

## Press release

Date 19 February 2010

### DIM VASTGOED: RESULTS FOR THE FINANCIAL YEAR 2009

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

DIM Vastgoed's net result for the financial year 2009 amounted to a loss of \$48,140 (2008: net loss \$27,749).

The decline in net result is mainly due to a negative indirect result for 2009 (\$54,039 negative) as compared to \$36,697 negative for 2008. The direct result decreased as well, by 34.1% to \$5,899 (2008: \$8,948).

	<u>2009</u>	<u>2008</u>
	\$'000	\$'000
Direct result	5,899	8,948
Indirect result	<u>-54,039</u>	<u>-36,697</u>
<i>Net result after tax</i>	<b>-48,140</b>	<b>-27,749</b>

The IFRS net result per share, computed based on the average number of shares outstanding and in circulation, decreased to a net loss of \$5.86 per share (2008: net loss \$3.41 per share). The direct result per share decreased by 34.1% to \$0.72 (2008: \$1.10).

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DIM Vastgoed N.V. is een closed-end vastgoedbeleggingsmaatschappij met veranderlijk kapitaal. DIM Vastgoed belegt in onroerend goed dat gelegen is in het zuidoosten van de Verenigde Staten. De vennootschap richt zich op de aankoop van reeds ontwikkelde wijkwinkelcentra en zogenoemde 'power centers' met een hoge bezettingsgraad. De aandelen DIM Vastgoed zijn sinds 5 oktober 1999 genoteerd aan de beurs van Euronext Amsterdam. DIM Vastgoed beschikt als beleggingsinstelling over de wettelijk vereiste vergunning van Autoriteit Financiële Markten.

Voor een beschrijving van de door DIM Vastgoed gehanteerde waarderingsmethodiek en berekening van de intrinsieke waarde wordt verwezen naar het jaarverslag.

### **Financial results – based on IFRS**

Net rental income, as a result of declining occupancy rates, decreased by 8.7% to \$24,944 (2008: \$27,318).

The property revaluation result for 2009 amounts to \$80,865 negative or a negative 20.5% of the portfolio value (2008: \$51,172 or 11.5% negative). The capitalization rate used by external appraisers to calculate the market value of the properties has increased. Furthermore, appraisers have become much more conservative in their valuation of vacant space (both in respect of the period a unit is expected to remain vacant and in respect of rent levels which new tenants may be willing to agree).

As required by the rules and regulations for rights issues, management had all investment properties externally appraised by Cushman & Wakefield, an independent external appraiser, at 30 September 2009. In December 2009, management requested new capitalization rate estimates for each property from Cushman & Wakefield. For none of the properties, these capitalization rates deviated from the rates at 30 September 2009.

Of the total negative revaluation result of \$80,865, \$25,090 relates to DIM Vastgoed's single largest asset, Carolina Pavilion.

Administrative expenses increased by 56.8%, from \$2,489 to \$3,903. The 2009 expenses include an amount of \$1,134 related to the aborted rights issue (mainly legal advisors). Furthermore, 2009 expenses include an accrual of \$647 for marketing expense compensation payable to DIM B.V. (2008: \$367; for further details, please refer to note 24 to the annual accounts). The management fee paid to DIM B.V. decreased from \$1,282 during 2008 to \$833 during 2009, in line with the decline in DIM Vastgoed equity.

Finance costs decreased by 2.4% to \$16,445 (2008: \$16,850) due to the decrease of outstanding short-term credit and due to the decrease of amortization charges for mortgage transaction costs.

Corporate income tax from operations decreased by \$333 to a gain of \$1,302 in comparison with 2008 (a gain of \$969).

As a result of the negative revaluation result, the deferred tax liabilities have decreased by \$26,898 over 2009 (2008: a decrease of \$15,056).

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

At the start of the financial year 2009, consolidated shareholders' equity based on IFRS amounted to \$97,875 or \$11.91 per ordinary share.

Including the net loss for 2009 amounting to \$48,140, DIM Vastgoed's consolidated shareholders' equity amounted to \$49,735 at 31 December 2009. This is a decrease of 49.2% as compared to consolidated shareholders' equity at the beginning of the year.

The IFRS net asset value per share decreased by 49.2%, from \$11.91 at 1 January 2009 to \$6.05 at 31 December 2009, based on 8,216,373 ordinary shares outstanding and in circulation.

The non-consolidated Dutch GAAP net asset value per share amounts to \$7.58 at 31 December 2009, which represents a decrease by 51.8% as compared to the 1 January 2009 non-consolidated net asset value per share of \$15.73 (as restated in order to reflect the effect of the change in accounting policy regarding the valuation of deferred tax assets, which was implemented in 2009).

### **Portfolio developments**

In December 2009, a new lease agreement was concluded with Nordstrom Rack, a discount fashion department store, for the space at Carolina Pavilion which was previously occupied by Circuit City. The total square footage is 42,587 and the base term of the lease is ten years. The store is expected to open Spring 2011. Rent payment shall also commence in Spring 2011. As part of the lease agreement, DIM Vastgoed will pay an amount of \$1.3 million in total in tenant improvement contributions, of which \$0.4 million is expected to be paid in the third quarter of 2010 and \$0.9 million in the first half of 2011.

### **Occupancy rate**

Although the portfolio's overall occupancy rate remained at a level just in excess of ninety percent throughout 2009, unexpected move-outs of tenants occurred. The overall occupancy rate decreased from 92.7% on 31 December 2008 to 90.5% on 31 March 2009, 91.9% on 30 June and 91.1% on 30 September. Per 31 December 2009, the occupancy rate of the portfolio was 92.1%. DIM Vastgoed expects more tenants to move out and has concerns about the financial viability of certain tenants. Nevertheless, Equity One, DIM Vastgoed's leasing agent is actively trying to increase the occupancy rate. In addition, based on commercially available third-party credit reports, DIM Vastgoed believes that the supermarket anchor tenants, Publix and Kroger, will remain financially sound. On 31 December 2009, these supermarket anchor tenants together occupied approximately 25% of the total rentable floor area of the portfolio.

### **Financing – no dividend**

Of the total outstanding mortgage loans as of 31 December 2009, \$54.7 million is due within one year. \$3.5 million of this total consists of scheduled regular amortization and \$51.2 million consists of the balloon payment due to Equity One on the maturity date of the two mortgage loans on Carolina Pavilion. Both loans mature on 1 April 2010. As of this date, DIM Vastgoed does not have the capital necessary to repay the two loans at maturity. If these loans are not repaid or otherwise refinanced, or unless Equity One, the lender for both loans, doesn't agree to extend the loans, then Equity One could foreclose and assume direct ownership of Carolina Pavilion. To be perfectly clear, it should be pointed out that in the worst case scenario, if DIM Vastgoed would not succeed in refinancing Carolina Pavilion in any possible way nor in extending the term of the existing loans, this would not jeopardize the continuity of the Company. The mortgage loans are non-recourse and as such only recoverable on the property.

The managing and supervisory boards decided to retain direct results and not to declare a dividend for 2009 in April 2010 as a precaution because of continuing uncertainty about the possibilities of obtaining (re)financing under acceptable conditions if and when it is required.

### **Public offer by Equity One on shares DIM Vastgoed**

On 17 February 2010, DIM Vastgoed and Equity One jointly announced that Southeast U.S. Holdings B.V., a wholly owned subsidiary of Equity One, Inc. (jointly referred to as 'the Offeror'), is making a recommended cash offer by for all issued and outstanding shares at an offer price of \$7.30 per share. The Supervisory Board and the Management Board of DIM Vastgoed fully support the offer and unanimously recommend the offer to the shareholders. DIM Vastgoed will convene an extraordinary meeting of shareholders to be held on 9 March 2010, during which, among other matters the offer will be discussed.

The Offeror is making the offer on the terms and subject to the conditions and restrictions contained in the Offer Memorandum dated 17 February 2010. The Offer Memorandum has been made available on the website of DIM Vastgoed as of 17 February 2010. For more details on the offer, the Offer Memorandum, the extraordinary meeting of shareholders and the acceptance period of the offer, please refer to the website.

In the course of 2008 and 2009 DIM Vastgoed was facing increasing operational and financial challenges. The overall occupancy rate decreased from 96.3% on 1 January 2008 to 92.1% on 31 December 2009, while unexpected move-outs of tenants occurred in 2008 and 2009. Furthermore, the two mortgage loans of DIM Vastgoed secured on Carolina Pavilion matured on 1 October 2009 requiring an amount of approximately \$52.0 million to be refinanced or repaid. After DIM Vastgoed received a third party offer for refinancing, Equity One assumed these mortgage loans in their entirety. The first mortgage loan was extended by six months until 1 April 2010. The second mortgage loan was partially repaid and approximately \$11.9 million was lent by Equity One until (initially) 1 January 2010. In order to strengthen its share capital and to refinance the mortgage loans on Carolina Pavilion, DIM Vastgoed announced a rights offering of new shares in DIM Vastgoed on 9 September 2009.

On 27 November 2009 DVG announced that it had received from Equity One a proposal for a recommended public offer with an indicative offer price of US\$ 6.16 per Share, that it would suspend the preparations of the rights offering until further notice and that it had entered into discussions about the Offer with Equity One. In relation to the intended offering Equity One agreed to an extension of the second mortgage loan of approximately \$11.9 million to 1 April 2010 and a bridge credit facility in the amount of \$3 million for working capital purposes. Discussion between Equity One and DIM Vastgoed continued until the end of 2009 and finally resulted in a conditional agreement on the recommended public offer being reached on 30 December 2009, including Equity One raising its indicative offer price to \$7.30 per share. The conditional agreement was announced on 31 December 2010.

#### **Management of DIM Vastgoed**

On 5 October 2009, the Supervisory Board of DIM Vastgoed announced that agreement had been reached with Equity One, Inc. with respect to conducting property management services for the Company in the United States. Equity One, Inc. will be responsible for this property management once the termination of the Directorship and Management Agreement ('DMA') with DIM B.V. is effective. The DMA was terminated by DIM B.V. on 16 March 2009, effective as of 1 April 2009, subject to a 12-months notice period.

The agreement with Equity One, Inc. also states that, once the termination of the DMA with DIM B.V. has become effective, the Management Board of the Company will consist of three directors. One director will be recommended by Equity One, Inc., one director will be recommended by Equity One, Inc. in consultation with the Supervisory Board and one director, who will be independent, will be recommended by the Supervisory Board. In each case the managing director shall be nominated by Stichting Prioriteit DIM Vastgoed (who is holding all priority shares in the Company), in accordance with the articles of association of the Company. Stichting Prioriteit DIM Vastgoed will in principle follow the recommendations of Equity One, Inc. and the Supervisory Board. The General Meeting of Shareholders appoints the members of the Management Board.

On behalf of the Company, the negotiations with Equity One, Inc. were solely carried out by the independent members of the Supervisory Board.

As part of the transition process, the property management activities have been transferred to Equity One Realty & Management as of 1 January 2010. Notwithstanding this transfer, DIM B.V. and DBR & Associates remain entitled to all property management fees until 31 March 2010.

## **Outlook**

The economic situation in the US and the current uncertainties in the market make it very difficult to pronounce a concrete estimate of the result for 2010. Furthermore, the current Management Board of DIM Vastgoed will be replaced by a new Management Board no later than 1 April 2010. Taking this into account, the current Management Board is no longer in a position to give an estimate of the result for the current financial year and beyond.

## **Representation concerning financial statements and report of the Management Board**

The Management Board confirms that, to the best of its knowledge, the condensed consolidated financial statements for the financial year ended 31 December 2009, together with comparative figures, have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the state of affairs of DIM Vastgoed at 31 December 2009 and of the net result for the period then ended.

The Management Board report in this condensed consolidated quarterly report includes a fair review of the information required pursuant to section 5:25e, subsection 2 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

## **The Management Board**

***Dane Investors Management B.V.***

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*All investment is subject to risk. The value of securities may go down as well as up. Past performance is no guarantee of future returns. Potential investors are advised to seek expert financial advice before making any investment decision.*

**This announcement may not be published, distributed, disseminated or otherwise sent, in whole or in part, into the United States of America, Canada, Japan and Australia and does not constitute an extension to the United States of America, Canada, Japan and Australia of the Offer as mentioned in the Offer Memorandum.**

**KEY FIGURES PER SHARE**

	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2008</b>
<b>Shares outstanding</b>		
Number of ordinary shares issued and outstanding at the end of the period	8,368,767	8,368,767
Of which held by DIM Vastgoed	<u>152,394</u>	<u>152,394</u>
Number of ordinary shares in circulation at the end of the period	8,216,373	8,216,373
Average number of ordinary shares in circulation	8,216,373	8,144,800
Number of priority shares in circulation	300	300
<b>Net result per share based on IFRS (\$)</b>	-5.86	-3.41
<b>Net asset value per share based on IFRS (\$)</b>		
End of period	6.05	11.91
Beginning of period	11.91	16.81
<b>Net asset value per share, non-consolidated, based on Dutch GAAP (\$)<sup>1</sup></b>		
End of period	7.58	15.73
Beginning of period	15.73	21.99
<b>Share prices (\$)</b>		
Highest price	9.29	18.65
Lowest price	4.00	7.00
Price at the end of the period	7.12	7.90
Trading volume, on average a day (single count)	1,301	2,041
Discount of share price to non-consolidated net asset value at the end of the period	-6.1%	-49.8%

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<sup>1</sup> The comparative Dutch GAAP numbers have been adjusted to take into account effects of the change in accounting policy in respect of deferred tax assets.

## CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*This information needs to be read in connection with the Annual Report 2009, which will be published on 3 March 2010. The accounting principles applied for the valuation of assets and liabilities on the balance sheet and to determine the consolidated results are based on IFRS. The 2009 annual accounts have been audited by the external auditor.*

### CONDENSED CONSOLIDATED BALANCE SHEET

	<u>31 December 2009</u>	<u>31 December 2008</u>
	\$'000	\$'000
<b>ASSETS</b>		
Investment property	<b>314,369</b>	<b>395,234</b>
Deferred tax assets	6,116	3,750
Deferred lease incentives	3,633	2,479
Capitalized rent free periods	146	-
Deferred leasing commissions	1,470	1,109
Other non-current assets	70	96
<b>Total non-current assets</b>	<b>325,804</b>	<b>402,668</b>
Tenant receivables	2,230	1,790
Income tax receivables	-	941
Other receivables and prepaid expenses	383	379
Cash and cash equivalents <sup>1</sup>	3,661	4,727
<b>Total current assets</b>	<b>6,274</b>	<b>7,837</b>
<b>Total assets</b>	<b>332,078</b>	<b>410,505</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	13,899	13,899
Share premium reserve	64,561	64,561
Other reserves	19,415	47,164
Net result for the year	-48,140	-27,749
<b>Total shareholders' equity</b>	<b>49,735</b>	<b>97,875</b>
<b>LIABILITIES</b>		
Borrowings	200,886	204,011
Deferred tax liabilities	19,949	46,847
Other non-current liabilities	973	1,448
<b>Total non-current liabilities</b>	<b>221,808</b>	<b>252,306</b>
Borrowings	55,511	58,028
Accounts payable and other liabilities	5,024	2,296
<b>Total current liabilities</b>	<b>60,535</b>	<b>60,324</b>
<b>Total equity and liabilities</b>	<b>332,078</b>	<b>410,505</b>
<b>Net asset value per share (\$) <sup>2</sup></b>	<b>6.05</b>	<b>11.91</b>

<sup>1</sup> The balance of Cash and cash equivalents includes \$2,364 cash in escrow at 31 December 2009 (at 31 December 2008: \$2,869). Cash in escrow accounts is not freely disposable.

<sup>2</sup> Computed based on 8,216,373 ordinary shares outstanding at 31 December 2009 (at 31 December 2008: 8,216,373 shares).

The notes on pages 11 to 15 form an integral part of this condensed interim financial information.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the three months ended 31 December 2009	For the three months ended 31 December 2008	For the twelve months ended 31 December 2009	For the twelve months ended 31 December 2008
	\$'000	\$'000	\$'000	\$'000
Gross rental income	7,220	7,528	29,243	30,969
Service charge income	1,830	1,886	7,283	7,607
<b>Total revenues</b>	<b>9,050</b>	<b>9,414</b>	<b>36,526</b>	<b>38,576</b>
Service charge expenses	-2,005	-1,932	-7,349	-7,366
Property operating expenses	-1,082	-910	-4,233	-3,892
<b>Net rental income</b>	<b>5,963</b>	<b>6,572</b>	<b>24,944</b>	<b>27,318</b>
Revaluation result investment property	-672	-49,589	-80,865	-51,172
Impairment loss	-71	-581	-71	-581
Administrative expenses	-1,649	-544	-3,903	-2,489
<b>Net operating result</b>	<b>3,571</b>	<b>-44,142</b>	<b>-59,895</b>	<b>-26,924</b>
Finance costs	-4,189	-4,189	-16,445	-16,850
<b>Net result before tax</b>	<b>-618</b>	<b>-48,331</b>	<b>-76,340</b>	<b>-43,774</b>
Income tax	-159	18,386	28,200	16,025
<b>Net shareholders' result for the period</b>	<b>-777</b>	<b>-29,945</b>	<b>-48,140</b>	<b>-27,749</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-777</b>	<b>-29,945</b>	<b>-48,140</b>	<b>-27,749</b>
<b>NB: The comprehensive income for the period can be split as follows:</b>				
- direct result	771	2,459	5,899	8,948
- indirect result	-1,548	-32,404	-54,039	-36,697
<b>Total comprehensive income</b>	<b>-777</b>	<b>-29,945</b>	<b>-48,140</b>	<b>-27,749</b>
<b>Net result per share (\$) <sup>1</sup></b>	<b>-0.09</b>	<b>-3.68</b>	<b>-5.86</b>	<b>-3.41</b>
<b>Direct result per share (\$) <sup>1</sup></b>	<b>0.10</b>	<b>0.30</b>	<b>0.72</b>	<b>1.10</b>
<b>Indirect result per share (\$) <sup>1</sup></b>	<b>-0.19</b>	<b>-3.98</b>	<b>-6.58</b>	<b>-4.51</b>

<sup>1</sup> Computed based on the weighted average number of shares in circulation of 8,216,373 during 2009 (2008: 8,144,800). The Group has no dilutive potential ordinary shares, therefore the diluted earnings per share is the same as the basic earnings per share.

The notes on pages 11 to 15 form an integral part of this condensed financial information.

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

<b>For the year ended 31 December 2009</b>	<b>Share capital (\$'000)</b>	<b>Share premium reserve (\$'000)</b>	<b>Other reserves (\$'000)</b>	<b>Result for the year (\$'000)</b>	<b>Total shareholders' equity (\$'000)</b>
Balance at 1 January 2009	13,899	64,561	47,164	-27,749	97,875
Allocation result previous year	-	-	-27,749	27,749	-
Net result for the period	-	-	-	-48,140	-48,140
<b>Balance at the end of the year</b>	<b>13,899</b>	<b>64,561</b>	<b>19,415</b>	<b>-48,140</b>	<b>49,735</b>

  

<b>For the year ended 31 December 2008</b>	<b>Share capital (\$'000)</b>	<b>Share premium reserve (\$'000)</b>	<b>Other reserves (\$'000)</b>	<b>Result for the year (\$'000)</b>	<b>Total shareholders' equity (\$'000)</b>
Balance at 1 January 2008	13,304	65,156	40,257	15,259	133,976
Allocation result previous year	595	-595	6,907	-15,259	-8,352
Net result for the period	-	-	-	-27,749	-27,749
<b>Balance at the end of the year</b>	<b>13,899</b>	<b>64,561</b>	<b>47,164</b>	<b>-27,749</b>	<b>97,875</b>

The notes on pages 11 to 15 form an integral part of this condensed financial information.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2008</b>
<b>OPERATING ACTIVITIES</b>		
Net result before tax	-76,340	-43,774
Adjustments for:		
- revaluation result investment property	80,865	51,172
- impairment loss	71	581
- finance costs	16,445	16,850
- amortization tenant improvements and leasing commissions	890	817
- increase capitalized rent free periods	-146	-
Changes in working capital:		
- increase tenant receivables, other receivables and prepaid expenses	-444	-222
- increase/ decrease accounts payable and other liabilities, exclusive of accrued interest and accrued marketing expense compensation	1,338	-302
- decrease/ increase other non-current assets	26	-30
- increase accrued marketing expense compensation	647	367
- decrease tenant deposits	-108	-20
Net cash generated from operations	23,244	25,439
Net interest paid	-15,678	-16,170
Tenant improvements paid	-1,753	-860
Leasing commissions paid	-723	-615
Current income taxes paid/ received	-123	575
<b>Net cash flow from operating activities</b>	<b>4,967</b>	<b>8,369</b>
<b>INVESTING ACTIVITIES</b>		
Subsequent capital expenditure in investment property	-	-1,900
<b>Net cash flow used in investing activities</b>	<b>-</b>	<b>-1,900</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	-	-8,352
New mortgages assumed	-	19,662
Loan extension costs paid	-41	-
Amortization and redemption of mortgages	-5,542	-11,789
Decrease in short term credit	-450	-4,980
<b>Net cash flow used in financing activities</b>	<b>-6,033</b>	<b>-5,459</b>
<b>Decrease/increase in cash and cash equivalents</b>	<b>-1,066</b>	<b>1,010</b>
Cash and cash equivalents at the beginning of the period	4,727	3,717
<b>Cash and cash equivalents at the end of the period</b>	<b>3,661</b>	<b>4,727</b>
<i>of which Cash in escrow accounts, not freely disposable</i>	<i>2,364</i>	<i>2,869</i>
<i>of which Cash in bank accounts, freely disposable</i>	<i>1,297</i>	<i>1,858</i>

The notes on pages 11 to 15 form an integral part of this condensed financial information.

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

*This information needs to be read in connection with the Annual Report 2009, which will be published on 3 March 2010. The accounting principles applied for the valuation of assets and liabilities on the balance sheet and to determine the consolidated results are based on IFRS. The 2009 annual accounts have been audited by the external auditor.*

### **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 financial statements of the Company for the year ended December 31, 2009 comprise the Company and its subsidiaries (together referred to as the 'Group'). At December 31, 2009, there are two (100%-)subsidiaries:

- DIM – Governors Town Square, LP, Fort Lauderdale, Florida;
- DIM – Whitaker Square, LP, Fort Lauderdale, Florida.

These condensed consolidated financial statements were authorized for issue by the Management Board and the Supervisory Board on 18 February 2010.

The financial year of DIM Vastgoed equals the calendar year. The comparative figures included in these condensed consolidated financial statements refer to the financial year 2008.

DIM Vastgoed is licensed under the terms of the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*, 'Wft'). These condensed consolidated 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**

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and as adopted by the European Commission up to 31 December 2009. These condensed consolidated financial statements need to be read in connection with the Annual Report 2009, which will be published on 3 March 2010.

### **Accounting policies**

The valuation of assets and liabilities at 31 December 2009 and the principles applied for the determination of net profit are in accordance with the accounting principles as set out in the notes to the 2008 financial statements. The presentation of the financial statements has changed in accordance with the revised IAS 1 "Presentation of financial statements", which is mandatory for the financial year beginning 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has elected to present one statement: a (consolidated) statement of comprehensive income.

IFRS 8, 'Operating segments' replaces IAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Group defines each property as an individual operating segment and has determined that all of these objects exhibit substantially identical economic

characteristics and are similar as well in respect of the nature of the products and services, the type or class of customer and the nature of the regulatory environment, which permits them to be aggregated into one reportable segment. Carolina Pavilion is the only property which exceeds the quantitative thresholds set by IFRS 8, and as such the Group reports separate information for this property.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Company.

- IFRS 2 (amendment), 'Share-based payment'
- IAS 23 (amendment), 'Borrowing costs'
- IAS 32 (amendment), 'Financial instruments: Presentation'
- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for the construction of real estate'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective with regard to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010, if any.
- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. The Management Board is assessing the impact of the new requirements regarding the distribution of non-cash assets to owners on the Group.
- IAS 38 (amendment), 'Intangible assets' – the amendment is part of the IASB's annual improvements project. The amendment will not result in a material impact on the Group's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' – the amendment is part of the IASB's annual improvements project. The amendment will not result in a material impact on the Group's financial statements.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement' – Eligible Hedged Items. The amendment will not result in a material impact on the Group's financial statements.
- IFRIC 18, 'Transfers of assets from customers' (effective for transfers on or after 1 July 2009).

## Segment reporting

The Group defines each property as an individual operating segment and has determined that all of these objects exhibit substantially identical characteristics which permits them to be aggregated into one reportable segment. However, taking into account the quantitative thresholds as defined by IFRS 8 'Operating Segments', Carolina Pavilion needs to be reported separately.

	Investment property other than Carolina Pavilion		Carolina Pavilion		Consolidated	
	For financial year ended					
	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)
Gross rental income	22,167	23,287	7,076	7,682	29,243	30,969
Service charge income	6,098	6,364	1,185	1,243	7,283	7,607
<b>Total revenues</b>	<b>28,265</b>	<b>29,651</b>	<b>8,261</b>	<b>8,925</b>	<b>36,526</b>	<b>38,576</b>
Service charge expenses	-5,983	-5,966	-1,366	-1,400	-7,349	-7,366
Property operating expenses	-3,484	-3,301	-749	-591	-4,233	-3,892
<b>Net rental Income</b>	<b>18,798</b>	<b>20,384</b>	<b>6,146</b>	<b>6,934</b>	<b>24,944</b>	<b>27,318</b>
Revaluation result investment property	-55,775	-37,460	-25,090	-13,712	-80,865	-51,172
Impairment loss	-71	-	-	-581	-71	-581
Finance costs	-12,086	-12,730	-4,359	-4,120	-16,445	-16,850
<b>Net segment result</b>	<b>-49,134</b>	<b>-29,806</b>	<b>-23,303</b>	<b>-11,479</b>	<b>-72,437</b>	<b>-41,285</b>
Administrative expenses					-3,903	-2,489
Income tax					28,200	16,025
<b>Net result for the period</b>					<b>-48,140</b>	<b>-27,749</b>

	Investment property other than Carolina Pavilion		Carolina Pavilion		Other/corporate		Consolidated	
	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)
Segment assets	249,441	304,434	72,671	96,611	9,966	9,460	332,078	410,505
Segment liabilities	206,377	209,946	52,158	54,018	23,808	48,666	282,343	312,630

The Group has one tenant generating gross rental income exceeding 10% of total gross rental income, Publix.

	Investment property other than Carolina Pavilion		Carolina Pavilion		Consolidated	
	For financial year ended					
	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)	31 December 2009 (USD'000)	31 December 2008 (USD'000)
Gross rental income from:						
- Publix	4,693	4,676	-	-	4,693	4,676
- Other tenants	17,474	18,611	7,076	7,682	24,550	26,293
<b>Total gross rental income</b>	<b>22,167</b>	<b>23,287</b>	<b>7,076</b>	<b>7,682</b>	<b>29,243</b>	<b>30,969</b>

### Investment property

	For the year ended 31 December 2009	For the year ended 31 December 2008
	\$'000	\$'000
Balance at the beginning of the year	395,234	444,506
Subsequent capital expenditure	-	1,900
Revaluation result - unrealized	-80,865	-51,172
<b>Balance at the end of the period</b>	<b>314,369</b>	<b>395,234</b>

The balance sheet valuation of Investment property is as follows:

	31 December 2009	31 December 2008
	\$'000	\$'000
Value of investment property portfolio according to internal and external valuations	319,472	398,822
Less: book value of deferred lease incentives and deferred leasing commissions	-5,103	-3,588
<b>Balance sheet valuation</b>	<b>314,369</b>	<b>395,234</b>

For a specification of the Investment property portfolio, please refer to the Company's website ([www.dimvastgoed.nl/About DIM Vastgoed/Property Status Report](http://www.dimvastgoed.nl/About%20DIM%20Vastgoed/Property%20Status%20Report)).

## **Borrowings**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	\$'000	\$'000
Mortgages	255,577	260,769
Short-term loans and credit	820	1,270
<b>Total borrowings at the end of the period</b>	<b>256,397</b>	<b>262,039</b>
Non-current liabilities	200,886	204,011
Current liabilities	55,511	58,028
<b>Total borrowings at the end of the period</b>	<b>256,397</b>	<b>262,039</b>

## **Movements in borrowings**

	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2008</b>
	\$'000	\$'000
Balance at the beginning of the year	260,769	252,226
New mortgages	-	19,662
Loan extension costs	-41	-
Amortization and redemption of mortgages	-5,542	-11,789
Change in value due to valuation at amortized cost	391	670
<b>Balance at the end of the period</b>	<b>255,577</b>	<b>260,769</b>

For a specification of Borrowings, please refer to the Company's website ([www.dimvastgoed.nl/About DIM Vastgoed/Consolidated Debt Summary](http://www.dimvastgoed.nl/About%20DIM%20Vastgoed/Consolidated%20Debt%20Summary)).

## **Off-balance sheet liabilities**

As part of the lease agreement with a discount fashion department store at Carolina Pavilion, DIM Vastgoed will pay an amount of \$1.3 million in total in tenant improvement contributions, of which \$0.4 million is expected to be paid in the third quarter of 2010 and \$0.9 million to be paid in the first half of 2011.

## **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 8.8% for the financial year (2008: 4.2%). 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 DATA

### Act on the Disclosure of Major Holdings and Capital Interests

**Major holdings** – On 31 December 2009, according to the Major Holdings register of the Dutch Financial Market Authority (Autoriteit Financiële Markten), the following major holdings in respect of DIM Vastgoed N.V. are held:

Equity One, Inc., ('Equity One') according to their statement, holds, (indirectly) a capital interest of 61.76% of the shares in DIM Vastgoed which includes voting rights and it holds a further 10.19% interest which only includes voting rights.

Homburg Invest, Inc., ('Homburg') according to their statement, holds, (indirectly) a capital interest of 9.16% (no voting rights).

Holding Partex Zuid B.V. ('Partex') according to its statement, holds a capital interest of 10.93%. Partex holds its interest in DIM Vastgoed exclusively for the benefit of a group of investors – including which Homburg - who, through their stakes in Partex and the stacking structure which they are part of, can utilize the fiscal substantial holding exemption (as defined in art. 13 of the Dutch Act on the Company Tax). The voting right on the stake of Partex in DIM Vastgoed can only be exercised by the individual investors in Partex, each for their own share. Investors in Partex have direct access to DIM Vastgoed's shareholders' meeting.

The Dutch Authority for the Financial Markets, in calculating the major holdings percentage denominator, does not take into account shares held by the Company in its own capital (on which no voting rights can be exercised). If the shares held by the Company are taken into account, the above percentages are as follows: Equity One 62.91% (capital interest and voting rights) and 10.38% voting rights only; Homburg 9.33% capital interest only; Zuid 11.14% capital interest only.

According to the Offer Memorandum dated 17 February 2010, Equity One and its subsidiaries owned and/or controlled 6,134,390 shares in DIM Vastgoed, representing 73,29% of the issued shares.

**Management Board and Supervisory Board** - No shares in the Company are held by members of the Management Board and/or the Supervisory Board as of 31 December 2009 nor were held during the year.

### Statement pursuant to Section 122 sub 2 of the Decree on the Supervision of financial institutions

During the reporting period, the members of the supervisory board and the management board of DIM Vastgoed N.V. had no personal stake in the investments of the company. During the reporting period there were no real estate transactions with persons or institutions that may be considered to stand in a direct relationship to the company.

## COMPANY ACCOUNTS SHAREHOLDERS' EQUITY

	<u>31 December 2009</u>	<u>31 December 2008<sup>1</sup></u>
	\$'000	\$'000
Consolidated shareholders' equity (IFRS)	49,735	97,875
Add: difference in valuation of deferred tax liabilities	13,715	31,979
Deduct: difference in valuation of deferred tax assets	-1,154	-635
<b>Company accounts shareholders' equity</b>	<b><u>62,296</u></b>	<b><u>129,219</u></b>

### Non-consolidated net asset value per share (Dutch GAAP) (\$)<sup>1</sup>

7.58

15.73

1) The comparative numbers have been adjusted to take into account the effect of the change in accounting policy in respect of deferred tax assets.

### Change in Company accounts accounting policies

As of 1 January 2009, DIM Vastgoed values the deferred tax assets on a discounted basis. Previously, these assets were valued at a nominal basis. The deferred tax assets comprise tax receivables resulting of losses carried forward.

The deterioration of the economic situation in the United States and the resulting decline in operational taxable results, has lead to a longer recovery period of the available loss carry forwards. DIM Vastgoed is of the opinion that in this situation, a change in accounting policy towards valuation at a discounted basis, results in the company accounts providing reliable and more relevant information about the Company's financial position and financial performance.

### Effect of the change in accounting policy on shareholders' equity and net results

At 31 December 2008, the deferred tax assets valued on discounted basis, amount to \$3,115. As compared to the carrying value at the nominal basis, amounting to \$3,750, the change in accounting policy results in a decline of shareholders' equity of \$635. This cumulative effect has been processed a direct debit to (non-consolidated) equity at 1 January 2009 and charged to the Other reserves.

The effect of the change in accounting policy on the reported net result for 2009 amounts to \$519 negative (2008: \$115 positive). The comparative numbers have been restated in order to reflect the effects of this change in accounting policy.

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 31 December 2009 and at 31 December 2008, this is 38%.

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 31 December 2009 this is 3.95% (31 December 2008: 3.84%). These liabilities are discounted using an estimated average duration of 30 years (31 December 2008: 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 31 December 2009, the net (after tax) weighted average interest rate is 3.95% (31 December 2008: 3.84%) and the total loss carry forward asset is expected to be realized in approximately 7 years with an average remaining lifetime until utilization of 5.4 years (31 December 2008: 7 years and 4.9 years, respectively).

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