

ING CLARION GLOBAL REAL ESTATE INCOME FUND

Form N-CSR

March 03, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM N-CSR**  
**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT**  
**INVESTMENT COMPANIES**

Investment Company Act file number 811-21465

**ING Clarion Global Real Estate Income Fund**

(Exact name of registrant as specified in charter)  
259 N. Radnor-Chester Road  
Radnor, PA 19087

(Address of principal executive offices) (Zip code)  
T. Ritson Ferguson, President and Chief Executive Officer  
ING Clarion Global Real Estate Income Fund  
259 N. Radnor-Chester Road  
Radnor, PA 19087

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-888-711-4CRA

Date of fiscal year end: December 31

Date of reporting period: December 31, 2005

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles. A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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**Item 1. Report(s) to Stockholders.**

The Trust's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

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ING Clarion Global Real Estate Income Fund

## Letter to Shareholders

### Dear Shareholder:

The ING Clarion Global Real Estate Income Fund (the Fund) delivered high income return and a fairly stable Net Asset Value (NAV) over the course of 2005. The fund's total distributions for the year were \$1.547 per share to common shareholders including two special dividends, one paid in January and one in December. In October the Fund increased its regular monthly dividend to \$0.115 per month. Based on share price appreciation and dividends received, our shareholders gained 18.53%<sup>1</sup> for the year. The Fund's stock price closed at \$16.30 per share and the NAV was \$17.23 per share at 12/31/05. The NAV return (NAV per share change plus dividends) for the fund was 8.13% for the year. The market value return (share price appreciation plus dividends) was higher as the share price moved from a 12.8% discount to a much smaller 5.3% discount to NAV during the year. In 2005, the S&P/ Citigroup World Property Index (WPI) increased 14.75% and the Morgan Stanley REIT Preferred Index (MSRP) rose 3.62%. A blend of 80% WPI and 20% MSRP rose 12.51% for the year. The Fund's market return exceeded the blended benchmark by 6.02% in 2005. The NAV return trailed the blended benchmark due to the Fund's focus on income yielding securities.

The Fund's investments were well diversified by property type and by geography as shown in the charts below. Over the course of the year the fund's investments in US Common Stocks was reduced by 5% and we increased the Fund's exposure to Europe +2%, Asia +1%, and preferred stocks +2%. Our choice to keep the preferred stock investments well below the 30% allowed in the prospectus was a good decision given the underperformance of preferred stock relative to common stock. However, the yield bias of our common stock portfolio, while consistent with the Fund's primary investment objective of high current income, led to underperformance versus the WPI index. Specifically, our low weighting in the low-yielding Japan real estate operating companies (i.e., non-REITs) was a missed opportunity. Japanese real estate stocks rose 66% in local currency in the second half of the year. A high-yield index created from the WPI but including only stocks with at least a 4% dividend yield, underperformed the WPI total return by more than 8% in 2005, a proxy for the cost of the Fund's yield focus in this period of unusually large gains for the Asian low-yielding real estate stocks. That said, the Fund's yield focus over the period since inception has not been too costly as the annualized NAV return since inception has been 18.6% versus 18.8% for the blended benchmark while delivering an average yield on the underlying portfolio of nearly 200 basis points more (i.e. +2%)-not a bad trade-off for an income-oriented fund.

Total preferred stock and debt of the Fund was \$829 million (or 32% of the Fund's total assets), which is well below the 35% leverage discussed in the Fund's offering documents. In May 2004 we chose to lock in attractive longer-term rates on \$400 million by executing two interest rate swaps. The swaps have an average rate of 4.0%, thus assuring an attractive low interest cost for the average remaining term of 2.5 years as of 12/31/05. In October, the Fund increased its monthly dividend distribution 10% to \$0.115 a month per share equivalent to an annual dividend of \$1.38 per share. The board also authorized a special distribution in December of \$0.18 per share. This was in addition to the \$0.077 per share special dividend paid in January based on the high realized investment income of the fund in 2004. The Fund's dividend level is established by the board with consideration of the actual and anticipated level of investment income and the expectation that we might realize some part of the significant unrealized capital appreciation of the Fund's investments over the course of time as part of the active management of the investment portfolio. Our goal is to establish a level monthly dividend which is supported by the dividends received from our investment portfolio and realized capital gains from the investment portfolio while minimizing the need for large special dividends. The current dividend policy reflects the board's consideration of a range of market scenarios for global real estate stocks in 2006. We believe the Fund remains well positioned to meet its primary objective of delivering a high level of stable monthly income as well as its secondary objective of capital appreciation.

Global real estate companies recorded another exceptional year in 2005 with total return of 21.7% in local currency, which exceeded the performance of broad equities of 10.0% (MSCI World Index) and bonds -6.5% (JP Morgan Global Government Bond Index). The broad strengthening of the US dollar (USD) versus other

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ING Clarion Global Real Estate Income Fund **Letter to Shareholders** continued

major currencies muted some of the local currency returns. The USD strengthened +13.0% versus the Japanese yen, +12.7% versus the Euro, +10.2% versus the British Pound, and +6.2% versus the Australian dollar. A strengthening US dollar hinders overall returns to US-based investor as returns earned in local currencies translated back to USD are reduced by the lower exchange rates. The dollar strengthening reduced the WPI's returns in US dollar terms by approximately 7% in 2005. This represents a reversal of a trend in recent years wherein the US dollar weakened versus other major currencies. Many observers expect the US dollar's gains versus other currencies to cease and possibly reverse in 2006. We had no currency hedges in place at year-end.

Mergers and acquisitions (M&A) continued unabated in 2005 and had a material impact on the portfolio. In the US, a total of 14 deals worth \$36 billion were announced or consummated this past year. Five of the deals involved mergers between existing public companies and nine were going-private transactions where shareholders were paid cash prices which were generally 10% or more above the pre-deal stock price. M&A deals also occurred in Europe and Canada. Turnover and realized gains in the portfolio are often the result of our active management to reposition the portfolio's investments based on changing valuations and market outlook. However, in 2005 M&A activity affecting several of our portfolio companies caused higher turnover and realized gains than normal in part prompting our special capital gain distribution in December. We realized significant gains in several positions within the fund including takeover targets: Arden Realty, Gables Residential, AMLI Residential, Prentiss Properties, and O&Y REIT in Canada. The active transaction pace continues to validate value in the publicly traded companies in relation to values in the private or direct property markets.

Global property companies should continue to deliver positive performance in 2006 based on continued attractive relative dividend yields and improving real estate market fundamentals which lead in turn to accelerating earnings growth. 2005 saw a slowdown in the recent trend of declining capitalization rates or yield compression leading to strong price appreciation. In 2006 we look for NAV growth tied much more closely to earnings growth. With dividend yields of 4% and 8-9% earnings growth expected in 2006, real estate stocks can still deliver attractive positive returns even with some modest earnings multiple contraction.

We expect continued growth in the public property sector. The introduction of REITs in the UK was delayed until 2006 but still seems likely to happen. Germany took up the REIT banner in late 2004 but efforts to fast track the enabling legislation have been thwarted by concerns about how to avoid the loss of significant tax revenues if foreign investors end up as large holders of German REIT stocks. The advent of German REITs still seems likely and could help spur a growth in the public real estate sector for the largest of the European economies. Continuing the trend of 2005, we look for several new public real estate companies in Europe and Asia. Real estate continues to be underrepresented in the public markets and thus we expect a long-term growth trend in the sector driven by the increased appetite for real estate by an increasingly income-focused investor base around the globe. The fund is well positioned to take advantage of the increasing globalization of real estate.

We appreciate your continued faith and confidence.  
Sincerely,

T. Ritson Ferguson  
President and  
Chief Executive Officer

Steven D. Burton  
Co-Portfolio Manager

**Index Definitions:**

The S&P/Citigroup World Property Index is an unmanaged market-weighted total return index which consists of over 350 real estate companies from 18 developed markets with a free float total market capitalization of at least U.S. \$100 million that derive more than 60% of their revenue from real estate development, management, rental and/or direct investment in physical property.

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The Morgan Stanley REIT Preferred Index is a preferred stock market capitalization weighted index of all exchange traded preferred securities of equity REITS.

The MSCI World Index is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of developed stock markets throughout the world and excludes certain market segments unavailable to U.S. based investors.

The JP Morgan Global Government Bond Index measures the performance of leading government bond markets based on total return in U.S. currency.

1 Market value total investment return does not take into effect open market purchases under the dividend re-investment plan as required by generally accepted accounting principles. Such market value total investment return calculated in accordance with generally accepted accounting principles is disclosed in the financial highlights table of the annual report.

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ING Clarion Global Real Estate Income Fund

Portfolio of **Investments** December 31, 2005

Shares		U.S. \$ Value
	<b>Common Stock 125.2%</b>	
	<b>Real Estate Investment Trusts ( REIT ) 125.2%</b>	
	<b>Australia 15.5%</b>	
29,967,000	DB RREEF Trust	\$ 30,555,378
32,035,794	Investa Property Group	46,647,202
11,384,178	Macquarie CountryWide Trust	16,534,705
11,059,530	Macquarie Goodman Industrial Trust	38,778,781
28,584,000	Macquarie ProLogis Trust	24,532,311
8,484,633	Westfield Group	113,026,036
		270,074,413
	<b>Canada 11.7%</b>	
1,761,900	Boardwalk Real Estate Investment Trust	31,960,503
205,100	Calloway Real Estate Investment Trust	4,168,192
599,900	Dundee Real Estate Investment Trust	13,198,159
884,800	H&R Real Estate Investment Trust	15,754,689
2,239,900	InnVest Real Estate Investment Trust	24,045,153
700,000	Primaris Retail Real Estate Investment Trust	9,791,551
879,900	Retirement Residences Real Estate Investment Trust	6,590,870
2,276,600	RioCan Real Estate Investment Trust	44,415,284
2,166,800	Summit Real Estate Investment Trust	45,574,863
691,000	Sunrise Senior Living Real Estate Investment Trust	7,962,043
		203,461,307
	<b>France 5.7%</b>	
397,200	Societe de la Tour Eiffel	34,904,533
489,478	Unibail	64,895,683
		99,800,216
	<b>Hong Kong 2.8%</b>	
20,900,000	Agile Property Holdings Ltd. (a)	10,108,273
8,133,000	Hang Lung Properties Ltd.	12,692,160
2,400,000	Sun Hung Kai Properties Ltd.	23,369,940
1,153,000	The Link REIT (a)	2,185,979
		48,356,352
	<b>Japan 2.3%</b>	
2,388	Japan Retail Fund Investment Corp.	18,532,644
1,025,000	Mitsubishi Estate Co., Ltd.	21,276,370
		39,809,014
	<b>Netherlands 11.3%</b>	
116,780	Corio NV	6,322,626
357,401	Eurocommercial Properties NV	12,234,029
1,136,730	Nieuwe Steen Investments NV	27,460,194



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436,686	Rodamco Europe NV	36,211,033
417,161	VastNed Retail NV	26,448,344
935,400	Wereldhave NV	87,881,906
		196,558,132
<b>United Kingdom 8.2%</b>		
1,167,200	British Land Co. Plc	21,360,408
1,209,242	Hammerson Plc	21,216,374
1,604,300	Land Securities Group Plc	45,802,047
853,400	Liberty International Plc	14,365,055
3,923,700	Slough Estates Plc	40,315,031
		143,058,915
<b>United States 67.7%</b>		
147,300	AMB Property Corp.	7,242,741
898,200	American Campus Communities, Inc.	22,275,360
1,119,600	Amlis Residential Properties Trust	42,600,780
289,000	Apartment Investment & Management Co. Class A	10,944,430
1,162,000	Archstone-Smith Trust	48,676,180
570,400	Arden Realty, Inc.	25,571,032
65,200	AvalonBay Communities, Inc.	5,819,100
322,500	BNP Residential Properties, Inc.	5,160,000
422,000	Boston Properties, Inc.	31,282,860
100,000	Brandywine Realty Trust	2,791,000
1,086,700	Camden Property Trust	62,941,664
1,231,800	Cedar Shopping Centers, Inc.	17,331,426
402,900	Colonial Properties Trust	16,913,742
570,700	Commercial Net Lease Realty	11,625,159
419,300	Developers Diversified Realty Corp.	19,715,486
532,600	Equity Office Properties Trust	16,153,758
1,208,500	Extra Space Storage, Inc.	18,610,900
87,000	Federal Realty Investment Trust	5,276,550
1,211,100	First Industrial Realty Trust, Inc.	46,627,350
315,000	Glenborough Realty Trust, Inc.	5,701,500
675,000	Gramercy Capital Corp.	15,376,500
1,258,500	Health Care REIT, Inc.	42,663,150
2,697,530	Heritage Property Investment Trust	90,097,502
371,000	Hersha Hospitality Trust	3,342,710
308,000	Hospitality Properties Trust	12,350,800
941,484	HRPT Properties Trust	9,744,360
717,600	iStar Financial, Inc.	25,582,440
1,580,990	Liberty Property Trust	67,745,422
2,733,400	Maguire Properties, Inc.	84,462,060
637,700	Mid-America Apartment Communities, Inc.	30,928,450
2,490,700	Nationwide Health Properties, Inc.	53,300,980
170,700	New Plan Excel Realty Trust	3,956,826
1,972,270	OMEGA Healthcare Investors, Inc.	24,830,879
297,000	Pan Pacific Retail Properties, Inc.	19,866,330
994,000	Pennsylvania Real Estate Investment Trust	37,135,840
1,657,000	Prentiss Properties Trust	67,406,760
325,000	ProLogis	15,184,000

See notes to financial statements.

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ING Clarion Global Real Estate Income Fund **Portfolio of Investments** continued

Shares		U.S. \$ Value
<b>Common Stock (continued)</b>		
<b>United States (continued)</b>		
714,700	Reckson Associates Realty Corp.	\$ 25,714,906
364,700	Regency Centers Corp.	21,499,065
432,400	SL Green Realty Corp.	33,031,036
171,100	Sovran Self Storage, Inc.	8,036,567
300,500	Strategic Hotel Capital, Inc.	6,184,290
547,800	The Macerich Co.	36,779,292
440,000	Trizec Properties, Inc.	10,084,800
800,000	Trustreet Properties, Inc.	11,696,000
		1,180,261,983
<b>Total Common Stock</b>		
(cost \$1,835,696,424)		2,181,380,332
<b>Master Limited Partnerships 0.6%</b>		
<b>United States 0.6%</b>		
303,030	Verde Realty MLP (cost \$9,999,990)	9,999,990
<b>Preferred Stock 15.3%</b>		
<b>Real Estate Investment Trusts ( REIT ) 15.3%</b>		
<b>United States 15.3%</b>		
125,800	Affordable Residential Communities, Series A	2,440,520
450,000	Alexandria Real Estate Corp., Series C	11,589,750
80,500	Apartment Investment & Management Co., Series U	1,999,620
400,000	Apartment Investment & Management Co., Series V	10,084,000
400,000	Apartment Investment & Management Co., Series Y	10,040,000
174,000	Associated Estates Realty Corp.	4,351,740
170,000	Bedford Property Investors, Inc.	4,258,500
36,000	Bedford Property Investors, Inc. (b)	1,760,627
207,700	Cedar Shopping Centers, Inc.	5,473,933
125,000	Digital Realty Trust, Inc., Series B	3,026,250
126,800	Eagle Hospitality Properties Trust, Inc., Series A	3,100,260
20,000	FelCor Lodging Trust, Inc.	480,400
430,700	Glimcher Realty Trust, Series G	10,786,882
520,000	Health Care REIT, Inc., Series F	12,922,000
905,600	Host Marriott Corp, Series E	24,224,800
222,600	Innkeepers USA Trust, Series C	5,438,118
1,015,000	iStar Financial, Inc., Series I	24,984,225
200,000	LaSalle Hotel Properties	4,610,000
1,000,000	LTC Properties, Inc., Series F	25,150,000
291,800	Maguire Properties, Inc., Series A	7,149,100
200,000	Mid-America Apartment Communities, Inc., Series H	5,133,000
120,000	OMEGA Healthcare Investors, Inc., Series D	3,026,400
240,000	RAIT Investment Trust, Series A	5,769,600
160,000	RAIT Investment Trust, Series B	4,016,000
192,500	SL Green Realty Corp., Series C	4,849,075
200,000	SL Green Realty Corp., Series D	5,020,000
275,000	Strategic Hotel Capital, Inc. (b)	7,270,313
268,000	Sunstone Hotel Investors, Inc., Series A	6,753,600
342,600	Taubman Centers, Inc., Series G	8,682,786

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573,500	Taubman Centers, Inc., Series H	14,588,406
155,100	The Mills Corp, Series E	3,970,560
507,900	The Mills Corp, Series G	12,697,500
464,400	Winston Hotels, Inc., Series B	11,575,170
<b>Total Preferred Stock</b>		
(cost \$266,311,212)		267,223,135
<b>Convertible Preferred Stock 1.9%</b>		
<b>Real Estate Investment Trusts ( REIT ) 1.9%</b>		
<b>United States 1.9%</b>		
974,000	FelCor Lodging Trust, Inc., Series A	23,083,800
200,000	Ramco-Gershenson Properties Trust, 7.95%, Series C	6,035,000
200,000	Windrose Medical Properties Trust, 7.50%, Series A	5,050,000
<b>Total Convertible Preferred Stock</b>		
(cost \$30,290,308)		34,168,800
<b>Investment Companies 2.7%</b>		
<b>United Kingdom 2.7%</b>		
399,119	Eurocastle Investment Ltd.	9,180,225
15,495,600	ING UK Real Estate Income Trust, Ltd. (a) <sup>+</sup>	28,796,742
4,620,000	Insight Foundation Property Trust Ltd.	9,002,122
<b>Total Investment Companies</b>		
(cost \$45,646,790)		46,979,089
<b>Total Investments 145.7%</b>		
(cost \$2,187,944,724)		2,539,751,346
Liabilities in Excess of Other Assets (5.0%)		(86,816,673)
Preferred shares, at redemption value (40.7%)		(710,000,000)
<b>Net Assets Applicable to</b>		
<b>Common Shares 100% (c)</b>		<b>\$1,742,934,673</b>

(a) Non-income producing security.

(b) Securities are exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. At December 31, 2005, the securities amounted to \$9,030,940 or 0.5% of net assets.

(c) Portfolio percentages are calculated based on net assets applicable to Common Shares.

+ Investments in companies considered to be an affiliate of the Trust (such companies are defined as Affiliated Companies in Section 2(a)(3) of the Investment Company Act of 1940) were as follows:

Affiliate	Net Activity	Dividend Income (In Thousands)
ING UK Real Estate Income Trust, Ltd.	\$28,796,742	\$

See notes to financial statements.

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ING Clarion Global Real Estate Income Fund

**Statement of Assets and Liabilities** December 31, 2005

**Assets**

Investments, at value (cost \$2,160,438,578)	\$2,510,954,604
Investment in affiliate (cost \$27,506,146)	28,796,742
Cash (including foreign currency of \$12,311,544) with a cost of \$12,523,884	12,293,696
Receivable for investment securities sold	79,596,319
Dividends receivable	18,688,575
Unrealized appreciation on swap contracts	