
Decrease in payable for investment securities purchased	(26,197,547)
Premiums received on written options	2,510,636
Payments to close written options	(170,348)
Decrease in unrealized depreciation on forward foreign currency contracts	(41,471)
Decrease in unrealized depreciation on spots contracts	(19,095)
Decrease in management fee payable	(13,599)
Decrease in accrued expenses	(103,000)
Net Cash Provided by Operating Activities	55,200,235
Cash Flows From Financing Activities:	
Cash distributions paid on common shares	(34,977,148)
Proceeds from borrowing on line of credit	302,129,400

Payments on line of credit borrowings	(322,423,270)
Net Cash Used in Financing Activities	(55,271,018)
Net decrease in cash	(70,783)
Cash and Cash Equivalents at Beginning of Period	133,774
Cash and Cash Equivalents at End of Period	\$62,991
Supplemental disclosure	
Interest paid on line of credit borrowings	\$447,619

See notes to financial statements.

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Financial Highlights

Per share operating performance for a	For the Six Months Ended	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended	For the Year Ended
share outstanding throughout the period	June 30, 2016 (unaudited)	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Net asset value, beginning of period	\$9.04	\$10.16	\$9.04	\$9.48	\$8.14	\$8.58
Income from investment operations						
Net investment income ⁽¹⁾	0.15	0.27	0.30	0.33	0.33	0.34
Net realized and unrealized gain (loss) on investments, written options, and foreign currency transactions	0.68	(0.82)	1.36	(0.23)	1.59	(0.24)
Total from investment operations	0.83	(0.55)	1.66	0.10	1.92	0.10
Dividends and distributions on Common Shares						
Net investment income	(0.30)	(0.57)	(0.40)	(0.39)	(0.58)	(0.33)
Return of capital			(0.14)	(0.15)		(0.21)
Total dividends and distributions to Common shareholders	(0.30)	(0.57)	(0.54)	(0.54)	(0.58)	(0.54)
Net asset value, end of period	\$9.57	\$9.04	\$10.16	\$9.04	\$9.48	\$8.14
Market value, end of period	\$8.23	\$7.64	\$8.99	\$7.92	\$8.86	\$6.84
Total investment return ⁽²⁾						
Net asset value	9.42%	(5.57)%	18.73%	0.91%	24.15%	0.94%
Market value	11.99%	(8.89)%	20.74%	(4.93)%	38.77%	(5.38)%

Net assets, applicable to Common Shares, end of period (thousands)	\$1,115,432	\$1,053,863	\$1,184,712	\$1,053,535	\$1,104,997	\$949,576
Net assets applicable to Common Shares of:						
Net expenses, after fee waiver	1.18% ⁽³⁾	1.19%	1.14%	1.06% ⁽⁴⁾	0.99%	1.03%
Net expenses, before fee waiver	1.18% ⁽³⁾	1.19%	1.14%	1.07% ⁽⁴⁾	1.05%	1.14%
Net expenses, after fee waiver including interest on line of credit	1.09% ⁽³⁾	1.10%	1.08%	1.04% ⁽⁴⁾	0.98%	0.97%
Net expenses, before the fee waiver excluding interest on line of credit	1.09% ⁽³⁾	1.10%	1.08%	1.04% ⁽⁴⁾	1.04%	1.09%
Net investment income	3.39% ⁽³⁾	2.79%	3.05%	3.43%	3.68%	3.98%
Portfolio turnover rate	35.55%	76.54%	21.27%	11.38%	14.42%	1.53%

(1)Based on average shares outstanding.

(2)Total investment return does not reflect brokerage commissions. Dividends and distributions are assumed to be reinvested at the prices obtained under the Trust's Dividend Reinvestment Plan. Net Asset Value (NAV) total return is calculated assuming reinvestment of distributions at NAV on the date of the distribution.

(3)Annualized.

(4)Effective February 28, 2013, the investment management fee waiver agreement expired.

See notes to financial statements.

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Notes to Financial Statements (unaudited)

1. Fund Organization

CBRE Clarion Global Real Estate Income Fund (the Trust) is a diversified, closed-end management investment company that was organized as a Delaware statutory trust on November 6, 2003 under the Investment Company Act of 1940, as amended. The Trust is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services-Investment Companies. CBRE Clarion Securities LLC (the Advisor) is the Trust's investment advisor. The Advisor is a majority-owned subsidiary of CBRE Group, Inc. and is partially owned by its senior management team. The Trust commenced operations on February 18, 2004.

2. Significant Accounting Policies

The following accounting policies are in accordance with U.S. general accepted accounting principles (GAAP) and are consistently followed by the Trust.

Securities Valuation The net asset value of the common shares of the Trust will be computed based upon the value of the Trust's portfolio securities and other assets. The Trust calculates net asset value per common share by subtracting the Trust's liabilities (including accrued expenses, dividends payable and any borrowings of the Trust) and the liquidation value of any outstanding preferred shares from the Trust's total assets (the value of the securities the Trust holds, plus cash and/or other assets, including interest accrued but not yet received) and dividing the result by the total number of common shares of the Trust outstanding. Net asset value per common share will be determined as of the close of the regular trading session (usually 4:00 p.m., EST) on the New York Stock Exchange (NYSE) on each business day on which the NYSE is open for trading.

For purposes of determining the net asset value of the Trust, readily marketable portfolio assets (including common stock, preferred stock, and options) traded principally on an exchange, or on a similar regulated market reporting contemporaneous transaction prices, are valued, except as indicated below, at the last sale price for such assets on such principal markets on the business day on which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. Foreign securities are valued based upon quotations from the primary market in which they are traded and are translated from the local currency into U.S. dollars using current exchange rates. Forward foreign currency contracts are valued at the unrealized appreciation/depreciation as of the valuation date, calculated using an interpolated foreign exchange rate. Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Trust's Board of Trustees (the Board).

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities, which mature in 60 days or less, are valued at amortized cost, which approximates market value.

GAAP provides guidance on fair value measurements. In accordance with the standard, fair value is defined as the price that the Trust would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. It establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Trust's investments, and requires additional disclosure about

fair value. The hierarchy of inputs is summarized below:

Level 1 unadjusted quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Trust's own assumptions in determining the fair value of investments)

For Level 1 inputs, the Trust uses unadjusted quoted prices in active markets for assets or liabilities with sufficient frequency and volume to provide pricing information as the most reliable evidence of fair value.

The Trust's Level 2 valuation techniques include inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 observable inputs may include quoted prices for similar assets and liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active in which there are few transactions,

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Notes to Financial Statements continued

the prices are not current, or price quotations vary substantially over time or among market participants. Inputs that are observable for the asset or liability in Level 2 include such factors as interest rates, yield curves, prepayment speeds, credit risk, and default rates for similar liabilities.

For Level 3 valuation techniques, the Trust uses unobservable inputs that reflect assumptions market participants would be expected to use in pricing the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available and are developed based on the best information available under the circumstances. In developing unobservable inputs, market participant assumptions are used if they are reasonably available without undue cost and effort.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used as of June 30, 2016 in valuing the Trust's investments carried at fair value:

Assets	Level 1	Level 2	Level 3	Total
Investments in Real Estate Securities				
Common Stocks				
Australia	\$ 127,574,394	\$	\$	\$ 127,574,394
Canada	40,543,569			40,543,569
France	71,866,561			71,866,561
Germany	16,667,170			16,667,170
Hong Kong	31,763,236			31,763,236
Japan	44,501,048			44,501,048
Mexico	9,745,013			9,745,013
Netherlands	42,631,161			42,631,161
Singapore	13,978,033			13,978,033
United Kingdom	79,359,470			79,359,470
United States	562,521,496			562,521,496
Total Common Stocks	1,041,151,151			1,041,151,151
Preferred Stocks				
United States	177,456,738	44,172,500		221,629,238
Total Investments in Real Estate Securities	\$ 1,218,607,889	\$ 44,172,500	\$	\$ 1,262,780,389
Liabilities				
Other Financial Instruments				
Written call options	\$ (888,000)	\$	\$	\$ (888,000)
Total Liabilities	\$ (888,000)	\$	\$	\$ (888,000)

The primary third party pricing vendor for the Trust's listed preferred stock investments is FT Interactive Data (IDC). When available, the Trust will obtain a closing exchange price to value the preferred stock investments and, in such instances, the investment will be classified as Level 1 since an unadjusted quoted price was utilized. When a closing price is not available for the listed preferred stock investments, IDC will produce an evaluated mean price (midpoint

between the bid and the ask evaluation) and such investments will be classified as Level 2 since other observable inputs were used in the valuation. Factors used in the IDC evaluation include trading activity, the presence of a two-sided market, and other relevant market data.

The Trust's policy is to recognize transfers in and transfers out at the fair value as of the beginning of the period. The portfolio may hold securities which are periodically fair valued in accordance with the Trust's fair value procedures. This may result in movements between Levels 1, 2, and 3 throughout the period. \$21,006,450 was transferred out of Level 1 into Level 2 during the period ended June 30, 2016 due to the unavailability of significant observable pricing inputs. \$6,961,840 was transferred out of Level 2 into Level 1 during the period ended June 30, 2016 due to the availability of significant observable pricing inputs. Pursuant to the Trust's fair value procedures noted previously, equity securities (including exchange traded securities and open-end regulated

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Notes to Financial Statements continued

investment companies) and exchange traded derivatives (i.e. futures contracts and options) are generally categorized as Level 1 securities in the fair value hierarchy. Fixed income securities, non-exchange traded derivatives and money market instruments are generally categorized as Level 2 securities in the fair value hierarchy. Investments for which there are no such quotations, or for which quotations do not appear reliable, are valued at fair value as determined in accordance with procedures established by and under the general supervision of the Trustees. These valuations are typically categorized as Level 2 or Level 3 securities in the fair value hierarchy.

For the period ended June 30, 2016, there have been no significant changes to the Trust's fair valuation methodology.

Foreign Currency Translation The books and records of the Trust are maintained in U.S. dollars. Foreign currency amounts are translated into U.S. dollars on the following basis:

(i) market value of investment securities, other assets and liabilities at the current rates of exchange;

(ii) purchases and sales of investment securities, income and expenses at the rate of exchange prevailing on the respective dates of such transactions.

Although the net assets of the Trust are presented at the foreign exchange rates and market values at the close of each fiscal period, the Trust does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the fluctuations arising from changes in the market prices of long-term securities held at the end of the fiscal period. Similarly, the Trust does not isolate the effect of changes in foreign exchange rates from the fluctuations arising from changes in the market prices of portfolio securities sold during the fiscal period.

Accordingly, realized foreign currency gains or losses will be included in the reported net realized gains or losses on investment transactions.

Net realized gains or losses on foreign currency transactions represent net foreign exchange gains or losses from the holding of foreign currencies, currency gains or losses realized between the trade date and settlement date on securities transactions, and the difference between the amounts of dividends, interest and foreign withholding taxes recorded on the Trust's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized currency gains or losses from valuing foreign currency denominated assets or liabilities (other than investments) at period end exchange rates are reflected as a component of net unrealized appreciation or depreciation on investments and foreign currencies.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of domestic origin as a result of, among other factors, the possibility of political or economic instability, or the level of governmental supervision and regulation of foreign securities markets.

Forward Foreign Currency Contracts The Trust enters into forward foreign currency contracts in order to hedge its exposure to changes in foreign currency exchange rates on its foreign portfolio holdings, to hedge certain Trust purchase and sales commitments denominated in foreign currencies and for investment purposes. A forward foreign currency contract is a commitment to purchase or sell a foreign currency on a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts would be

included in net realized gain or loss on foreign currency transactions.

Fluctuations in the value of open forward foreign currency contracts are recorded for financial reporting purposes as unrealized appreciation and depreciation by the Trust.

The Trust's custodian will place and maintain cash not available for investment or other liquid assets in a separate account of the Trust having a value at least equal to the aggregate amount of the Trust's commitments under forward foreign currency contracts entered into with respect to position hedges.

Risks may arise from the potential inability of a counterparty to meet the terms of a contract and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The face or contract amount, in U.S. dollars, reflects the total exposure the Trust has in that particular currency contract. As of June 30, 2016, the Trust did not hold any forward foreign currency contracts.

Options The Trust may purchase or sell (write) options on securities and securities indices which are listed on a national securities exchange or in the over-the-counter (OTC) market as a means of achieving additional return or of hedging the value of the Trust's portfolio.

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Notes to Financial Statements continued

An option on a security is a contract that gives the holder of the option, in return for a premium, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the security underlying the option at a specified exercise or strike price. The writer of an option on a security has an obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price (in the case of a call) or to pay the exercise price upon delivery of the underlying security (in the case of a put).

There are several risks associated with transactions in options on securities. As the writer of a covered call option, the Trust forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call but has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fill its obligation as writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

Transactions in written options during the period ended June 30, 2016 were as follows:

	Number of Contracts	Premiums Received
Options outstanding, beginning of period		\$
Options written	40,425	2,510,636
Options expired	(6,125)	(292,118)
Options exercised	(14,900)	(946,610)
Options closed	(14,800)	(1,072,012)
Options outstanding, end of period	4,600	\$ 199,896

Securities Transactions and Investment Income Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the basis of identified cost. Dividend income is recorded on the ex-dividend date. Distributions received from investments in REITs are recorded as dividend income on ex-dividend date, subject to reclassification upon notice of the character of such distributions by the issuer. The portion of dividend attributable to the return of capital is recorded against the cost basis of the security. Withholding taxes on foreign dividends are recorded net of reclaimable amounts, at the time the related income is earned. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income, including accretion of original issue discount, where applicable, and accretion of discount on short-term investments, is recorded on the accrual basis.

Dividends and Distributions to Shareholders Dividends from net investment income, if any, are declared and paid on a monthly basis. Income dividends and capital gain distributions to common shareholders are recorded on the ex-dividend date. To the extent the Trust's net realized capital gains, if any, can be offset by capital loss carryforwards, it is the policy of the Trust not to distribute such gains.

On August 5, 2008, the Trust acting in accordance with an exemptive order received from the Securities and Exchange Commission and with approval of the Board, adopted a managed distribution policy under which the Trust intends to make regular monthly cash distributions to common shareholders, stated in terms of a fixed amount per common

share. With this new policy the Trust can now include long-term capital gains in its distribution as frequently as twelve times a year. In practice, the Board views their approval of this policy as a potential means of further supporting the market price of the Trust through the payment of a steady and predictable level of cash distributions to shareholders.

The current monthly distribution rate is \$0.05 per share. The Trust continues to evaluate its monthly distribution policy in light of ongoing economic and market conditions and may change the amount of the monthly distributions in the future.

Use of Estimates The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

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Notes to Financial Statements continued

3. Derivative Instruments

The following table presents the fair value of derivatives held at June 30, 2016 and the location on the Statement of Assets and Liabilities:

Derivatives not accounted for as hedging

instruments	Location on Statement of Assets and Liabilities	Fair Value
Liability derivatives		
<u>Equity Risk</u>		
Written options	Written options	\$ (888,000)

The effect of derivative instruments on the Trust's Statement of Operations for the period ended June 30, 2016 was as follows:

Derivatives not accounted for as hedging

instruments	Realized gain (loss)	Change in unrealized appreciation (depreciation)
<u>Foreign Currency Risk</u>		
Forward foreign currency contracts	\$ (4,904,079) ⁽¹⁾	\$ (270,753) ⁽¹⁾
<u>Equity Risk</u>		
Written options	\$ 1,193,783	\$ (688,104)

(1) Amounts recognized for forward foreign currency contracts are included in net realized gain (loss) on foreign currency transactions and net change in unrealized appreciation (depreciation) on foreign currency denominated assets and liabilities.

For the period ended June 30, 2016, the average month-end fair value of derivatives represented approximately 0.15% of average month-end net assets. The average month-end number of open derivative contracts for the period was 6.

4. Concentration of Risk

Under normal market conditions, the Trust's investments will be concentrated in income-producing common equity securities, preferred securities, convertible securities and non-convertible debt securities issued by companies deriving the majority of their revenue from the ownership, construction, financing, management and/or sale of commercial,

industrial, and/or residential real estate. Values of the securities of such companies may fluctuate due to economic, legal, cultural, geopolitical or technological developments affecting various global real estate industries.

5. Investment Management Agreement and Other Agreements

Pursuant to an investment management agreement between the Advisor and the Trust, the Advisor is responsible for the daily management of the Trust's portfolio of investments, which includes buying and selling securities for the Trust, as well as investment research. The Trust pays for investment advisory services and facilities through a fee payable monthly in arrears at an annual rate equal to 0.85% of the average daily value of the Trust's managed assets plus certain direct and allocated expenses of the Advisor incurred on the Trust's behalf. The Advisor agreed to waive a portion of its management fee in the amount of 0.25% of the average daily values of the Trust's managed assets for the first five years of the Trust's operations (through February, 2009), and for a declining amount for an additional four years (through February, 2013). During the period ended June 30, 2016, the Trust incurred management fees of \$4,755,610. There were no fees waived during the period ended June 30, 2016.

The Trust has multiple service agreements with the Bank of New York Mellon (BNYM). Under the servicing agreements, BNYM will perform custodial, fund accounting, and certain administrative services for the Trust. As custodian, BNYM is responsible for the custody of the Trust's assets. As administrator, BNYM is responsible for maintaining the books and records of the Trust's securities and cash.

Computershare is the Trust's transfer agent and as such is responsible for performing transfer agency services for the Trust.

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Notes to Financial Statements continued

6. Portfolio Securities

For the period ended June 30, 2016, there were purchases and sales transactions (excluding short-term securities) of \$409,295,314 and \$455,303,675, respectively.

7. Federal Income Taxes

The Trust intends to elect to be, and qualify for treatment as, a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the Code). A regulated investment company generally pays no federal income tax on the income and gains that it distributes. The Trust intends to meet the calendar year distribution requirements imposed by the Code to avoid the imposition of a 4% excise tax.

The Trust is required to evaluate tax positions taken or expected to be taken in the course of preparing the Trust's tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Income tax and related interest and penalties would be recognized by the Trust as tax expense in the Statement of Operations if the tax positions were deemed to not meet the more-likely-than-not threshold. For the period ended June 30, 2016, the Trust did not incur any income tax, interest, or penalties. As of June 30, 2016, the Advisor has reviewed all open tax years and concluded that there was no impact to the Trust's net assets or results of operations. Tax years ended December 31, 2012, through December 31, 2015, remain subject to examination by the Internal Revenue Service and state taxing authorities. On an ongoing basis, the Advisor will monitor its tax positions to determine if adjustments to this conclusion are necessary.

The Trust distinguishes between dividends on a tax basis and on a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as a tax return of capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits which result in temporary over-distributions for financial statement purposes are classified as distributions in excess of net investment income or accumulated net realized losses in the components of net assets on the Statement of Assets and Liabilities.

In order to present paid-in capital in excess of par and accumulated net realized gains or losses on the Statement of Assets and Liabilities that more closely represent their tax character, certain adjustments have been made to additional paid-in capital, undistributed net investment income and accumulated net realized gains or losses on investments. For the year ended December 31, 2015, the adjustments were to decrease additional paid-in capital by \$53,737,245, decrease accumulated net realized loss on investments by \$11,446,304, and increase distributions in excess of net investment income by \$65,183,549 due to the difference in the treatment for book and tax purposes of certain investments. Results of operations and net assets were not affected by these reclassifications.

At June 30, 2016, the Trust had capital loss carryforwards which will reduce the Trust's taxable income arising from future net realized gain on investments, if any, to the extent permitted by the code and thus will reduce the amount of distributions to shareholders which would otherwise be necessary to relieve the Trust of any liability for federal income tax. Pursuant to the code, such capital loss carryforwards, if unused, will expire, \$119,632,422 and \$26,711,743 in 2017 and 2018, respectively.

The Regulated Investment Company Modernization Act of 2010 (the Act) eliminated the eight-year carryover period for capital losses that arise in taxable years beginning after its enactment date of December 22, 2010. Consequently, these capital losses can be carried forward for an unlimited period. However, capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Additionally, post-enactment capital loss carryovers will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The Trust does not have capital losses with no expiration.

The final determination of the source of the 2016 distributions for tax purposes will be made after the end of the Trust's fiscal year and will be reported to shareholders in February 2017 on the Form 1099-DIV.

For the year ended December 31, 2015, the tax character of distributions paid, as reflected in the Statements of Changes in Net Assets, was \$66,456,582 of ordinary income.

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Notes to Financial Statements concluded

Information on the tax components of net assets as of June 30, 2016 is as follows:

Cost of Investments for Tax Purposes*	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Net Unrealized Appreciation on Investments
\$1,185,911,115	\$134,043,712	\$(57,174,438)	\$76,869,274

* Cost of investments on a tax basis includes the adjustment for financial reporting purposes as of the most recently completed federal income tax reporting period end.

8. Borrowings

The Trust has access to a secured line of credit up to \$300,000,000 from BNYM for borrowing purposes. Borrowings under this arrangement bear interest at the Federal funds rate plus 75 basis points. At June 30, 2016, there were borrowings in the amount of \$154,121,100 on the Trust's line of credit.

The average daily amount of borrowings during the period ended June 30, 2016 was \$82,808,795 with an average interest rate of 1.11%. The maximum amount outstanding for the period ended June 30, 2016, was \$188,816,970. The Trust had borrowings under the line of credit for 174 days during 2016.

9. Capital

During 2004, the Trust issued 101,000,000 shares of common stock at \$15.00. In connection with the Trust's Dividend Reinvestment Plan (DRIP), the Trust issued no common shares for the period ended June 30, 2016 and the year ended 2015, respectively. At June 30, 2016, the Trust had outstanding common shares of 116,590,494 with a par value of \$0.001 per share. The Advisor owned none of the common shares outstanding as of June 30, 2016.

At June 30, 2016, the Trust had no shares of auction rate preferred securities outstanding.

10. Indemnifications

The Trust enters into contracts that contain a variety of indemnifications. The Trust's exposure under these arrangements is unknown. However, the Trust has not had prior claims or losses or current claims or losses pursuant to these contracts.

11. Subsequent Events

Events or transactions that occur after the balance sheet date but before the financial statements are issued are categorized as recognized or non-recognized for financial statement purposes. Since June 30, 2016, the Trust paid a dividend on July 31, 2016 of \$0.05 per share for the month of July 2016. No other notable events have occurred between period-end and the issuance of these financial statements.

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Supplemental Information (unaudited)

Trustees

The Trustees of the CBRE Clarion Global Real Estate Income Fund and their principal occupations during the past five years:

Name, Address and Age Trustees:	Term of Office and Length of Time Served ⁽¹⁾	Title	Principal Occupations During The Past Five Years	Number of Portfolios in the Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
T. Ritson Ferguson* 201 King of Prussia Road, Suite 600 Radnor, PA 19087 Age: 57	3 years/ since inception	Trustee, President and Chief Executive Officer	Chief Executive Officer and Global Chief Investment Officer of CBRE Global Investors (since March 2016); Chief Executive Officer and Co-Chief Investment Officer of CBRE Clarion Securities LLC.	1	
Asuka Nakahara** 201 King of Prussia Road, Suite 600 Radnor, PA 19087 Age: 60	3 years/ since inception	Trustee	Associate Director of the Zell-Lurie Real Estate Center at the Wharton School, University of Pennsylvania (since 1999); Lecturer of Real Estate at the Wharton School, University of Pennsylvania (since 1999); Partner of Triton Atlantic Partners (since 2009).	1	
Frederick S. Hammer 201 King of Prussia Road, Suite 600	3 years/ since inception	Trustee	Co-Chairman of IA Capital Group (since 1994) and a member of its investment committee.	1	Serves on the Boards of JetPay Corporation (since 2011); IA Capital Group (2007 - 2011); and Homeowners Insurance Corp.

Radnor, PA 19087					(since 2006)
Age: 80					
Richard L. Sutton	3 years/ since inception	Trustee	Partner, Morris, Nichols, Arsht & Tunnel (1966 - 2000).	1	Board of Directors of Schroder Global Real Estate Securities Limited (F/K/A Investors in Global Real Estate Ltd.) (2006 - 2015).
201 King of Prussia Road, Suite 600					
Radnor, PA 19087					
Age: 81					
John R. Bartholdson	3 years/ 12 years	Trustee/Audit Committee Financial Expert	Senior Vice President, CFO and Treasurer, and a Director of Triumph Group, Inc. (1993 -2007).	1	Trustee of Berwyn Cornerstone Fund, Berwyn Income Fund, and Berwyn Fund (2013 - 2016). Board of Old Mutual Advisor Funds, Old Mutual Funds II and Old Mutual Insurance Series Fund (2004 - 2012), and Old Mutual Funds III (2008 - 2009).
201 King of Prussia Road, Suite 600					
Radnor, PA 19087					
Age: 71					

(1) After a Trustee's initial term, each Trustee is expected to serve a three-year term concurrent with the class of Trustees for which he serves. Messrs. Sutton and Bartholdson, as Class III Trustees, are expected to stand for re-election at the Trust's 2016 annual meeting of shareholders.; Messrs. Ferguson and Hammer, as Class I Trustees, are expected to stand for re-election at the Trust's 2017 annual meeting of shareholders; Mr. Nakahara, as Class II Trustee, is expected to stand for re-election at the Trust's 2018 annual meeting of shareholders.

* Mr. Ferguson is deemed to be an interested person of the Trust as defined in the Investment Company Act of 1940 (the "1940 ACT"), as amended, due to his position with the Advisor.

** Mr. Nakahara owned 5,000 shares of CB Richard Ellis Group, Inc. ("CB Richard Ellis"), of which the advisor is an indirect majority-owned subsidiary, as of July 1, 2011, the date CB Richard Ellis acquired the advisor, and through September 2, 2011, technically making him an interested person of the Trust (as defined in the 1940 Act) during that period. Mr. Nakahara purchased the shares several years ago. Mr. Nakahara no longer owns those shares and is an independent Trustee of the Trust.

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Supplemental Information (unaudited) continued

Officers

The Officers of the CBRE Clarion Global Real Estate Income Fund and their principal occupations during the past five years:

Name, Address, Age and Position(s) Held with Registrant Officers:	Length of Time Served	Principal Occupations During the Past Five Years and Other Affiliations
Jonathan A. Blome 201 King of Prussia Road, Suite 600 Radnor, PA 19087 Age: 39	since 2006	Chief Financial Officer and Director of Operations of CBRE Clarion Securities LLC (since 2011); Director and Head of Operations of CBRE Clarion Securities LLC (since 2010).
Chief Financial Officer William E. Zitelli 201 King of Prussia Road, Suite 600 Radnor, PA 19087 Age: 48	since 2007	General Counsel of CBRE Clarion Securities LLC (since 2007).
Chief Compliance Officer and Secretary		

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Supplemental Information (unaudited) concluded

Additional Information

Statement of Additional Information includes additional information regarding the Trustees. This information is available upon request, without charge, by calling the following toll-free telephone number: 1-888-711-4272.

The Trust has delegated the voting of the Trust's voting securities to the Trust's advisor pursuant to the proxy voting policies and procedures of the advisor. You may obtain a copy of these policies and procedures by calling 1-888-711-4272. The policies may also be found on the website of the Securities and Exchange Commission (<http://www.sec.gov>).

Information regarding how the Trust voted proxies for portfolio securities, if applicable, during the most recent 12-month period ended December 31, is also available, without charge and upon request by calling the Trust at 1-888-711-4272 or by accessing the Trust's Form N-PX on the Commission's website at <http://www.sec.gov>.

The Trust files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Trust's Form N-Qs are available on the SEC website at <http://www.sec.gov>. The Trust's Form N-Qs may also be viewed and copied at the Commission's Public Reference Room in Washington, DC; information on the operation of the Public Reference Room may be obtained by calling (800) SEC-0330.

Dividend Reinvestment Plan (unaudited)

Pursuant to the Trust's Dividend Reinvestment Plan (the Plan), shareholders of the Trust are automatically enrolled, to have all distributions of dividends and capital gains reinvested by The Bank of New York Mellon (the Plan Agent) in the Trust's shares pursuant to the Plan. You may elect not to participate in the Plan and to receive all dividends in cash by sending written instructions or by contacting The Bank of New York Mellon, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by contacting the Plan Agent before the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Shareholders who do not participate in the Plan will receive all distributions in cash paid by check and mailed directly to the shareholders of record (or if the shares are held in street or other nominee name, then to the nominee) by the Plan Agent, which serves as agent for the shareholders in administering the Plan.

After the Trust declares a dividend or determines to make a capital gain distribution, the Plan Agent will acquire shares for the participants' account, depending upon the circumstances described below, either (i) through receipt of unissued but authorized shares from the Trust (newly issued shares) or (ii) by open market purchases. If, on the dividend payment date, the NAV is equal to or less than the market price per share plus estimated brokerage commissions (such condition being referred to herein as market premium), the Plan Agent will invest the dividend amount in newly issued shares on behalf of the participants. The number of newly issued shares to be credited to each participant's account will be determined by dividing the dollar amount of the dividend by the NAV on the date the shares are issued. However, if the NAV is less than 95% of the market price on the payment date, the dollar amount of the dividend will be divided by 95% of the market price on the payment date. If, on the dividend payment date, the NAV is greater than the market value per share plus estimated brokerage commissions (such condition being referred to herein as market discount), the Plan Agent will invest the dividend amount in shares acquired on behalf of the

participants in open-market purchases.

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. The automatic reinvestment of dividends and distributions will not relieve participants of any Federal income tax that may be payable on such dividends or distributions.

The Trust reserves the right to amend or terminate the Plan. There is no direct service charge to participants in the Plan; however, the Trust reserves the right to amend the Plan to include a service charge payable by the participants. Participants that request a sale of shares through the Plan Agent are subject to a \$2.50 sales fee and a \$0.15 per share sold brokerage commission. All correspondence concerning the Plan should be directed to the Plan Agent at Computershare Shareowner Services LLC, P.O. Box 30170 College Station, TX 77842-3170, Phone Number: (866) 221-1580.

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CBRE CLARION GLOBAL REAL ESTATE INCOME FUND

BOARD OF TRUSTEES

T. RITSON FERGUSON

ASUKA NAKAHARA

FREDERICK S. HAMMER

RICHARD L. SUTTON

JOHN R. BARTHOLDSON

OFFICERS

T. RITSON FERGUSON

PRESIDENT AND

CHIEF EXECUTIVE OFFICER

JONATHAN A. BLOME

CHIEF FINANCIAL OFFICER

WILLIAM E. ZITELLI

CHIEF COMPLIANCE OFFICER

AND SECRETARY

INVESTMENT ADVISOR

CBRE CLARION SECURITIES LLC

201 KING OF PRUSSIA ROAD, SUITE 600

RADNOR, PA 19087

888-711-4272

ADMINISTRATOR AND CUSTODIAN

THE BANK OF NEW YORK MELLON

NEW YORK, NEW YORK

TRANSFER AGENT

COMPUTERSHARE

COLLEGE STATION, TEXAS

LEGAL COUNSEL

MORGAN, LEWIS & BOKIUS LLP

WASHINGTON, DC

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP

PHILADELPHIA, PENNSYLVANIA

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Item 2. Code of Ethics.

Not applicable for semi-annual reporting period.

Item 3. Audit Committee Financial Expert.

Not applicable for semi-annual reporting period.

Item 4. Principal Accountant Fees and Services.

Not applicable for semi-annual reporting period.

Item 5. Audit Committee of Listed Registrants.

Not applicable for semi-annual reporting period.

Item 6. Investments.

(a) The schedule of investments is included as part of the report to shareholders filed under Item 1 of this form.

(b) Not applicable.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable for semi-annual reporting period.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

There has been no change, as of the date of this filing, in any of the portfolio managers identified in response to paragraph (a)(1) of this Item in the registrant's most recently filed annual report on Form N-CSR.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

None.

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Item 10. Submission of Matters to a Vote of Security Holders.

There have been no material changes to the procedures by which the shareholders may recommend nominees to the registrant's board of directors, where those changes were implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) (as required by Item 22(b)(15) of Schedule 14A (17 CFR 240.14a-101)), or this Item.

Item 11. Controls and Procedures.

- (a) The Trust's principal executive officer and principal financial officer have evaluated the Trust's disclosure controls and procedures within 90 days of this filing and have concluded that the Trust's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the Trust in this Form N-CSR was recorded, processed, summarized, and reported timely.
- (b) The Trust's principal executive officer and principal financial officer are aware of no changes in the Trust's internal control over financial reporting that occurred during the Trust's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting.

Item 12. Exhibits.

- (a)(1) Not applicable.
- (a)(2) Certification of chief executive officer and chief financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- (a)(3) Not applicable.
- (b) Certification of chief executive officer and chief financial officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (c) Notices to Trust's common shareholders in accordance with Investment Company Act Section 19(a) and Rule 19a-1.¹

¹ The Trust has received exemptive relief from the Securities and Exchange Commission permitting it to make periodic distributions of long-term capital gains with respect to its outstanding common stock as frequently as twelve times each year. This relief is conditioned, in part, on an undertaking by the Trust to make the disclosures to the holders of the Trust's common shares, in addition to the information required by Section 19(a) of the Investment Company Act and Rule 19a-1 thereunder. The Trust is likewise obligated to file with the Commission the information

contained in any such notice to shareholders and, in that regard, has attached hereto copies of each such notice made during the period.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) CBRE Clarion Global Real Estate Income Fund

By (Signature and Title)* /s/ T. Ritson Ferguson
T. Ritson Ferguson
President and Chief Executive Officer

Date 9/1/2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ T. Ritson Ferguson
T. Ritson Ferguson
President and Chief Executive Officer

Date 9/1/2016

By (Signature and Title)* /s/ Jonathan A. Blome
Jonathan A. Blome
Chief Financial Officer

Date 9/1/2016

* Print the name and title of each signing officer under his or her signature.