ING CLARION GLOBAL REAL ESTATE INCOME FUND
Form N-14 8C/A
June 17, 2009

As filed with the Securities and Exchange Commission on June 17, 2009
Securities Act File No. 333-157821
1940 Act File No. 811-21465

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-14
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

o Pre-Effective Amendment No. 1

o Post-Effective Amendment No. __

(Check appropriate box or boxes)

ING Clarion Global Real Estate Income Fund
(Exact name of registrant as specified in charter)

201 King of Prussia Road
Radnor, Pennsylvania 19087
(Address of Principal Executive Offices)
Telephone Number: (888) 711-4272
(Area Code and Telephone Number)

T. Ritson Ferguson, President
INC Clarion Global Real Estate Income Fund
201 King of Prussia Road
Radnor, Pennsylvania 19087
(Name and Address of Agent for Service)

Copies to:

Richard Prins, Esq.	William E. Zitelli
Skadden, Arps, Slate, Meagher & Flom LLP	ING Clarion Real Estate Securities, L.P.
Four Times Square	201 King of Prussia Road, Suite 600
New York, NY 10036-6522	Radnor, Pennsylvania 19087

Approximate Date of Proposed Offering: As soon as practicable after this Registration Statement is declared effective.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price per Unit (1)(2)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
common shares, $0.001 par value	12,575,757 shares	$5.59	$49,800,000	$1957.14

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Net asset value per share or common stock on June 9, 2009.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

CONTENTS OF REGISTRATION STATEMENT

This Registration Statement is organized as follows:

ING CLARION REAL ESTATE INCOME FUND
201 King of Prussia Road
Radnor, Pennsylvania 19087
(888) 711-4272

June 19 , 2009

Dear Shareholder:

You are cordially invited to attend a special shareholder meeting (the "Special Meeting") of ING Clarion Real Estate Income Fund ("IIA") a statutory trust organized under the laws of the State of Delaware, to be held on Thursday, July 23, 2009. Before the Special Meeting, I would like to provide you with additional background and ask for your vote on an important proposal affecting IIA.

The proposal you will be asked to consider at the Special Meeting, as described in the enclosed Combined Proxy Statement/Prospectus, is the proposed reorganization (the "Reorganization") of IIA with ING Clarion Global Real Estate Income Fund ("IGR"), a statutory trust organized under the laws of the State of Delaware, having identical investment objectives and investment policies similar, but not identical, to those of IIA.

The Board of Trustees of IIA believes the Reorganization is in the best interests of IIA and its shareholders, and unanimously recommends that you vote "FOR" the proposed Reorganization.

The enclosed materials explain this proposal in more detail, and I encourage you to review it carefully. As a shareholder, your vote is important, and we hope that you will respond today to ensure that your common shares will be represented at the Special Meeting. You may vote using one of the methods below by following the instructions on your proxy card:

- By touch-tone telephone;
- By Internet;
- By returning the enclosed proxy card in the postage-paid envelope; or
- In person at the Special Meeting.

If you do not vote using one of these methods, you may be called by Broadridge Financial Solutions, Inc., our proxy solicitor, to vote your common shares over the phone.

As always, we appreciate your support.

Sincerely,

T. Ritson Ferguson
President and Chief Executive
Officer of IIA

Please vote now. Your vote is important.
To avoid the wasteful and unnecessary expense of further solicitation, we urge you to indicate your voting instructions on the enclosed proxy card, date and sign it and return it promptly in the envelope provided, or record your voting instructions by telephone or via the Internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but

do not indicate how you wish your shares to be voted, your shares will be voted "For" the Reorganization. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your shares at the Special Meeting.

June 19, 2009

IMPORTANT NOTICE

TO SHAREHOLDERS OF
ING CLARION REAL ESTATE INCOME FUND

QUESTIONS & ANSWERS

Although we recommend that you read the complete Combined Proxy Statement/Prospectus, we have provided for your convenience a brief overview of certain issues which may affect your vote, in question and answer format.

Q: Why is a shareholder meeting being held?

A: You are being asked to vote on a reorganization (the "Reorganization") of ING Clarion Real Estate Income Fund ("IIA") with ING Clarion Global Real Estate Income Fund ("IGR" and, together with IIA, each, a "Fund" and, collectively, the "Funds"), a closed-end fund that pursues identical investment objectives and has investment policies that are similar, but not identical, to those of IIA and has the same investment advisor as IIA.

Q: Why is the Reorganization being recommended?

A: Each Fund's investment advisor recommended to the Board of Trustees of each Fund (each, a "Board") that they approve the Reorganization. Each Board has unanimously determined that the Reorganization will benefit the common shareholders of such Fund. As a result of the Reorganization, it is anticipated that common shareholders of each Fund will experience a reduced annual operating expense ratio, as certain recurring administrative costs will be spread across the combined fund's larger asset base, while the combined fund will continue the same distribution policy, in terms of amount and frequency of payment, that each Fund currently maintains. In addition, the Reorganization will provide IIA shareholders with enhanced diversification, by providing access to a broader global universe of real estate equity securities, and certain market advantages, such as increased research coverage. In addition, the Reorganization may provide greater secondary market liquidity and stability as the combined fund would be larger than and have more outstanding common shares than either of the Funds.

IIA and IGR are substantially similar, but not identical. IIA's and IGR's investment objectives and fundamental policies are identical. IIA's and IGR's primary investment objective is high current income, and their secondary investment objective is capital appreciation. IIA and IGR seek to achieve their investment objectives by concentrating their investments in the real estate industry and not in any other industry. IIA and IGR invest primarily in real estate equity securities. Additionally, each Fund has the same Board, the same investment advisor, largely overlapping investment advisory personnel and portfolio managers, and substantially similar nonfundamental investment policies, strategies, risks and restrictions. The primary difference between IIA and IGR is that IIA focuses on real estate companies in the U.S. whereas IGR is able to invest globally, including emerging market countries.

Q: How will the Reorganization be effected?

A: Assuming shareholders approve the Reorganization, IIA will merge with and into IGR Merger Subsidiary ("Merger Subsidiary"), a direct, wholly-owned subsidiary of IGR, and IIA will terminate its registration under the Investment Company Act of 1940. You will become a shareholder of IGR. You will receive newly-issued common shares of beneficial interest of IGR in exchange for your IIA common shares, the aggregate net asset value (not the market value) of which will equal the aggregate net asset value (not the market value) of the common shares you held immediately prior to the Reorganization, less the costs of the Reorganization (though you may receive cash for a fractional share). Following the Reorganization, Merger Subsidiary will dissolve under Delaware law and be liquidated into IGR.

Q: At what prices have common shares of IIA and IGR historically traded?

A: Historically, each Fund's common shares have fluctuated between trading at a premium or discount to net asset value. Recently, IIA's common shares have not traded in any particular pattern of a greater or lesser premium or discount than IGR's shares. There can be no assurance that, after the Reorganization, common shares of the combined fund will trade at, above or below net asset value.

Q: Will I have to pay any sales load, commission or other similar fees in connection with the Reorganization?

A: You will pay no sales loads or commissions in connection with the Reorganization. However, if the Reorganization is completed, the costs associated with the Reorganization, including the costs associated with the shareholder meeting, will be borne directly by the respective Fund incurring the expense or allocated between the Funds based on the Boards' assessment of the function of the expense as appropriate. Such costs are estimated to be $314,000 in the aggregate, of which, on a preliminary basis, approximately $35,000 is attributable to IIA and approximately $279,000 is attributable to IGR.

Q: Will I have to pay any U.S. federal income taxes as a result of the Reorganization?

A: The Reorganization is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. If the Reorganization so qualifies, in general, shareholders of IIA will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their IIA common shares solely for IGR common shares pursuant to the Reorganization. Additionally, IIA will recognize no gain or loss for U.S. federal income tax purposes by reason of the Reorganization. Neither IGR nor its shareholders will recognize any gain or loss for U.S. federal income tax purposes pursuant to the Reorganization.

Prior to the closing date of the transactions with respect to the Reorganization (the "Closing Date"), IIA will declare a distribution to its shareholders that, together with all previous distributions, will have the effect of distributing to IIA's shareholders all of IIA's investment company taxable income (computed without regard to the deduction for dividends paid) and net capital gains, if any, through the Closing Date. Such distributions will be taxable to IIA shareholders.

In connection with the Reorganization, IIA may sell a portion of its portfolio assets, though it does not intend to do so. The tax impact of such sales will depend on the difference between the price at which such portfolio assets are sold and IIA's basis in such assets. Any capital gains that IIA recognizes in these sales will be distributed to IIA's shareholders as a capital gain dividend (to the extent of net capital gain, which is the excess of net long-term capital gain over net short-term capital loss) and/or ordinary dividends (to the extent of net short-term capital gain) during or with respect to the year of sale, and such distributions will be taxable to shareholders.

The Funds' shareholders should consult their own tax advisers regarding the U.S. federal income tax consequences of the Reorganization, as well as the effects of state, local and non-U.S. tax laws, including possible changes in tax law.

Q: What happens if shareholders of IIA do not approve the Reorganization?

A: In the event that shareholders of IIA do not approve the Reorganization, IIA will continue to exist and operate on a stand alone basis and the Board of IIA will consider what additional actions, if any, to take in light of the failure to obtain shareholder approval.

Q: How does the Board of IIA suggest that I vote?

A: After careful consideration, the Board of IIA recommends that you vote "FOR" each of the proposed items.

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Q: How do I vote my proxy?

A: You may cast your vote by mail, phone, Internet or in person at the Special Meeting. To vote by mail, please mark your vote on the enclosed proxy card and sign, date and return the card in the postage-paid envelope provided. If you choose to vote by phone or Internet, please refer to the instructions found on the proxy card accompanying this Combined Proxy Statement/Prospectus. To vote by phone or Internet, you will need the "control number" that appears on the proxy card.

Each shareholder who has given a proxy may revoke it at any time prior to its exercise by delivering to the secretary of IIA a written revocation or a duly executed proxy bearing a later date, by voting over the Internet or by telephone at a later time, or by notifying the secretary of IIA at any time before his or her proxy is voted that he or she will be present at the Special Meeting and wishes to vote in person. Votes provided over the Internet or by telephone must be received by 11:59 p.m. Eastern time on , 2009. Please note that being present at the Special Meeting alone does not revoke a previously executed and returned proxy.

If you hold shares in the name of a brokerage firm, bank, nominee or other institution (commonly referred to as in "street name"), please contact the person responsible for your account and give instructions on how to vote your shares. In order to vote your shares held in street name at the Special Meeting, you must provide a legal proxy from the institution through which you hold those shares.

Q: Whom do I contact for further information?

A: You may contact your financial adviser for further information. You may also call Broadridge Financial Solutions, Inc., the Fund's proxy solicitor, at (866) 412-8385.

ING CLARION REAL ESTATE INCOME FUND
201 King of Prussia Road
Radnor, Pennsylvania 19087
(888) 711-4272

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, JULY 23, 2009

Notice is hereby given that a special meeting of shareholders (the "Special Meeting") of ING Clarion Real Estate Income Fund ("IIA") will be held at the offices of ING Clarion Real Estate Securities, L.P., 201 King of Prussia Road, Radnor, Pennsylvania 19087, on Thursday, July 23, 2009 at 2:00 p.m. for the following purposes:

1. Reorganization

a. To approve an Agreement and Plan of Reorganization between IIA, ING Clarion Global Real Estate Income Fund ("IGR") and IGR Merger Subsidiary ("Merger Subsidiary"), a direct, wholly-owned subsidiary of IGR.

2. Adjournment or Postponement of the Special Meeting

a. To approve the adjournment or postponement of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. Proposal 2 relates only to an adjournment or postponement of the Special Meeting for purposes of soliciting additional proxies to obtain the requisite shareholder vote to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. The Board of Trustees of IIA retains full authority to adjourn or postpone the Special Meeting for any other purpose, including absence of a quorum, without the consent of shareholders.

Shareholders of record as of the close of business on June 9, 2009 are entitled to vote at the Special Meeting or any adjournment thereof.

THE BOARD OF TRUSTEES OF IIA REQUESTS THAT YOU VOTE YOUR COMMON SHARES BY INDICATING YOUR VOTING INSTRUCTIONS ON THE ENCLOSED PROXY CARD, DATING AND SIGNING SUCH PROXY CARD AND RETURNING IT IN THE ENVELOPE PROVIDED, WHICH IS ADDRESSED FOR YOUR CONVENIENCE AND NEEDS NO POSTAGE IF MAILED IN THE UNITED STATES, OR BY RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET.

THE BOARD OF TRUSTEES OF IIA RECOMMENDS THAT YOU CAST YOUR VOTE:

- FOR THE AGREEMENT AND PLAN OF REORGANIZATION AS DESCRIBED IN THE COMBINED PROXY STATEMENT/PROSPECTUS.

- FOR THE ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES IF THERE ARE INSUFFICIENT VOTES AT THE TIME OF THE SPECIAL MEETING TO APPROVE THE AGREEMENT AND PLAN OF REORGANIZATION AND RELATED MATTERS AS PROPOSED IN PROPOSAL 1.

IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION, WE ASK THAT YOU MAIL YOUR PROXY CARD OR RECORD YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET PROMPTLY.

For the Board of Trustees,

T. RITSON FERGUSON
President and Chief Executive Officer
ING Clarion Real Estate Income Fund
June 19, 2009

YOUR VOTE IS IMPORTANT.

PLEASE VOTE PROMPTLY BY SIGNING AND RETURNING THE ENCLOSED PROXY CARD OR BY RECORDING YOUR VOTING INSTRUCTIONS BY TELEPHONE OR VIA THE INTERNET, NO MATTER HOW MANY COMMON SHARES YOU OWN.

The information contained in this Combined Proxy Statement/Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion, dated June 17, 2009

COMBINED PROXY STATEMENT/PROSPECTUS
RELATING TO THE REORGANIZATION OF

ING CLARION REAL ESTATE INCOME FUND

IN EXCHANGE FOR COMMON SHARES OF

ING CLARION GLOBAL REAL ESTATE INCOME FUND

201 King of Prussia Road
Radnor, Pennsylvania 19087
(888) 711-4272

SPECIAL MEETING OF SHAREHOLDERS

June 19, 2009

This Combined Proxy Statement/Prospectus is furnished to you as a shareholder of ING Clarion Real Estate Income Fund ("IIA"), a registered non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the "1940 Act"). A special meeting of shareholders of IIA (the "Special Meeting") will be held at the offices of ING Clarion Real Estate Securities, L.P. ("ING Clarion RES"), 201 King of Prussia Road, Radnor, Pennsylvania 19087, on Thursday, July 23, 2009 at 2:00 p.m. to consider the items listed below and discussed in greater detail elsewhere in this Combined Proxy Statement/Prospectus. If you are unable to attend the Special Meeting or any adjournment thereof, the Board of Trustees of IIA (the "IIA Board") requests that you vote your common shares by completing and returning the enclosed proxy card or by recording your voting instructions by telephone or via the Internet. The approximate mailing date of this Combined Proxy Statement/Prospectus and accompanying form of proxy is June 19, 2009.

The purposes of the Special Meeting are:

1. Reorganization

a. To approve an Agreement and Plan of Reorganization between IIA, ING Clarion Global Real Estate Income Fund ("IGR"), a registered non-diversified, closed-end management investment company under the 1940 Act, and IGR Merger Subsidiary ("Merger Subsidiary"), a direct, wholly-owned subsidiary of IGR.

2. Adjournment or Postponement of the Special Meeting

a. To approve the adjournment or postponement of the Special Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. Proposal 2 relates only to an adjournment or postponement of the Special Meeting for purposes of soliciting additional proxies to obtain the requisite shareholder vote to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. The IIA Board retains full authority to adjourn or postpone the Special Meeting for any other purpose, including absence of a quorum, without the consent of shareholders.

IGR is sometimes referred to herein as the "Acquiring Fund." IIA and the Acquiring Fund are each sometimes referred to herein as a "Fund" and, collectively, as the "Funds." The Agreement and Plan of Reorganization is sometimes referred to herein as the "Reorganization Agreement." The Reorganization Agreement that IIA shareholders are being asked to consider involves transactions that will be referred to in this Combined Proxy Statement/Prospectus as the "Reorganization."

The Reorganization seeks to combine two substantially similar, but not identical, Funds to achieve certain economies of scale and other operational efficiencies. The Funds' investment objectives and fundamental policies are identical. IIA's and IGR's primary investment objective is high current income, and their secondary investment objective is capital appreciation. IIA and IGR seek to achieve their investment objectives by concentrating their investments in the real estate industry and not in any other industry. IIG and IGR invest primarily in real estate equity securities. Additionally, each Fund has the same Board of Trustees, the same investment advisor, largely overlapping investment advisory personnel and portfolio managers, and substantially similar nonfundamental investment policies, strategies, risks and restrictions. The primary difference between IIA and IGR is that IIA focuses on real estate companies in the U.S. whereas IGR is able to invest globally, including emerging markets.

As a result of the Reorganization, it is anticipated that common shareholders of each Fund will experience a reduced annual operating expense ratio, as certain recurring administrative costs will be spread across the combined fund's larger asset base, while the combined fund will continue the same distribution policy, in terms of amount and frequency of payment, that each Fund currently maintains. In addition, the Reorganization will provide IIA shareholders with enhanced diversification, by providing access to a broader global universe of real estate equity securities, and certain market advantages, such as increased research coverage. In addition, the Reorganization may provide greater secondary market liquidity and stability as the combined fund would be larger than and have more outstanding common shares than either of the Funds.

In the Reorganization, IIA will merge with and into Merger Subsidiary and shareholders of IIA will receive newly-issued common shares of beneficial interest of IGR, par value $0.001 per share ("IGR Common Shares"). IIA will then terminate its registration under the 1940 Act, and Merger Subsidiary will dissolve under Delaware law and be liquidated into IGR. The aggregate net asset value (not the market value) of IGR Common Shares received by IIA investors in the Reorganization will equal the aggregate net asset value (not the market value) of IIA common shares held immediately prior to the Reorganization, less the costs of the Reorganization (though common shareholders may receive cash for their fractional common shares). IGR will continue to operate after the Reorganization as a registered, non-diversified, closed-end investment company with the investment objectives and policies described in this Combined Proxy Statement/Prospectus.

In the event that shareholders of IIA do not approve the Reorganization, IIA will continue to exist and operate on a stand alone basis and the IIA Board will consider what additional actions, if any, to take in light of the failure to obtain shareholder approval.

This Combined Proxy Statement/Prospectus sets forth concisely the information shareholders of IIA should know before voting on the proposals for their Fund and constitutes an offering of IGR Common Shares. Please read it carefully and retain it for future reference. A Statement of Additional Information, dated June 19, 2009, relating to this Combined Proxy Statement/Prospectus (the "Statement of Additional Information") has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated herein by reference. If you wish to request the Statement of Additional Information, please ask for the "Statement of Additional Information." Copies of IGR's and IIA's most recent annual report and semi-annual report can be obtained on a web site maintained by ING Clarion RES at www.ingclarionres.com. In addition, IGR and IIA will furnish, without charge, a copy of the Statement of Additional Information, its most recent annual report and any more recent semi-annual report to any shareholder upon request. Any such request should be directed to ING Clarion RES by calling (888) 711-4272 or by writing to the respective Fund at 201 King of Prussia Road, Radnor, Pennsylvania 19087. The address of the principal executive offices of the Funds is 201 King of Prussia Road, Radnor, Pennsylvania 19087, and the telephone number is (888) 711-4272.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith file reports, proxy statements, proxy material and other information with the SEC. Materials filed with the SEC can be reviewed and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 or downloaded from the SEC's web site at www.sec.gov. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at

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(202) 551-8090. You may also request copies of these materials, upon payment at the prescribed rates of a duplicating fee, by electronic request to the SEC's e-mail address (publicinfo@sec.gov) or by writing the Public Reference Branch, Office of Consumer Affairs and Information Services, SEC, Washington, DC, 20549-0102.

The common shares of IGR are listed on the New York Stock Exchange (the "NYSE") under the ticker symbol "IGR" and will continue to be so listed subsequent to the Reorganization. The common shares of IIA are listed on the NYSE under the ticker symbol "IIA." Reports, proxy statements and other information concerning IGR or IIA may be inspected at the offices of the NYSE 11 Wall Street, New York, New York 10005.

This Combined Proxy Statement/Prospectus serves as a prospectus of IGR in connection with the issuance of IGR Common Shares in the Reorganization. No person has been authorized to give any information or make any representation not contained in this Combined Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Combined Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

THE SEC HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS COMBINED PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Combined Proxy Statement/Prospectus is June 19, 2009.

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SUMMARY

The following is a summary of certain information contained elsewhere in this Combined Proxy Statement/Prospectus and is qualified in its entirety by reference to the more complete information contained in this Combined Proxy Statement/Prospectus and in the Statement of Additional Information. Shareholders should read the entire Combined Proxy Statement/Prospectus carefully.

PROPOSAL 1: REORGANIZATION OF IIA

The Proposed Reorganization

The Board of Trustees of each Fund (each a "Board"), including the Trustees who are not "interested persons" of each Fund (as defined in the 1940 Act) (the "Independent Trustees"), has unanimously approved the Reorganization Agreement. If the common shareholders of IIA approve the Reorganization Agreement, IIA will merge with and into Merger Subsidiary and shareholders of IIA will receive IGR Common Shares. IIA will then terminate its registration under the 1940 Act, and Merger Subsidiary will dissolve under Delaware law and be liquidated into IGR. The aggregate net asset value (not the market value) of IGR Common Shares received by IIA investors in the Reorganization will equal the aggregate net asset value (not the market value) of IIA common shares held immediately prior to the Reorganization, less the costs of the Reorganization (though common shareholders may receive cash for fractional common shares).

Background and Reasons for the Proposed Reorganization

The Reorganization seeks to combine two substantially similar, but not identical, Funds to achieve certain economies of scale and other operational efficiencies. IIA's and IGR's fundamental investment objectives and investment restrictions are identical. IIA's and IGR's primary investment objective is high current income, and their secondary investment objective is capital appreciation. IIA and IGR seek to achieve their investment objectives by concentrating their investments in the real estate industry and not in any other industry. IIA and IGR invest primarily in real estate equity securities. Additionally, each Fund has the same Board, the same investment advisor, largely overlapping investment advisory personnel and portfolio managers, and substantially similar investment policies, strategies, risks and restrictions. The primary difference between IIA and IGR is that IIA focuses on real estate companies in the U.S. whereas IGR is able to invest globally, including emerging markets.

The proposed Reorganization will combine the assets of the Funds through a merger of IIA with and into Merger Subsidiary. The IIA Board, based upon its evaluation of all relevant information, anticipates that the common shareholders of IIA will benefit from the Reorganization. The Board of IGR (the "IGR Board"), based upon its evaluation of all relevant information, anticipates that the Reorganization will benefit shareholders of IGR. Each Board reviewed data presented by ING Clarion Real Estate Securities, L.P., investment advisor to each of the Funds (the "Advisor"), showing that common shareholders of each Fund expect to experience a reduced annual operating expense ratio as a result of the Reorganization. The combined fund resulting from the Reorganization will have a larger asset base than either of the Funds has currently. Certain recurring administrative costs, such as costs of printing shareholder reports and proxy statements, legal expenses, audit fees, mailing costs and other expenses, will be spread across this larger asset base, thereby lowering the expense ratio for common shareholders of the combined fund. In addition, each Board reviewed data presented by the Advisor showing that the combined fund will provide IIA shareholders with certain market advantages, such as increased research coverage. Each Board also considered the expectation that the Reorganization may provide greater secondary market liquidity and stability as the combined fund would be larger than and have more outstanding shares than either of the Funds and may provide IIA shareholders with enhanced diversification by providing access to a broader global universe of real estate equity securities.

In approving the proposed Reorganization Agreement, the Board of each Fund, including the Independent Trustees, determined that participation in the Reorganization is in the best interests of the relevant Fund and its shareholders and that the interests of the shareholders of the relevant Fund will not be diluted with respect to net asset value as a result of the Reorganization.

Before reaching these conclusions, the Board of each Fund, including the Independent Trustees, engaged in a thorough review process relating to the proposed Reorganization. The Independent Trustees also received a memorandum outlining, among other things, the legal standards and certain other considerations relevant to the Trustees' deliberations. The Board of each Fund, including all of the Independent Trustees, considered the Reorganization at meetings held on December 4, 2008 and February 5, 2009 and approved the Reorganization at the February 5, 2009 meeting.

The primary factors considered by the Board of each Fund with regard to the Reorganization include the following:

- The fact that the investment objectives and fundamental policies of IIA and IGR are identical. See "Proposal 1: Reorganization of IIA—Comparison of the Funds."

- The expectation that the combined fund will have the same distribution policy and amount and frequency of payment as each of the Funds currently has.

- The expectation that the combined fund will have an annual operating expense ratio that is lower than that of each Fund prior to the Reorganization.

- The expectation that the combined fund will provide IIA shareholders with certain market advantages, such as more research coverage.

- The expectation that the combined fund will provide greater secondary market liquidity and stability as it would be larger than and have more outstanding common shares than each Fund prior to the Reorganization and may have greater institutional presence in its shareholder base.

- The expectation that the combined fund will provide IIA shareholders with access to a broader global universe of real estate securities.

- The opinion of counsel that no gain or loss will be recognized by the Funds or their shareholders for U.S. federal income tax purposes as a result of the Reorganization, as the Reorganization is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code, as amended (the "Code").

- The management team who will manage IGR and the management team's investment style and strategies. See "Proposal 1: Reorganization of IIA—Management of the Funds."

- The fact that contractual fee waivers at the combined fund will roll off on a marginally slower timetable than at IIA and at the same timetable as IGR.

- The fact that the expenses of the Reorganization and the shareholder approval requirement are lower than for a liquidation or open-ending of IIA.

- The fact that the costs incurred by IGR to acquire the IIA portfolio via the Reorganization are similar to the transaction costs associated with acquiring a comparable portfolio in the open market (without accounting for market impact and assuming IGR had the capital available to acquire such assets).

- The fact that IGR will expand its asset base by approximately 11% in a non-dilutive transaction at a time when raising new assets is not generally feasible.

- The expectation that the yield on the combined fund's portfolio will increase marginally, as a result of the addition of the assets currently held in the IIA portfolio, in comparison to the yield on IGR's existing portfolio.

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- The expectation that shareholders will receive substantially the same services after the Reorganization.
- The fact that the Advisor recommended to each Board that they approve the Reorganization.

Considering these reasons, the Board of each Fund unanimously concluded that completion of the Reorganization is in the best interests of each Fund and its shareholders and that the interests of the shareholders of the Funds will not be diluted with respect to net asset value as a result of the Reorganization. This determination was made on the basis of each Trustee's business judgment after consideration of all of the factors taken as a whole, though individual Trustees may have placed different weight on various factors and assigned different degrees of materiality to various factors. See "Proposal 1: Reorganization of IIA—Reasons for the Reorganization."

If the Reorganization is not approved by IIA's shareholders, IIA will continue to exist and operate as a stand alone Delaware statutory trust advised by the Advisor, and the IIA Board will consider what additional actions, if any, to take in light of the failure to obtain shareholder approval.

The table below illustrates the anticipated reduction in operating expenses expected as a result of the Reorganization. The table sets forth (i) the fees and expenses paid by IIA for the 12-month period ended December 31, 2008, (ii) the fees and expenses paid by IGR for the 12-month period ended December 31, 2008 and (iii) the pro forma fees and expenses for the combined fund, assuming the Reorganization had taken place on December 31, 2008. As shown below, the Reorganization is expected to result in decreased total annual expenses for shareholders of each Fund.

Fees and Expenses Table for Common Shareholders of the Funds as of December 31, 2008

	IIA	IGR	Pro Forma IGR(a)
Shareholder Transaction Expenses			
Maximum Sales Load (as a percentage of the offering price) imposed on purchases of common shares (b)	None	None	None
Dividend Reinvestment and Cash Purchase Plan Fees	None	None	None
Annual Expenses (as a percentage of average net assets attributable to common stock as of December 31, 2008)			
Investment Management Fees	0.96%	0.94%	0.65%*
Other Expenses (c)	0.51%	0.34%	0.31%*
Total Annual Expenses	1.47%	1.28%	0.96%

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* The rate of Investment Management Fees paid will not be reduced as a result of the Reorganization. The reduction in Investment Management Fees presented for Pro Forma IGR, as compared to either IIA or IGR arises because Investment Management Fees incurred by IIA and IGR for the period ended December 31, 2008 were calculated based on each Fund’s managed assets, which included assets attributable to leverage associated with outstanding preferred stock, which has since been redeemed (effective March 5, 2009 for IIA and March 12, 2009 for IGR). Taking into account the redemption of each Fund’s preferred stock, the Investment Management Fees for each of Pro Forma IGR, IIA and IGR would be 65 basis points. The supplemental table included below illustrates this by showing the results of IIA and IGR on a Pro Forma basis, reflecting the redemption of the preferred stock. The difference in Total Annual Expenses reflected in the table below results from the spreading of recurring administrative

costs across Pro Forma IGR's larger asset base.

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The difference in Total Annual Expenses reflected in the table below results from the spreading of recurring administrative costs across the Pro Forma Combined Fund's larger asset base.

	Pro Forma IIA(a)	Pro Forma IGR(a)	Pro Forma IGR (IIA into IGR (a)	Difference IGR	Difference IIA
Investment Management Fees	0.65%	0.65%	0.65%	0.00%	0.00%
Other expenses(c)	0.75%	0.33%	0.31%	0.02%	0.44%
Total Annual Expenses	1.40%	0.98%	0.96%	0.02%	0.44%

(a) The pro forma annual operating expenses for the combined fund are estimates for a 12-month period ending December 31, 2009.

(b) No sales load will be charged in connection with the issuance of the IGR Common Shares as part of the Reorganization. Common shares are not available for purchase from the Funds but may be purchased on the NYSE through a broker-dealer subject to brokerage commissions or other charges.

(c) Other Expenses include Acquired Fund fees and expenses of each Fund which are less than 0.01%. An "Acquired Fund" means any company in which a Fund invests or intends to invest (i) that is an investment company or (ii) that would be an investment company under Section 3(a) of the 1940 Act but for the exceptions to that definition provided for in Sections 3(c)(1) and 3(c)(7) of the 1940 Act.

IIA and IGR will bear expenses incurred in connection with the Reorganization that are not reflected in "Other Expenses," including, but not limited to, costs related to the preparation and distribution of materials distributed to each Fund's Board, expenses incurred in connection with the preparation of the Reorganization Agreement and the registration statement on Form N-14, the printing and distribution of this Combined Proxy Statement/Prospectus and annual reports, SEC and state securities commission filing fees and legal and audit fees in connection with the Reorganization, legal fees incurred preparing each Fund's Board materials, attending each Fund's Board meetings and preparing the minutes, auditing fees associated with each Fund's financial statements, stock exchange fees, transfer agency fees, rating agency fees, portfolio transfer taxes (if any) and any similar expenses incurred in connection with the Reorganization, which will be borne directly by the respective Fund incurring the expense or allocated between the Funds based on the Boards' assessment of the function of the expense as appropriate. Neither the Funds nor the Advisor will pay any expenses of shareholders arising out of or in connection with the Reorganization.

While the Funds currently estimate that the Reorganization if consummated, will result in reduced expenses by approximately 20 basis points for IIA and 3 basis points for IGR per year (excluding reduced investment management fees), the realization of these reduced expenses will not affect holders of IIA and IGR proportionately, may take longer than expected to be realized or may not be realized at all. After the Reorganization, the combined fund is expected to incur lower expenses on a per common share basis than either of the Funds currently incurs. However, the combined fund may incur higher expenses for a period prior to experiencing such savings or may never experience such savings.

EXAMPLE. The following example is intended to help you compare the costs of investing in IGR pro forma as a result of the Reorganization with the costs of investing in IIA and IGR without the Reorganization. An investor would pay the following expenses on a $1,000 investment, assuming (1) the operating expense ratio for each Fund (as a percentage of net assets attributable to common shares) set forth in the table above and (2) a 5% annual return throughout the period:

	1 Year	3 Years	5 Years	10 Years
IIA	$ 15	$ 46	$ 80	$176
IGR	$ 13	$ 40	$ 71	$155
Pro Forma IGR	$ 10	$ 31	$ 53	$118

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The example set forth above assumes common shares of each Fund were owned as of the completion of the Reorganization and the reinvestment of all dividends and distributions and uses a 5% annual rate of return as mandated by SEC regulations. The example should not be considered a representation of past or future expenses or annual rates of return. Actual expenses or annual rates of return may be more or less than those assumed for purposes of the example.

Comparison of the Funds

A summary comparison of the investment strategies and significant operating policies used by the Funds is set forth in the table below. See "Proposal 1: Reorganization of IIA – Comparison of the Funds" for a more detailed comparison of the Funds. After the Reorganization, the investment strategies and significant operating policies of the combined fund will be those of IGR.

	IGR		IIA
	Investment Objectives		Investment Objectives
·	The Fund's primary investment objective is high current income. The Fund's secondary investment objective is capital appreciation.	·	The Fund's primary investment objective is high current income, and the Fund's secondary investment objective is capital appreciation.
	General		General
·	The Fund has a policy of concentrating its investments in the real estate industry and not in any other industry.	·	The Fund has a policy of concentrating its investments in the real estate industry and not in any other industry.
·	Under normal market conditions, the Fund will invest substantially all but no less than 80% of its total assets in income-producing global Real Estate Equity Securities.	·	Under normal market conditions, the Fund will invest at least 90% of its total assets in Real Estate Securities and at least 70% of its total assets in Real Estate Equity Securities.
·	The Fund may invest up to 25% of its total assets in preferred securities of global real estate companies.	·	The Trust may invest up to 30% of its total assets in Real Estate Fixed Income Securities. The Fund will invest primarily in Real Estate Fixed Income Securities that mature at a minimum in one year, at a maximum in 30 years, and in the current market environment, will mature on average in 10 years.
·	The Fund may invest up to 25% of its total assets in securities and other instruments that, at the time of investment, are illiquid (i.e., securities that are not readily marketable).	·	The Fund may invest up to 15% of its total assets in illiquid securities.
·	The Fund may invest up to 25% of its total assets in preferred securities that are	·	The Fund will not invest more than 20% of its total assets in non-investment grade debt

below investment grade or that are not rated and are considered by the Fund's Advisor to be of comparable quality.	securities ("junk bonds") and preferred stock of below investment grade quality considered by the Advisor or the Sub-Advisor to be of below investment grade securities.
· The Fund may not invest in excess of 25% of its total assets in any industry other than the real estate industry, except that the Fund may invest without limitation in securities backed as to principal or interest by the credit of the United States or agencies or instrumentalities thereof.	· The Fund may not invest in excess of 25% of its total assets in any industry other than the real estate industry, except that the Fund may invest without limitation in securities backed as to principal or interest by the credit of the United States or agencies or instrumentalities thereof.
Market Cap of Investments	Market Cap of Investments
· The Fund will invest primarily in Real Estate Equity Securities with market capitalizations that range, in the current market environment, from approximately $40 million to approximately $25 billion. However, there is no restriction on the market capitalization range or the actual market capitalization of the individual companies in which the Fund may invest.	· The Fund will invest primarily in Real Estate Equity Securities with market capitalizations that range, in the current market environment, from $100 million to $12 billion, and will average $1 billion.

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IGR	IIA
Foreign Investments	Foreign Investments
· The Fund, under normal market conditions, intends to invest a significant amount (at least 40%) of its assets in countries other than the United States. · Although it is not the Fund's current intent, the Fund may invest up to 100% of its total assets in real estate securities of non-U.S. issuers or that are denominated in various foreign currencies or multinational currency units ("Foreign Securities"). · Under normal market conditions, the Trust expects to have investments in at least three countries, including the United States. · The Fund may invest in securities of foreign issuers in the form of American Depositary Receipts ("ADRs") and European Depositary Receipts ("EDRs").	· The Fund may invest up to 10% of its total assets in real estate securities of non-U.S. issuers or that are denominated in various foreign currencies or multinational currency units ("Foreign Securities").
Emerging Markets	Emerging Markets
· The Fund, under normal market conditions, will invest in Real Estate Equity Securities primarily in developed countries but may invest up to 15% of its total assets in Real Estate Equity Securities of companies domiciled in emerging market countries	· Under normal market conditions, the Fund will not hold any Foreign Securities of emerging market issuers.
Foreign Currency	Foreign Currency
· The Fund may engage in foreign currency transactions, including foreign currency forward contracts, options, swaps and other strategic transactions in connection with its investments in foreign Real Estate Equity Securities.	· The Fund may enter various currency transactions in connection with the Fund's investment in securities of non-U.S. issuers, such as currency forward contracts, currency futures contracts, currency swaps or options on currency or currency futures or credit transactions and credit default swaps.
Derivatives	Derivatives
· Although not intended to be a significant element in the Fund's investment strategy, from time to time the Fund may use various other investment management techniques that also involve certain risks and special	· Although not intended to be significant elements in the Fund's investment strategy, from time to time the Fund may use various other investment management techniques that also involve certain risks and special considerations, including engaging in interest rate

considerations, including engaging in interest rate transactions and short sales.	transactions, short sales, and options; engaging in foreign currency transaction in connection with the Fund's investment in securities of non-U.S. issuers; and making forward commitments.

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IGR	IIA
Leverage	Leverage
· The Fund may issue preferred shares.	· The Fund may issue preferred shares.
· The Fund may borrow money, including borrowing through the issuance of commercial paper or notes.	· The Fund may borrow money, including borrowing through the issuance of commercial paper or notes.
· Although the Fund is authorized to use leverage in an amount up to 50% of its capital, the Fund does not intend to use leverage that will exceed approximately 35% of the Fund's capital immediately after the issuance of the preferred shares or 33% if debt is issued instead.	· Although the Fund is authorized to use leverage in an amount up to 50% of its capital, the Fund does not intend to use leverage that will exceed approximately 35% of the Fund's capital immediately after the issuance of the preferred shares or 33% if debt is issued instead.
Options	Options
· In connection with the Fund's anticipated use of leverage through the sale of preferred shares or borrowings, the Fund may enter into interest rate swaps or options. The Fund would use interest rate swaps or options only with the intent to reduce or eliminate the risk that an increase in interests rates could have on common shares net earnings as a result of the Fund's leverage.	· In connection with the Fund's anticipated use of leverage through the sale of preferred shares or borrowings, the Fund may enter into interest rate swaps or options. The Fund would use interest rate swaps or options only with the intent to reduce or eliminate the risk that an increase in interests rates could have on common shares net earnings as a result of the Fund's leverage.
Defensive Positions	Defensive Positions
· For temporary defensive purposes or to keep cash on hand fully invested, the Fund may invest up to 100% of its total assets in cash equivalents and short-term fixed income securities.	· For temporary defensive purposes or to keep cash on hand fully invested, the Fund may invest up to 100% of its total assets in cash equivalents and short-term fixed income securities.
Turnover	Turnover
· The Fund's annual portfolio turnover rate is not expected to exceed 100% under normal circumstances.	· The Fund's annual portfolio turnover rate is not expected to exceed 100% under normal circumstances.
Strategy	Strategy
· The Advisor uses a disciplined two-step process for constructing the Fund's portfolio. First, the Advisor selects sectors and	· Specific to real estate equity investing, the Advisor uses intensive financial analysis to identify securities that it believes have the most attractive

geographic regions in which to invest, and determines the degree of representation in the Fund's portfolio of such sectors and regions, through a systematic evaluation of public and private property market trends and conditions. Second, the Advisor uses an in-house valuation process to identify investments with superior current income and growth potential relative to their peers. This in-house valuation process examines several factors, including: (i) value and properties; (ii) capital structure; and (iii) management and strategy.	characteristics. Securities selection is made with consideration of income and total return potential based on relative value analysis. The Advisor assesses the relative value of a broad universe of real estate securities based on financial modeling of a company's earnings potential and balance sheet, extensive field research to evaluate the quality of a company's real estate assets, intensive interaction with management to assess competence and incentives, and an evaluation of the company's strategies in light of current and expected real estate market conditions.
· The Advisor may sell securities for a variety of reasons, such as to secure gains, limit losses, or redeploy assets into opportunities it believes are more promising.	· With regard to preferred securities and convertible debt securities, the Advisor seeks to select securities which it views as undervalued after considering return potential and analyzing risk. To make this

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IGR	IIA
	determination the Advisor evaluates the fundamental characteristics of a company, including its creditworthiness, and other prevailing market factors. To assess credit quality, the Advisor considers fundamental analysis, corporate structure, capital structure and placement of the preferred or debt securities within the capital structure. Other factors considered include structural features of the securities (such as call options), potential for ratings changes, and relative yield and value versus other income producing securities.
	· With regard to real estate fixed income securities, the Fund's sub-advisor evaluates, invests and manages the Fund's portfolio in mortgage and asset backed securities, primarily CMBS and CBOs, B Notes and unsecured debt of real estate companies. The Fund's sub-advisor utilizes proprietary analytical methods in performing scenario analysis to forecast cash flows and expected total returns under different interest rate assumptions. Simulation analysis is also performed to provide a broader array of potential patterns of return over different interest rate scenarios. Such analysis may be applied to individual securities or to an entire portfolio. The Fund's sub-advisor also performs relative value analysis of individual securities based on yield, credit rating, average life, expected duration and option-adjusted spreads. Other considerations in the Fund's sub-advisor's investment process include analysis of fundamental economic trends, consumer borrowing trends and relevant regulatory developments.
Dividends and Distributions	Dividends and Distributions
· Pursuant to a managed distribution policy, Fund intends to make regular monthly cash distributions to common shareholders, stated in terms of a fixed amount per common share.	· Pursuant to a managed distribution policy, Fund intends to make regular monthly cash distributions to common shareholders, stated in terms of a fixed amount per common share.

As illustrated in the table above, the Funds' investment strategies and significant operating policies are substantially similar but have certain differences. For example, IGR invests a significant amount of its assets in foreign countries including to some extent in emerging markets while IIA invests its assets in the U.S. and does not invest in emerging markets.

Further Information Regarding the Reorganization

The IIA Board has determined that the Reorganization is in the best interests of common shareholders of IIA and that the interests of such shareholders will not be diluted as a result of the Reorganization. Similarly, the IGR Board has determined that the Reorganization is in the best interests of common shareholders of IGR and that the interests of such shareholders will not be diluted as a result of the Reorganization. As a result of the Reorganization, however, shareholders of each Fund will hold a reduced percentage of ownership in the larger combined fund than they did in the Fund in which they were invested.

The Reorganization is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. If the Reorganization so qualifies, in general, shareholders of IIA will recognize no gain or loss for U.S. federal income tax purposes upon the exchange of their IIA common shares solely for IGR common shares pursuant to the Reorganization. Additionally, IIA will recognize no gain or loss for U.S. federal income tax purposes by reason of the Reorganization. Neither IGR nor its shareholders will recognize any gain or loss for U.S. federal income tax purposes pursuant to the Reorganization. It is a condition to the closing of the Reorganization that IIA and IGR receive an opinion from Skadden, Arps, Slate, Meagher & Flom LLP ("Skadden Arps"), dated as of the closing date of the Reorganization (the "Closing Date"), regarding the characterization of the Reorganization as a reorganization within the meaning of Section 368(a) of the Code.

The IIA Board requests that shareholders of IIA approve the proposed Reorganization at the Special Meeting to be held on Thursday, July 23, 2009. Shareholder approval of the Reorganization requires the affirmative vote of shareholders of IIA representing more than 50% of the outstanding common shares of IIA. Subject to the requisite approval of the shareholders of IIA with regard to the Reorganization, it is expected that the Closing Date will be after the close of business on or about July 31, 2009, but it may be at a different time as described herein.

The IIA Board recommends that you vote "FOR" the proposed Reorganization.

PROPOSAL 2: ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING

The IIA Board is submitting Proposal 2 for consideration at the Special Meeting to authorize each shareholder's named proxy to approve one or more adjournments or postponements of the Special Meeting if there are insufficient votes at the time of the Special Meeting to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. Proposal 2 relates only to an adjournment or postponement of the Special Meeting for purposes of soliciting additional proxies to obtain the requisite shareholder votes to approve the Agreement and Plan of Reorganization and related matters as proposed in Proposal 1. The IIA Board retains full authority to adjourn or postpone the Special Meeting for any other purpose, including absence of a quorum, without the consent of shareholders.

Approval of Proposal 2 requires the affirmative vote of a plurality of the common shares of IIA, present at the Special Meeting, whether in person or by proxy, even if those shares represent less than a quorum. The "affirmative vote of a plurality" means more shares vote for Proposal 2 than against Proposal 2.

RISK FACTORS AND SPECIAL CONSIDERATIONS

Because of their identical investment objectives and fundamental policies and substantially similar principal investment strategies, the Funds are subject to similar investment risks. The Reorganization itself is not expected to adversely affect the rights of shareholders of either of the Funds or to create additional risks. There is no guarantee that common shares of either Fund will not lose value. This means shareholders of IIA and shareholders of the combined fund could lose money.

The following discussion describes the principal and certain other risks that may affect the combined fund.

IGR is a non-diversified, closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. IGR is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that IGR will achieve its investment objectives. Your common shares at any point in time may be worth less than you invested, even after taking into account the reinvestment of dividends and distributions.

Risks Associated with the Current Market Environment

Recent economic developments, both in the domestic and global economy, may magnify the risk of investing in IGR. Dramatic declines in the residential and commercial real estate markets have resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities and major commercial and investment banks and have contributed to an economic slowdown that may be severe and prolonged. The ultimate scope, reach and effect of the current global financial crisis and economic slowdown cannot be predicted.

Consequences of this economic turmoil that may adversely affect IGR include, among other things:

- a lack of available credit, lack of confidence in the domestic and/or global financial sector and reduced domestic and international business activity, all which could materially and adversely affect IGR's portfolio companies and IGR;

- a significant decline in domestic and international equity markets, which has reduced the value of IIA's portfolio securities, and which may further reduce the value of IGR's portfolio securities; and

- the longer these conditions persist, the greater the probability that these factors could have an adverse effect on IGR's financial results and continued viability.

Legislation has been passed in the U.S. and other countries in an attempt to address the instability in the financial markets and economies. Legislation or similar proposals by the U.S. or foreign governments, as well as other actions such as monetary or fiscal actions of U.S. government instrumentalities or comparable authorities in other countries, may fail to stabilize domestic and international financial markets, thereby prolonging the negative effects on IGR. Legislation and other proposals or actions by the U.S. or foreign governments, or U.S. or foreign financial industry regulators, may also have other consequences, including material effects on interest rates and foreign exchange rates, which could materially affect IGR's investments in ways that IGR cannot predict.

Even if legislative or regulatory initiatives or other efforts successfully stabilize and add liquidity to the domestic and/or international financial markets, IGR may need to modify its investment strategies in order to satisfy new regulatory requirements or to compete in a changed business environment. These regulatory initiatives or other efforts may adversely affect IGR's ability to manage risk, capitalize on market opportunities and meet its investment objectives. Furthermore, the U.S. government has indicated its willingness to implement additional measures as it may see fit to address changes in market conditions, and further Congressional responses to this financial crisis may result in a comprehensive overhaul of the regulatory infrastructure governing the U.S. financial system. These future

U.S. governmental measures, as well as future governmental measures undertaken by other countries, may have further negative consequences for IGR and its investments and may diminish future opportunities available to it in ways that cannot be predicted.

Given the volatile nature of the current market disruption and the uncertainties underlying efforts to mitigate or reverse the disruption, IGR and the Advisor may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments and trends in new products and services, in the current or future market environment. Such a failure could materially and adversely affect IGR's investments and its ability to meet its investment objectives.

Interest Rate Risk

Interest rate risk encompasses the risk that fixed-income investments such as preferred stocks and debt securities, and to a lesser extent dividend-paying common stocks such as real estate investment trusts ("REITs") common stocks, will decline in value because of changes in market interest rates. When interest rates rise, the market value of such securities generally will fall. IGR's investments in such securities means that the net asset value and market price of its common shares will tend to decline if market interest rates rise. Your common shares at any point in time may be worth less than what you invested, even after taking into account the reinvestment of IGR dividends and distributions.

IGR has historically leveraged its assets by issuing preferred shares, which pay dividends based on short-term interest rates. IGR has historically used the proceeds from the sale of preferred shares to buy fixed-income securities that pay interest based on long-term rates. Both long-term and short-term interest rates may fluctuate. If short-term interest rates rise, the preferred shares dividend rates may rise so that the amount of dividends paid to holders of preferred shares exceeds the income from the portfolio securities purchased with the proceeds from the sale of preferred shares, thereby reducing the increase available to the holders of IGR's Common Shares. As of March 12, 2009 IGR will have redeemed all of its preferred shares and no longer have any preferred shares outstanding; however, IGR may issue additional preferred shares in the future.

IGR may enter into interest rate swap or cap transactions with the intent to reduce or eliminate the risk posed by an increase in market interest rates. There is no guarantee that IGR will engage in these transactions or that these transactions will be successful in reducing or eliminating interest rate risk.

Income Risk

The income received from IGR by common shareholders is based partially on the dividends and interest IGR earns from its investments and partially based on gains from the sale of securities held by IGR, each of which can vary widely over the short and long-term. If prevailing market interest rates drop, distribution rates of preferred and debt securities held by IGR could drop as well, which could adversely affect the income available for distribution to common shareholders. IGR's ability to pay distributions to its common shareholders also would likely be adversely affected when prevailing short-term interest rates rise if IGR is utilizing leverage.

Leverage Risk

IGR is authorized to use financial leverage in an amount up to 50% of its capital. If IGR decides to employ leverage, it does not intend to use leverage that will exceed approximately 35% of its total assets (including the proceeds from the creation of such financial leverage). In addition to issuing preferred shares, the Fund may make further use of financial leverage through borrowing.

Leverage risk is the risk associated with the borrowing of funds and other investment techniques, including the issuance of the preferred shares by IGR, to leverage the common shares. Leverage is a speculative technique which may expose IGR to greater risk and increase its costs. Increases and decreases in the value of IGR's portfolio will be magnified when IGR uses leverage. For example, leverage may cause greater swings in IGR's net asset value or cause IGR to lose more than it invested. IGR will also have to pay dividends on its preferred shares or interest on its borrowings, reducing IGR's return. These dividend payments and/or interest expenses may be greater than IGR's return on the underlying investment. There is no assurance that IGR's leveraging strategy will be successful.

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If leverage is employed, the net asset value and market value of the common shares will be more volatile, and the yield to the holders of common shares will tend to fluctuate with changes in the shorter-term interest rates on the leverage. If the dividends or interest rate on the leverage approaches the net rate of return on IGR's investment portfolio, the benefit of leverage to the holders of the common shares would be reduced. If the dividends or interest rate on the leverage exceeds the net rate of return on IGR's portfolio, the leverage will result in a lower rate of return to the holders of common shares than if IGR were not leveraged. IGR will pay (and the holders of common shares will bear) any costs and expenses relating to any leverage. Accordingly, IGR cannot assure you that the use of leverage would result in a higher yield or return to the holders of the common shares.

Any decline in the net asset value of IGR's investments will be borne entirely by the holders of common shares. Therefore, if the market value of IGR's portfolio declines, the leverage will result in a greater decrease in net asset value to the holders of common shares than if IGR were not leveraged. This greater net asset value decrease will also tend to cause a greater decline in the market price for the common shares. A material decline in IGR's net asset value may impair IGR's ability to maintain required levels of asset coverage or the ratings assigned by Fitch and Moody's. In such cases, IGR might be in danger of losing its ratings on any preferred shares issued or IGR's current investment income might not be sufficient to meet the interest payments on indebtedness or the dividend requirements on any preferred shares. In order to counteract such an event, IGR might need to reduce its leverage and to liquidate investments in order to fund a redemption of some or all of the preferred shares. Liquidation at times of low security prices may result in capital losses and may reduce returns to the holders of common shares.

If IGR issues any senior securities representing indebtedness (as defined in the 1940 Act) under the requirements of the 1940 Act, the value of IGR's total assets, less all liabilities and indebtedness of IGR not represented by such senior securities, must be at least equal, immediately after the issuance of any such senior securities representing indebtedness, to 300% of the aggregate value of such senior securities. Upon the issuance of preferred shares, the value of IGR's total assets, less all liabilities and indebtedness of IGR not represented by senior securities, must be at least equal, immediately after the issuance of the preferred shares, to 200% of the aggregate value of any senior securities and the preferred shares.

Any money borrowed will constitute a substantial lien and burden on the common shares by reason of their prior claim against the income of IGR and against the net assets of IGR in liquidation. IGR may not be permitted to declare dividends or other distributions, with respect to common shares, or purchase or redeem common shares, unless (i) at the time of such declaration, purchase or redemption IGR meets certain asset coverage requirements and (ii) there is no event of default under any borrowings, that is continuing. In the event of a default under any borrowings the lenders may have the right to cause a liquidation of the collateral (i.e., sale of portfolio securities) and if any such default is not cured, the lenders may be able to control the liquidation as well.

IGR reserves the right at any time, if it believes that market conditions are appropriate, to increase its level of debt or other senior securities to maintain or increase the level of leverage anticipated after the sale of the preferred shares to the extent permitted by the 1940 Act and existing agreements between the Fund and third parties. While IGR may from time to time consider reducing or raising leverage in response to actual or anticipated changes in interest rates in an effort to mitigate the increased volatility of current income and net asset value associated with leverage, there can be no assurance that IGR will actually reduce or increase leverage in the future or that any reduction or increase, if undertaken, will benefit the holders of common shares. Changes in the future direction of interest rates are very difficult to predict accurately. If IGR were to reduce or raise leverage based on a prediction about future changes to interest rates, and that prediction turned out to be incorrect, the reduction or increase in leverage would likely reduce the income and/or total returns to holders of common shares relative to the circumstance where IGR had not reduced or increased leverage. IGR may decide that this risk outweighs the likelihood of achieving the desired reduction to volatility in income and share price if the prediction were to turn out to be correct, and determine not to reduce or increase leverage as described above.

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Because the fee paid to the Advisor is calculated on the basis of managed assets, the fee will be higher when leverage is utilized, giving the Advisor an incentive to utilize leverage.

Concentration and General Risks of Securities Linked to the Real Estate Market

IGR will not invest in real estate directly, but in securities issued by global real estate companies, including REITs and real estate operating companies ("REOCs"). However, because of IGR's policy of concentration in the securities of companies in the real estate industry, it is also subject to the risks associated with the direct ownership of real estate. These risks include:

- declines in the value of real estate;
- risks related to general and local economic conditions;
- possible lack of availability of mortgage funds;
- overbuilding;
- extended vacancies of properties;
- increased competition;
- increases in property taxes and operating expenses;
- changes in zoning laws;
- losses due to costs resulting from the clean-up of environmental problems;
- liability to third parties for damages resulting from environmental problems;
- casualty or condemnation losses;
- limitations on rents;
- changes in neighborhood values and the appeal of properties to tenants;
- changes in interest rates;
- financial condition of tenants and buyers and sellers of real estate; and
- quality of maintenance, insurance and management services.

Thus, the value of the common shares may change at different rates compared to the value of shares of a registered investment company with investments in a mix of different industries and will depend on the general condition of the economy. An economic downturn in one or more of the countries in which IGR invests could have a material adverse effect on the real estate markets in these countries and on real estate companies in which IGR invests, which in turn could result in IGR not achieving its investment objectives. Because IGR has a policy of concentrating its investments in the global real estate market, it is more susceptible to risks associated with that market than a fund that does not concentrate its investments in the global real estate market.

General Real Estate Risk

Real property investments are subject to varying degrees of risk. The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws, interest rate levels, and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income and ability of the real estate company to make payments of any interest and principal on its debt securities or dividends on its equity securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the portfolio company is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A real estate company may also have joint venture investments in certain of its properties, and consequently, its ability to control decisions relating to such properties may be limited.

Due to recent market conditions, the value of real estate and securities associated with real estate has dramatically declined and this decline may continue for a prolonged period. The current decline in the values of real estate and real estate-related securities has had and likely will continue to have severe and potentially long-term consequences for the real estate and credit markets and, to a large degree, the economy in general. These factors create a highly volatile and uncertain business environment for investment companies, such as IGR, and the real estate companies in which they invest, that focus their investments in real estate and real estate-related securities and significantly increase the risks of investing in IGR. These risks include, but are not limited to, diminished income or operating losses, decreased asset values and impaired financial and mandatory operating ratios, losses of principal and interest on existing loans as a result of borrowers' inability to either make such payments at all or to make such payments in a timely manner, loss of future revenues from a downturn in the volume of loan originations, securitizations and other directly and indirectly related business activity, a loss of collateral value, and slowdown in the housing and commercial real estate and related industries, and in the economy generally. These factors and others have resulted in poor financial results, substantial write-downs of the values of assets, volatile and declining stock prices, stricter lending standards, and increased risk of bankruptcy and business failure generally for companies with exposure to real estate-related investments and the credit markets in general.

Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

Retail Properties

Retail properties are affected by the overall health of the economy. A retail property may be adversely affected by the growth of alternative forms of retailing, bankruptcy, decline in drawing power, a shift in consumer demand due to demographic changes and/or changes in consumer preference (for example, to discount retailers) and spending patterns. A retail property may also be adversely affected if an anchor or significant tenant ceases operation at such location, voluntarily or otherwise. Certain tenants at retail properties may be entitled to terminate their leases if an anchor tenant ceases operations at such property.

Office Properties

Office properties generally require their owners to expend significant amounts for general capital improvements, tenant improvements and costs of reletting space. In addition, office properties that are not equipped to accommodate the needs of modern businesses may become functionally obsolete and thus non-competitive. Office properties may also be adversely affected if there is an economic decline in the businesses operated by their tenants. The risks of such an adverse effect is increased if the property revenue is dependent on a single tenant or if there is a significant concentration of tenants in a particular business or industry.

Hotel Properties

The risks of hotel properties include, among other things, the necessity of a high level of continuing capital expenditures to keep necessary furniture, fixtures and equipment updated, competition from other hotels, increases in operating costs (which increases may not necessarily be offset in the future by increased room rates), dependence on business and commercial travelers and tourism, increases in fuel costs and other expenses of travel, changes to regulation of operating liquor and other licenses, and adverse effects of general and local economic conditions. Due to the fact that hotel rooms are generally rented for short periods of time, hotel properties tend to be more sensitive to adverse economic conditions and competition than many other commercial properties.

Also, hotels may be operated pursuant to franchise, management and operating agreements that may be terminable by the franchiser, the manager or the operator. On the other hand, it may be difficult to terminate an ineffective operator of a hotel property subsequent to a foreclosure of such property.

Healthcare Properties

Healthcare properties and healthcare providers are affected by several significant factors, including federal, state and local laws governing licenses, certification, adequacy of care, pharmaceutical distribution, rates, equipment, personnel and other factors regarding operations, continued availability of revenue from government reimbursement programs, and competition in terms of appearance, reputation, quality and cost of care with similar properties on a local and regional basis.

The governmental laws and regulations described above are subject to frequent and substantial changes resulting from legislation, adoption of rules and regulations, and administrative and judicial interpretations of existing law. Changes may also be applied retroactively and the timing of such changes cannot be predicted. The failure of any healthcare operator to comply with governmental laws and regulations may affect its ability to operate its facility or receive government reimbursement. In addition, in the event that a tenant is in default on its lease, a new operator or purchaser at a foreclosure sale will have to apply in its own right for all relevant licenses if such new operator does not already hold such licenses. There can be no assurance that such new licenses would be obtained, and consequently, there can be no assurance that any healthcare property subject to foreclosure will be disposed of in a timely manner.

Multifamily Properties

The value and successful operation of a multifamily property may be affected by a number of factors such as the location of the property, the ability of management to provide adequate maintenance and insurance, the types of services provided by the property, the level of mortgage rates, presence of competing properties, the relocation of tenants to new projects with better amenities, the adverse economic conditions in the locale, the amount of rent charged, and the oversupply of units due to new construction. In addition, multifamily properties may be subject to rent control laws or other laws affecting such properties, which could impact the future cash flows of such properties.

Community Centers

Community center properties are dependent upon the successful operations and financial condition of their tenants, particularly certain of their major tenants, and could be adversely affected by bankruptcy of those tenants. In some cases, a tenant may have a significant number of leases in one community center and the filing of bankruptcy could cause significant revenue loss. Like other types of property in the commercial real estate industry, community centers are subject to environmental risks and interest rate risk. They also face the need to enter into new leases or renew leases on favorable terms to generate rental revenues. Community center properties could be adversely affected by changes in the local markets where their properties are located, as well as by adverse changes in national economic and market conditions.

Self-Storage Properties

The value and successful operation of a self-storage property may be affected by a number of factors, such as the ability of the management team, the location of the property, the presence of competing properties, changes in traffic patterns, and adverse effects of general and local economic conditions with respect to rental rates and occupancy levels.

Other factors that may contribute to the riskiness of all real estate investments include:

Development Issues

Certain real estate companies may engage in the development or construction of real estate properties. These portfolio companies are exposed to a variety of risks inherent in real estate development and construction, such as the risk that there will be insufficient tenant demand to occupy newly-developed properties, and the risk that prices of construction materials or construction labor may rise materially during the development.

Insurance Issues

Certain real estate companies may have disclosed that they carry comprehensive liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. However, such insurance is not uniform among real estate companies. Moreover, there are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Certain properties may be located in areas that are subject to earthquake activity for which insurance may not be maintained. Should a property sustain damage as a result of an earthquake, even if the real estate company maintains earthquake insurance, it may incur substantial losses due to insurance deductibles, co-payments on insured losses or uninsured losses. Any type of uninsured loss could cause a real estate company to lose its investment in, and anticipated profits and cash flows from, a number of properties and, as a result, adversely affect IGR's investment performance.

Credit Risk

Real estate companies may be highly leveraged and financial covenants may affect the ability of those companies to operate effectively. Real estate companies may be subject to risks normally associated with debt financing. If the principal payments of a real estate company's debt cannot be refinanced, extended or paid with proceeds from other capital transactions, such as new equity capital, the real estate company's cash flow may not be sufficient to repay all maturing debt outstanding.

In addition, a real estate company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict a real estate company's range of operating activity. A real estate company, therefore, may be contractually prohibited from incurring additional indebtedness, selling its assets, engaging in mergers, or making acquisitions which may be beneficial to the operation of the real estate company.

Environmental Issues

In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a real estate company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such portfolio company and, as a result, the amount available to make distributions on the common shares could be reduced.

Recent Events

The value of real estate is particularly susceptible to acts of terrorism and changes in foreign or domestic economic and political conditions.

REIT Tax Issues

REITs are subject to a highly technical and complex set of provisions in the Code. It is possible that IGR may invest in a real estate company which purports to be a REIT but which fails to qualify as a REIT. In the event of any such unexpected failure to qualify as a REIT, the purported REIT would be

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subject to corporate-level taxation, significantly reducing the return to IGR on its investment in such company. REITs could possibly fail to qualify for tax-free pass through of income under the Code, or to maintain their exemptions from registration under the 1940 Act. The above factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In the event of a default by a borrower or a lessee, the REIT may experience delays in enforcing its rights as a mortgagee or lessor and may incur substantial costs associated with protecting its investments.

Stock Market Risk

Your investment in common shares represents an indirect investment in REIT shares and other equity securities owned by IGR, substantially all of which are traded on a domestic or foreign securities exchange or in the over-the-counter markets. The prices of the common stocks of real estate companies, including REITs, and other securities in which IGR invests, will fluctuate from day to day and may, in either the near-term or over the long-term, decline in value. The value of IGR's common shares may be affected by a decline in financial markets in general.

Common Stock Risk

While common stock has historically generated higher average returns than fixed income securities, common stock has also experienced significantly more volatility in those returns. An adverse event, such as an unfavorable earnings report, may depress the value of common stock held by IGR Also, the price of common stock is sensitive to general movements in the stock market. A drop in the stock market may depress the price of common stock held by IGR.

Issuer Risk

The value of securities held by IGR may decline for a number of reasons that directly relate to the issuer, such as changes in the financial condition of the issuer, management performance, financial leverage and reduced demand for the issuer's goods and services. The amount of dividends paid may decline for reasons that relate to an issuer, such as changes in an issuer's financial condition or a decision by the issuer to pay a lower dividend.

Foreign Risk

Under current market conditions, IGR may invest up to 100% of its total assets in Foreign Securities, although it is not IGR's current intent to do so. Investing in Foreign Securities, including emerging markets (or lesser developed countries), involves certain risks not involved in domestic investments, including, but not limited to:

- fluctuations in foreign exchange rates;
- future foreign economic, financial, political and social developments;
- different legal systems;
- the possible imposition of exchange controls or other foreign governmental laws or restrictions;
- lower trading volume;
- much greater price volatility and illiquidity of certain foreign securities markets;
- different trading and settlement practices;
- less governmental supervision;

- regulatory changes;

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- changes in currency exchange rates;
- high and volatile rates of inflation;
- fluctuating interest rates;
- less publicly available information; and
- different accounting, auditing and financial record-keeping standards and requirements.

Investments in Foreign Securities, especially in emerging market countries, will expose IGR to the direct or indirect consequences of political, social or economic changes in the countries that issue the securities or in which the issuers are located. Certain countries in which IGR may invest have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade difficulties and extreme poverty and unemployment. Many of these countries are also characterized by political uncertainty and instability. The cost of servicing external debt will generally be adversely affected by rising international interest rates because many external debt obligations bear interest at rates which are adjusted based upon international interest rates. In addition, with respect to certain foreign countries, there is a risk of:

- the possibility of expropriation of assets;
- confiscatory taxation;
- difficulty in obtaining or enforcing a court judgment;
- economic, political or social instability;
- the possibility that an issuer may not be able to make payments to investors outside of the issuer's country; and
- diplomatic developments that could affect investments in those countries.

In addition, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as:

- growth of gross domestic product;
- rates of inflation;
- capital reinvestment;
- resources;
- self-sufficiency;
- balance of payments position; and
- the tax treatment of IGR's investments, which may result in certain investments in Foreign Securities being subject to foreign withholding taxes, or being subject to U.S. federal income tax rules that may cause a U.S. holder to recognize taxable income without a corresponding receipt of cash, to incur an interest charge on taxable income that is deemed to have been deferred and/or to recognize ordinary income that would have otherwise been treated as

capital gain.

These risks are often heightened for investments in smaller, emerging capital markets. For more information regarding risks of emerging market investing, see "Emerging Markets Risks" below.

Foreign Currency Risk

Because IGR may invest in securities denominated or quoted in currencies other than the U.S. dollar, changes in foreign currency exchange rates may affect the value of securities in IGR and the unrealized appreciation or depreciation of investments. Currencies of certain countries may be volatile and therefore may affect the value of securities denominated in such currencies, which means that IGR's net asset value could decline as a result of changes in the exchange rates between foreign currencies and the U.S. dollar.

Emerging Markets Risks

IGR may invest in issuers located or doing substantial business in emerging market countries. Because of less developed markets and economies and, in some countries, less mature governments and governmental institutions, the risks of investing in securities of issuers domiciled or doing substantial business in foreign countries can be intensified in emerging market countries. These risks include: high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries, as well as a high concentration of investors and financial intermediaries; political and social uncertainties; over-dependence on exports, especially with respect to primary commodities, making these economies vulnerable to changes in commodity prices; overburdened infrastructure and obsolete or unseasoned financial systems; environmental problems; less developed legal systems; and less reliable custodial services and settlement practices.

Risks of Investment in Preferred Securities

IGR may invest in preferred securities, which entails special risks, including:

Deferral

Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If IGR owns a preferred security that is deferring its distributions, IGR may be required to report income for tax purposes although it has not yet received such income.

Subordination

Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure with respect to priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.

Liquidity

Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities.

Limited Voting Rights

Generally, preferred security holders (such as IGR) have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified period of time, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

In the case of certain IGR preferred securities, holders generally have no voting rights, except (i) if the issuer fails to pay dividends for a specified period of time or (ii) if a declaration of default occurs and is continuing. In such an event, rights of holders of IGR preferred securities generally would include the right to appoint and authorize a trustee to enforce IGR's or special purpose entity's rights as a creditor under the agreement with its operating company.

Special Redemption Rights

In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date. For instance, for certain types of preferred securities, a redemption may be triggered by a change in federal income tax or securities laws. As with call provisions, a redemption by the issuer of the preferred securities may negatively impact the return of the security held by IGR.

New Types of Securities

From time to time, preferred securities, including IGR preferred securities, have been, and may in the future be, offered having features other than those described herein. IGR reserves the right to invest in these securities if the Advisor believes that doing so would be consistent with IGR's investment objectives and policies. Since the market for these instruments would be new, IGR may have difficulty disposing of them at a suitable price and time. In addition to limited liquidity, these instruments may present other risks, such as high price volatility.

Risks of Investment in Illiquid Securities

IGR may invest up to 25% of its total assets in illiquid securities. Illiquid securities are securities that are not readily marketable (i.e., securities that cannot be disposed of within seven days in the ordinary course of business at approximately the value at which IGR has valued the securities) and may include some restricted securities, which are securities that may not be resold to the public without an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act") or, if they are unregistered, may be sold only in a privately negotiated transaction or pursuant to an exemption from registration. Illiquid investments involve the risk that IGR will not be able to sell the securities at the time desired or at prices approximating the value at which the Fund is carrying the securities on its books.

Risks of Investment in Lower-Rated Securities

IGR may invest up to 25% of its total assets in securities rated below investment grade or unrated securities considered by the Advisor to be of comparable credit quality. Investment grade securities are those that are rated within the four highest grades (i.e., Baa3/ BBB -- or better) by Moody's, S&P or Fitch or unrated securities determined by the Advisor to be of comparable quality. Securities rated below investment grade are regarded as having speculative characteristics with respect to the capacity of the issuer of the securities to pay interest and repay principal.

The values of lower-rated securities often reflect individual corporate developments and are often more sensitive to economic changes than higher-rated securities. Issuers of lower-rated securities are often in the growth stage of their development and/or involved in a reorganization or takeover. The issuers are often highly leveraged (have a significant amount of debt relative to shareholders' equity) and may not have available to them more traditional financing methods, thereby increasing the risk associated with acquiring these types of securities. In some cases, obligations with respect to lower-rated securities are subordinated to the prior repayment of senior indebtedness, which will potentially limit IGR's ability to fully recover principal or to receive interest payments when senior securities are in default. Thus, investors in lower-rated securities have a lower degree of protection with respect to principal and interest payments than do investors in higher-rated securities.

During an economic downturn, a substantial period of rising interest rates or a recession, issuers of lower-rated securities could experience financial distress resulting in insufficient revenues to meet their principal and interest payment obligations, to meet projected business goals and to obtain additional financing. An economic downturn could also disrupt the market for lower-rated securities and adversely affect the ability of the issuers to repay principal and interest. If the issuer of a security held by IGR defaults, IGR may not receive full interest and principal payments due to it and could incur additional expenses if it chose to seek recovery of its investment.

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The secondary markets for lower-rated securities are not as liquid as the secondary markets for higher-rated securities. The secondary markets for lower-rated securities are concentrated in relatively few market makers and participants in the markets are mostly institutional investors, including insurance companies, banks, other financial institutions and mutual funds. In addition, the trading volume of lower-rated securities is generally lower than that of higher-rated securities and the secondary markets could contract under adverse market or economic conditions independent of any specific adverse change in the condition of a particular issuer. Under certain economic and/or market conditions, IGR may have difficulty disposing of certain lower-rated securities due to the limited number of investors in that sector of the market. An illiquid secondary market may adversely affect the market price of the lower-rated securities, which may result in increased difficulty selling the particular issue and obtaining accurate market quotations on the issue when valuing IGR's assets. Market quotations on lower-rated securities are available only from a limited number of dealers, and such quotations may not be the actual prices available for a purchase or sale.

The market for lower-rated securities may react strongly to adverse news about an issuer or the economy or to the perception or expectation of adverse news, whether or not it is based on fundamental analysis. Additionally, prices for lower-rated securities may be affected by legislative and regulatory developments. These developments could adversely affect IGR's net asset value and investment practices, the secondary market for lower-rated securities, the financial condition of issuers of these securities and the value and liquidity of outstanding lower-rated securities, especially in a thinly traded market. For example, federal legislation requiring the divestiture by federally insured savings and loan associations of their investments in lower-rated securities and limiting the deductibility of interest by certain corporation issuers of lower-rated securities had an adverse effect on the lower-rated securities market.

When the secondary market for lower-rated securities becomes less liquid, or in the absence of readily available market quotations for such securities, the relative lack of reliable objective data makes it more difficult to value IGR's lower-rated securities, judgment plays a more important role in determining such valuations. Decreased liquidity in the market for lower-rated securities, in combination with the relative youth and growth of the market for such securities, also may affect the ability of IGR to dispose of such securities at a desirable price. Additionally, if the secondary markets for lower-rated securities contract due to adverse economic conditions or for other reasons, certain of IGR's liquid securities may become illiquid and the proportion of IGR's assets invested in illiquid securities may significantly increase.

IGR may only invest in lower-rated securities that are rated CCC- or higher by S&P, rated Caa or higher by Moody's, or rated CCC- or higher by Fitch, or unrated securities determined by the Advisor to be of comparable quality. The issuers of these securities have a currently identifiable vulnerability to default and such issuers may be in default or there may be present elements of danger with respect to the payment of principal or interest. IGR will not invest in securities which are in default at the time of purchase.

Small-Cap and Mid-Cap Companies Risk

IGR may invest in companies whose market capitalization is considered small as well as mid-cap companies. Even the larger REITs in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. These companies often are newer or less established companies than larger companies. Investments in these companies carry additional risks because earnings of these companies tend to be less predictable; they often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities of small-cap and mid-cap companies may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, small-cap and mid-cap companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of these companies generally are less liquid than those of larger companies. This means that IGR could have greater difficulty selling such securities at the time and price that IGR would like.

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Convertible Securities

IGR may also invest in convertible securities of real estate companies. The market value of convertible securities may decline as interest rates increase and, conversely, may increase as interest rates decline. In addition, because of the conversion feature, the market value of convertible securities may vary with fluctuations in the market value of the underlying common stock. A unique feature of convertible securities is that as the market price of the underlying common stock declines, convertible securities tend to trade increasingly on a yield basis, and so may not experience market value declines to the same extent as the underlying common stock. When the market price of the underlying common stock increases, the prices of the convertible securities tend to rise as a reflection of the value of the underlying common stock. While no securities investments are without risk, investments in convertible securities generally entail less risk than investments in common stock of the same issuer.

Strategic Transactions

Strategic Transactions in which IGR may engage, including hedging and risk management transactions such as interest rate and foreign currency transactions, options and swaps, also involve certain risks and special considerations. Strategic Transactions will be entered into to seek to manage the risks of IGR's portfolio of securities, but may have the effect of limiting the gains from favorable market movements. Strategic Transactions involve risks, including (i) that the loss on the Strategic Transaction position may be larger than the gain in the portfolio position being hedged and (ii) that the derivative instruments used in Strategic Transactions may not be liquid and may require IGR to pay additional amounts of money. Successful use of Strategic Transactions depends on the Advisor's ability to predict correctly market movements which, of course, cannot be assured. Losses on Strategic Transactions may reduce IGR's net asset value and its ability to pay dividends if they are not offset by gains on the portfolio positions being hedged. IGR will be subject to credit risk with respect to the counterparties to the derivative contracts entered into by IGR. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract, IGR may experience significant delays in obtaining any recovery under the contract in bankruptcy or other reorganization proceeding. IGR may obtain only a limited recovery or may obtain no recovery in such circumstances.

IGR may also lend the securities it owns to others, which allows IGR the opportunity to earn additional income. Although IGR will require the borrower of the securities to post collateral for the loan and the terms of the loan will require that IGR be able to reacquire the loaned securities if certain events occur, IGR is still subject to the risk that the borrower of the securities may default, which could result in IGR losing money and in a decline in IGR's net asset value. IGR may also purchase securities for delayed settlement. This means that IGR is generally obligated to purchase the securities at a future date for a set purchase price, regardless of whether the value of the securities is more or less than the purchase price at the time of settlement. IGR may enter into interest rate swap transactions to attempt to protect itself from increasing preferred share dividends or interest expenses resulting from increasing short-term interest rates. A decline in interest rates may result in a decline in the value of the swap which may result in a decline in the net asset value of the common shares. See "–Interest Rate Transactions" in the Statement of Additional Information.