

**SEMI-ANNUAL REPORT 2011**

**DIM VASTGOED N.V.**

**SUPERVISORY BOARD AND MANAGEMENT BOARD**

**Supervisory board**

Cornelis J. van Rees (1938), chairman.

Ellard J. Blaauboer (1946), member.

Thomas A. Caputo (1946), member.

**Management board**

Frans A. Bakker

Arthur L. Gallagher

Bob Mitzel

Wilbert O.C.M. van Twuijver

**Investment institution**

DIM Vastgoed is a closed-end investment company with variable capital and an investment institution within the meaning of the Dutch Act on Financial Supervision ('Wft'). DIM Vastgoed is licensed by Autoriteit Financiële Markten (the Dutch Financial Markets Authority).

**REPORT OF THE MANAGEMENT BOARD****Legal proceedings Equity One to acquire minority shares**

On 27 July 2010, DIM Vastgoed N.V. ('the Company') announced that Southeast US Holdings B.V., had initiated legal proceedings in accordance with articles 2:92a of the Dutch Civil Code to acquire all outstanding shares in the Company by a ruling of the Enterprise Chamber of the Amsterdam Court of Appeal. These proceedings were initiated by Equity One following the acquisition of more than 95% of all issued and outstanding shares in the Company. In light of the Company still holding 152,394 shares in treasury, it acts as co-plaintiff in these proceedings. A number of minority shareholders as well as the Dutch Association of Shareholders (Vereniging van Effectenbezitters) have put up a defense. A ruling of the Enterprise Chamber is expected in the second half of 2011.

**Portfolio**

At 30 June 2011, the portfolio of DIM Vastgoed consisted of 21 properties (31 December 2010: 21) with a total value of \$311 million (31 December 2010: \$314 million).

***Occupancy rate***

As of 30 June 2011, the occupancy rate of the portfolio is 90.4% (31 December 2010: 89.9%).

**Financial results – based on IFRS**

*Unless otherwise indicated, the amounts stated in this section are expressed in thousands of US dollars.*

DIM Vastgoed's net loss for the first half of financial year 2011 amounted to \$341 (H1 2010: net profit \$1,141).

The decrease in net result is due to a larger negative indirect result (\$3,826 negative for the first half of 2011 as compared to \$2,147 negative for the first half of 2010). The direct result has increased by 6% to \$3,485.

	<b>H1 2011</b>	<b>H1 2010</b>
	\$'000	\$'000
Direct result	3,485	3,288
Indirect result	- 3,826	- 2,147
<b>Net result after taxation</b>	<b>- 341</b>	<b>1,141</b>

Net rental income remained virtually unchanged at \$12,127 for the first six months of the current financial year (H1 2010: \$12,056).

The property revaluation result for the first six months of 2011 amounted to \$2,520 negative or 0.8% of the value at the beginning of the year (first six months of 2010: \$629 negative or 0.2%). In line with the two-year appraisal cycle, Greensboro Village Shopping Center, Keith Bridge Commons, Sunrise Town Center, Hammocks Town Center, Eustis Village and Freehome Village were externally appraised during the first six months of 2011.

Administrative expenses decreased by 26%, from \$1,442 to \$1,066. The expenses for the first six months of 2010 included an amount of \$822 related to the public bid by Equity One and the subsequent delisting.

Finance costs decreased slightly by 2.0% to \$7,996 (2010: \$8,159).

The corporate income tax benefit from operations decreased by \$413 to a benefit of \$420 in comparison with the first six months 2010 (a benefit of \$833).

As a result of the regular tax depreciation, the deferred tax liabilities have increased by \$1,306 over the first six months of 2011 (2010: an increase of \$1,518).

The IFRS net result per share, computed based on the average number of shares outstanding and in circulation, decreased to a net loss of \$0.04 per share for the first half year 2011 (first half of 2010: net profit of \$0.14 per share). The direct result per share increased by 5.0% to \$0.42 (first half of 2010: \$0.40 per share).

### **Development of shareholders' equity and net asset value per share**

At the start of the financial year 2011, consolidated shareholders' equity based on IFRS amounted to \$52,581 or \$6.40 per ordinary share.

Including the net loss for the period amounting to \$341, DIM Vastgoed's consolidated shareholders' equity amounted to \$52,240 as of 30 June 2011.

The IFRS net asset value per share decreased by \$0.04 from \$6.40 as of 1 January 2011 to \$6.36 as of 30 June 2011, based on 8,216,373 ordinary shares outstanding and in circulation.

The non-consolidated Dutch GAAP net asset value per share amounts to \$8.33 as of 30 June 2011, which represents an increase of \$0.06 as compared to the 1 January 2011 non-consolidated net asset value per share of \$8.27.

### **Outlook**

The economic conditions of recent years continues to affect our business. While economic conditions in many of our markets have modestly improved, macro-economic challenges, such as low consumer confidence, high unemployment and reduced consumer spending, have adversely affected many retailers and continue to adversely affect the retail sales of many regional and local tenants in some of our markets. While most of our shopping centers are anchored by supermarkets, drug stores or other necessity-oriented retailers, which are less susceptible to economic cycles, other tenants in our shopping centers, particularly smaller shop tenants, have been particularly vulnerable as they have faced both declining sales and reduced access to capital. As a result, some tenants have requested rent adjustments and abatements, while other tenants have not been able to continue in business at all. To the extent that challenging economic conditions persist, we would expect small shop leasing to continue to be very difficult.

Rotterdam, 31 August 2011

The management board  
Frans A. Bakker  
Arthur L. Gallagher  
Bob Mitzel  
Wilbert O.C.M. van Twuijver

**KEY FIGURES PER SHARE**

	<b>For the six months ended 30 June 2011 (unaudited)</b>	<b>For the six months ended 30 June 2010 (unaudited)</b>
<b>Shares outstanding</b>		
Number of ordinary shares outstanding at the end of the period	8,216,373	8,216,373
Average number of ordinary shares outstanding	8,216,373	8,216,373
<b>Net result per share based on IFRS (\$)</b>	- 0.04	0.14
<b>Direct result per share based on IFRS (\$)</b>	0.42	0.40
<b>Net asset value per share based on IFRS (\$)</b>		
End of period	6.36	6.19
Beginning of period	6.40	6.05
<b>Net asset value per share, non-consolidated, based on Dutch GAAP (\$)</b>		
End of period	8.33	7.82
Beginning of period	8.27	7.58

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June 2011 (unaudited) \$'000	For the six months ended 30 June 2010 (unaudited) \$'000
Gross rental income	13,975	13,924
Service charge income	3,669	3,904
<b>Total revenues</b>	<b>17,644</b>	<b>17,828</b>
Service charge expenses	- 3,698	- 4,149
Property operating expenses	- 1,819	- 1,623
<b>Net rental income</b>	<b>12,127</b>	<b>12,056</b>
Revaluation result investment property	- 2,520	- 629
Administrative expenses	- 1,066	- 1,442
<b>Net operating result</b>	<b>8,541</b>	<b>9,985</b>
Finance costs	- 7,996	- 8,159
<b>Net result before tax</b>	<b>545</b>	<b>1,826</b>
Income tax expense	- 886	- 685
<b>Net shareholders' result for the period</b>	<b>- 341</b>	<b>1,141</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>- 341</b>	<b>1,141</b>
<b>Note: The comprehensive income for the period can be split as follows:</b>		
- direct result	3,485	3,288
- indirect result	- 3,826	- 2,147
<b>Total comprehensive income</b>	<b>- 341</b>	<b>1,141</b>
<b>Net result per share (\$) <sup>1</sup></b>	<b>- 0.04</b>	<b>0.14</b>
<b>Direct result per share (\$) <sup>1</sup></b>	<b>0.42</b>	<b>0.40</b>
<b>Indirect result per share (\$) <sup>1</sup></b>	<b>- 0.46</b>	<b>- 0.26</b>

<sup>1</sup> Computed based on the weighted average number of shares in circulation of 8,216,373 during the first half of 2011 (2010: 8,216,373). The Group has no dilutive potential ordinary shares, therefore the diluted earnings per share is the same as the basic earnings per share.

## CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 2011 (unaudited)	31 December 2010 (audited)
	\$'000	\$'000
<b>ASSETS</b>		
Investment property	311,409	313,929
Deferred tax assets	8,759	8,339
Deferred lease incentive – tenant improvements	4,022	3,824
Capitalized rent free periods	230	178
Deferred leasing commissions	1,264	1,244
Cash on escrow accounts	3,783	2,585
Other non-current assets	99	75
<b>Total non-current assets</b>	<b>329,566</b>	<b>330,174</b>
Tenant receivables	1,367	2,292
Other receivables and prepaid expenses	479	259
Cash and cash equivalents	6,823	2,502
<b>Total current assets</b>	<b>8,669</b>	<b>5,053</b>
<b>Total assets</b>	<b>338,235</b>	<b>335,227</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	13,899	13,899
Share premium reserve	64,561	64,561
Other reserves	- 25,879	- 28,725
Net result for the year	- 341	2,846
<b>Total shareholders' equity</b>	<b>52,240</b>	<b>52,581</b>
<b>LIABILITIES</b>		
Borrowings	-	-
Deferred tax liabilities	25,555	24,249
Other non-current liabilities	742	782
<b>Total non-current liabilities</b>	<b>26,297</b>	<b>25,031</b>
Borrowings	250,337	252,038
Accounts payable and other liabilities	9,361	5,577
<b>Total current liabilities</b>	<b>259,698</b>	<b>257,615</b>
<b>Total equity and liabilities</b>	<b>338,235</b>	<b>335,227</b>
<b>Net asset value per share (\$) <sup>1</sup></b>	<b>6.36</b>	<b>6.40</b>

<sup>1</sup> Computed based on 8,216,373 ordinary shares outstanding at 30 June 2011 (at 31 December 2010: 8,216,373 shares).

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share capital	Share premium reserve	Other reserves	Net result for the year	Total shareholders' equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<i>For the six months ended 30 June 2011 (unaudited)</i>					
Balance at 1 January 2011	13,899	64,561	- 28,725	2,846	52,581
Allocation result previous year	-	-	2,846	- 2,846	-
Total comprehensive income for the period	-	-	-	- 341	- 341
<b>Balance at the end of the period</b>	<b>13,899</b>	<b>64,561</b>	<b>- 25,879</b>	<b>- 341</b>	<b>52,240</b>
<i>For the six months ended 30 June 2010 (unaudited)</i>					
Balance at 1 January 2010	13,899	64,561	19,415	- 48,140	49,735
Allocation result previous year	-	-	- 48,140	48,140	-
Total comprehensive income for the period	-	-	-	1,141	1,141
<b>Balance at the end of the period</b>	<b>13,899</b>	<b>64,561</b>	<b>- 28,725</b>	<b>1,141</b>	<b>50,876</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June 2011 (unaudited) \$'000	For the six months ended 30 June 2010 (unaudited) \$'000
<u>Operating activities</u>		
Net result before tax	545	1,826
Adjustments for:		
- revaluation result investment property	2,520	629
- finance costs	7,996	8,159
- amortization tenant improvements	344	333
- increase capitalized rent free periods	- 52	19
- amortization leasing commissions	175	165
Changes in working capital:		
- decrease tenant receivables	925	559
- increase other receivables and prepaid expenses	- 220	- 165
- increase accounts payable and other liabilities, exclusive of accrued interest and accrued marketing expense compensation	1,581	78
- increase other non-current assets	- 24	-
- decrease tenant deposits	- 40	- 157
Net cash generated from operations	13,750	11,446
Net interest paid	- 5,688	- 8,095
Marketing expense compensation paid	-	- 1,014
Leasing commissions paid	- 195	- 19
Current income taxes paid/received	-	- 124
<b>Net cash flow from operating activities</b>	<b>7,867</b>	<b>2,194</b>
<u>Investing activities</u>		
Increase in cash on escrow accounts	- 1,198	- 1,044
Tenant improvements paid	- 542	- 18
<b>Net cash flow used in investing activities</b>	<b>- 1,740</b>	<b>- 1,062</b>
<u>Financing activities</u>		
Amortization and redemption of mortgages	- 1,806	- 1,896
Decrease in short term credit	-	- 184
<b>Net cash flow used in financing activities</b>	<b>- 1,806</b>	<b>- 2,080</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>4,321</b>	<b>- 948</b>
Cash and cash equivalents at the beginning of the period	2,502	1,297
<b>Cash and cash equivalents at the end of the period</b>	<b>6,823</b>	<b>349</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION****General and principal activities**

DIM Vastgoed N.V. (the 'Company'), seated in Breda, the Netherlands, and having its offices in Rotterdam, the Netherlands, is a closed-end real estate investment company with variable capital. The condensed consolidated interim financial statements of the Company for the six months ended June 30, 2011 comprise the Company and its subsidiaries (together referred to as the 'Group'). At June 30, 2011, there are two (100%) subsidiaries:

- DIM – Governors Town Square LP, Fort Lauderdale, Florida, acquired in March 2006;
- DIM – Whitaker Square, LP, Fort Lauderdale, Florida, established in October 2007.

The Group is controlled by Equity One, Inc., incorporated in the United States ('Equity One'), which owns 97.8% of the outstanding shares as at 30 June 2011. The remaining 2.2% are held by the public.

These condensed consolidated interim financial statements were authorized for issue by the management board on 31 August 2011.

The financial year of DIM Vastgoed equals the calendar year. The comparative figures included in these condensed consolidated interim financial statements refer to the six months ended June 30, 2010.

DIM Vastgoed is licensed under the terms of the Dutch Act on Financial Supervision ('Wft'). These condensed consolidated interim financial statements have been prepared taking into account the Wft.

The functional and reporting currency for DIM Vastgoed is the US dollar. Unless otherwise indicated, the amounts stated in these notes are expressed in thousands of US dollars.

**Statement of compliance**

This condensed interim financial report for the period ending 30 June 2011 has been prepared in accordance with IAS 34 "Interim financial reporting". An interim financial report does not include all of the information required for full annual financial statements. This interim financial report should be read in conjunction with the annual financial statements for the financial year ending 31 December 2010, which have been prepared in accordance with IFRS as adopted by the European Union.

The valuation of assets and liabilities at 30 June 2011 and the principles applied for the determination of net results are in accordance with the accounting principles as set out in the notes to the 2010 financial statements, except as described below.

**Accounting policies**

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011. Adoption of these new standards and amendments to standards did not have material impact on the financial position or performance of the Group.

- Amendments to IAS 32 *Financial instruments: presentation: Classification of Rights Issues* – effective for financial years beginning on or after 1 February 2010,
- IAS 24 *Related Party Disclosures* (revised in November 2009) – effective for financial years beginning on or after 1 January 2011,
- Amendments to IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction: Prepayments of a Minimum Funding Requirements* – effective for financial years beginning on or after 1 January 2011,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* – effective for financial years beginning on or after 1 July 2010,

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(CONTINUED)**

- *Improvements to IFRSs* (issued in May 2010) – some improvements are effective for annual periods beginning on or after 1 July 2010, the rest is effective for annual periods beginning on or after 1 January 2011.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**The use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results may differ from these estimates.

In preparing these Interim Condensed Consolidated Financial Statements, the significant judgements made by the Management Board in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2010 that were presented in Note 2 of the consolidated financial statements for the year ended 31 December 2010.

**Seasonality**

The Group's activities are not of a seasonal nature. Therefore, the results presented by the Group do not fluctuate significantly during the year due to seasonality.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(CONTINUED)**

**Investment property**

	<b>For the six months ended 30 June 2011 (unaudited)</b>	<b>For the six months ended 30 June 2010 (unaudited)</b>
	\$'000	\$'000
Balance at the beginning of the year	313,929	314,369
Revaluation result - unrealized	- 2,520	- 629
<b>Balance at the end of the period</b>	<b>311,409</b>	<b>313,740</b>

**Borrowings**

All the mortgage loans, with the exception of the mortgage loans on Carolina Pavilion, contain prohibitions on transfers of ownership which may have been violated by Equity One's acquisition of a majority interest in the Company's common stock in combination with the redemption of the priority shares in the Company or by the change in the Company's property manager. If a violation were established, it could serve as a basis for a lender to accelerate amounts due under the affected mortgage. Because a violation of a non-monetary default could be alleged, all of the Company's mortgage loans have been classified as current in the accompanying consolidated balance sheet as at 30 June 2011 and at 31 December 2010 in accordance with IAS 1.74. To date, no lender has notified us that it intends to accelerate its mortgage. In the event that the mortgage holders declare defaults under the mortgage documents management believes, if required, it could negotiate with lenders, seek to refinance the mortgage loans that could be refinanced, and/or sell the assets that have a fair market value in excess of the loan balances. Based on discussions with various lenders, current credit market conditions and other factors, management of the Company believes that the mortgages will not be accelerated. Hence management prepared the semi-annual accounts 2011 based on a going concern principle.

**Movements in Mortgages**

	<b>For the six months ended 30 June 2011 (unaudited)</b>	<b>For the six months ended 30 June 2010 (unaudited)</b>
	\$'000	\$'000
Balance at the beginning of the year	252,038	255,577
Amortization and redemption of mortgages	- 1,806	- 1,896
Change in value due to valuation at amortized cost	105	106
<b>Balance at the end of the period</b>	<b>250,337</b>	<b>253,787</b>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
(CONTINUED)****Related party transactions**

There were no material transactions and balances with related parties during the six months ended 30 June 2011 other than were already disclosed in the 2010 annual accounts.

**Off-balance sheet liabilities**

As part of the lease agreement with Jo-Ann Fabrics at Carolina Pavilion, DIM Vastgoed will have to pay an amount of \$0.6 million in tenant improvement contributions (third and fourth quarters of 2011).

**Subsequent events**

Nothing to report.

**Expense ratio**

The expense ratio which, within the scope of the *Besluit Gedragstoezicht financiële ondernemingen* ('BGfo'; Decree on supervision of financial institutions), should be reported by investment institutions in order to provide clear and comparable information on the level of costs, amounts to 9.5% annualized for the first half of the financial year (first half 2010: 9.8% annualized). This ratio is calculated as the total costs compared to the weighted average net asset value over the quarters of the financial year (including the beginning of the year). As per the BGfo 'total costs' is defined as property operating expenses (including net service charges), administrative expenses and income tax expenses. Not included in the ratio are finance costs nor the movement in deferred tax liabilities.

**Other information**

The first half year figures of 2011 and 2010 have not been audited by an external auditor.

## COMPANY ACCOUNTS SHAREHOLDERS' EQUITY

	<b>30 June 2011</b>	<b>31 December 2010</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	\$'000	\$'000
Consolidated shareholders' equity (IFRS)	52,240	52,581
Add: difference in valuation of deferred tax liabilities	17,438	16,530
Deduct: difference in valuation of deferred tax assets	- 1,247	- 1,172
<b>Company accounts shareholders' equity</b>	<b>68,431</b>	<b>67,939</b>

**Non-consolidated net asset value per share (Dutch GAAP) (\$)****8.33****8.27**

The company accounts are based on Dutch GAAP. The valuation of deferred tax assets and liabilities is the only difference in accounting policies used for the consolidated accounts (IFRS) versus those used for the company accounts (Dutch GAAP) that – insofar as applicable – results in equity and comprehensive income as reported in the consolidated accounts deviating from equity and comprehensive income as reported in the company accounts.

Under Dutch GAAP, the deferred tax assets and deferred tax liabilities are defined as the discounted value of, respectively, the loss carry forwards and the future capital gains and losses arising from the differences between the market value and the fiscal book value of properties. Under IFRS (IAS 12), however, deferred income tax is provided for on a nominal basis.

A provision for deferred income tax liabilities is formed in the company balance sheet using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of the provision for deferred income tax liabilities is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. At 30 June 2011 and at 31 December 2010, this is 39%.

The deferred tax liabilities in the company accounts are stated at discounted value, based on the net (after tax) weighted average effective interest rate due by the company on its mortgages. At 30 June 2011 this is 3.90% (31 December 2010: 3.89%). These liabilities are discounted using an estimated average duration of 30 years (31 December 2010: 30 years), which is taking into account the average expected holding period of the real estate including the use of the available 1031-exchange facility, whereby long term capital gains of the subject property are deferred if reinvested in a 'like-kind' replacement property.

The deferred tax assets relate to available loss carry forward assets. The loss carry forward assets are discounted at the net (after tax) weighted average interest rate due by the company on its mortgages, taking into account the average expected realization period of these receivables.

At 30 June 2011, the net (after tax) weighted average interest rate is 3.90% (31 December 2010: 3.89%) and the total loss carry forward asset is expected to be realized in approximately 5 years with an average remaining lifetime until utilization of 4.0 years (31 December 2010: 5 years and 4.0 years, respectively).