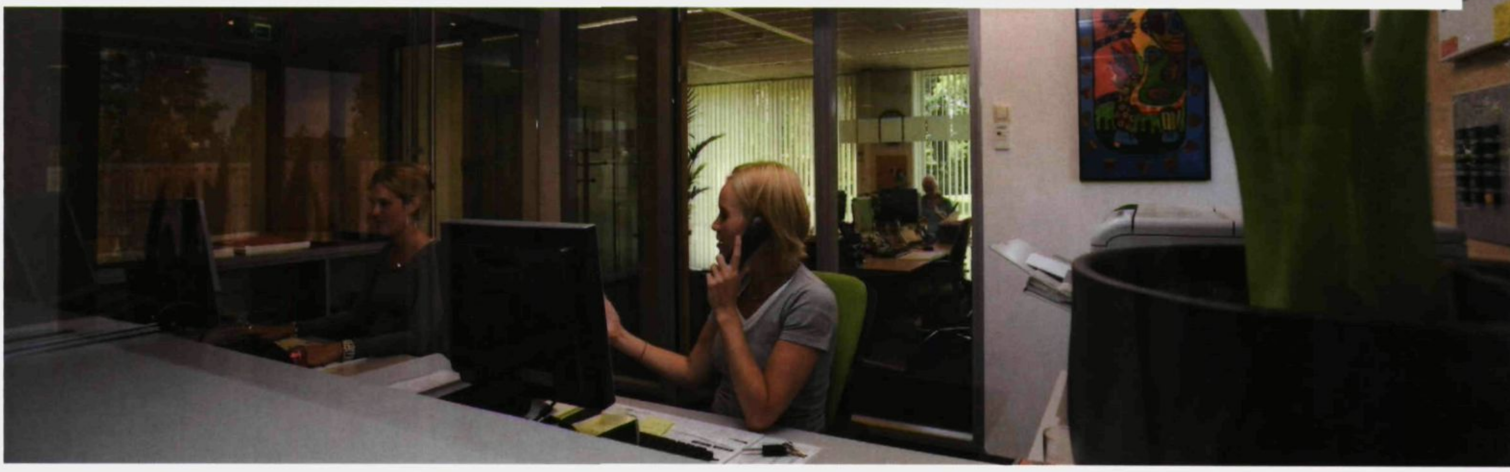
VASTNED OFFICES/ INDUSTRIAL

ANNUAL REPORT 2010



VASTNED BALANCED GROWTH IN EUROPEAN PROPERTY

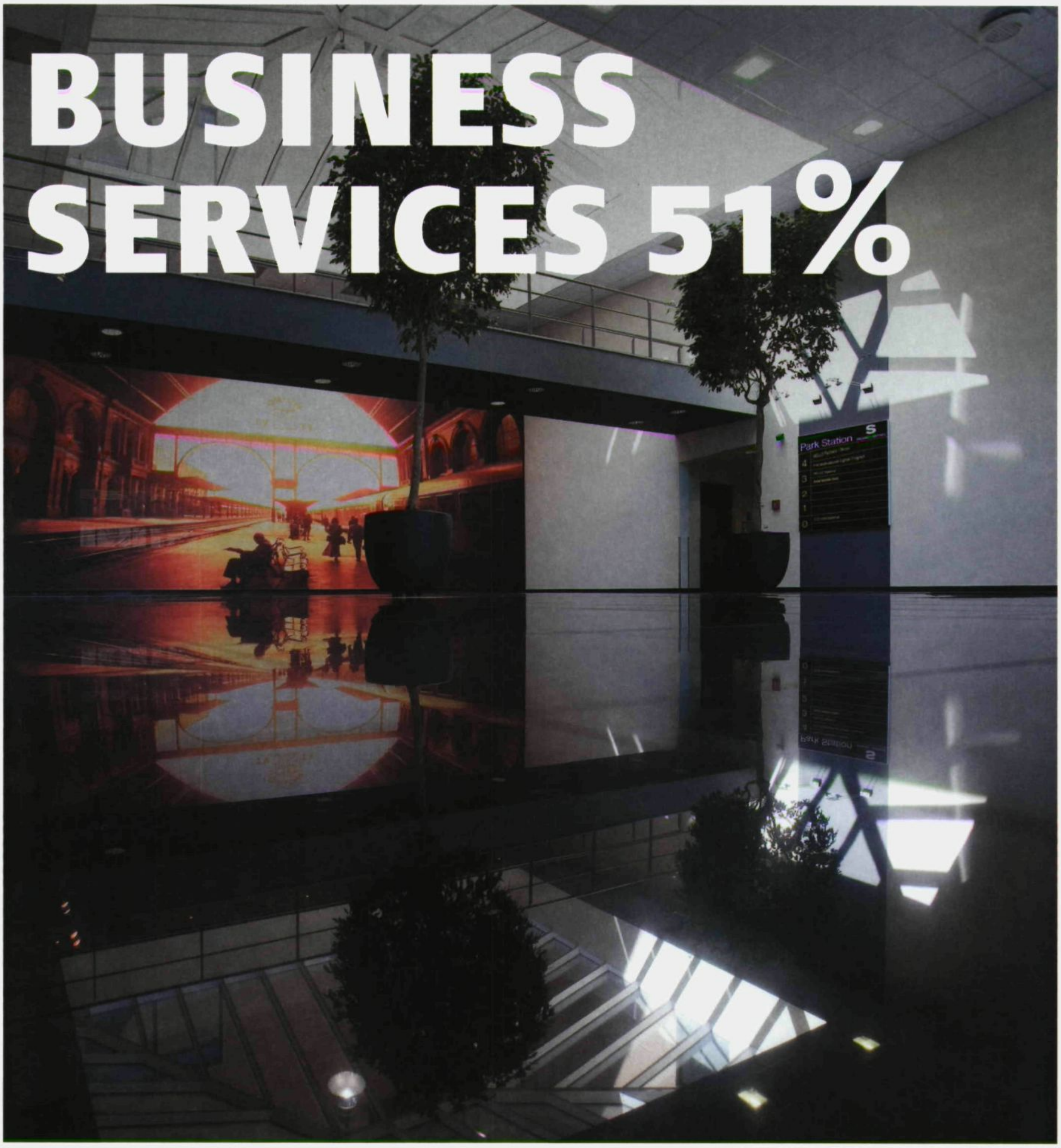
PORTFOLIO


TECHNOLOGY,
MEDIA, TELECOM
14%


GOVERNMENT
SERVICES 8%


OTHER 13%

INDUSTRY SPREAD TOTAL PROPERTY



KEY FIGURES

	2010	2009	2008	2007	2006
Results (x € 1 million)					
Gross rental income	78.3	84.9	89.0	85.4	83.3
Direct investment result	25.0	29.7	32.5	35.1	32.2
Indirect investment result	(35.9)	(71.8)	(48.3)	5.6	17.6
Investment result	**(10.9)**	**(42.1)**	**(15.8)**	**40.7**	**49.8**
Balance sheet (x € 1 million)					
Investment properties	1,030.0	1,076.9	1,167.0	1,189.9	1,048.8
Equity	432.3	473.9	568.4	652.1	604.5
Equity VastNed Offices/Industrial shareholders	316.5	353.6	434.1	509.4	450.8
Long-term liabilities	521.8	556.1	321.8	411.7	376.5
Average number of ordinary shares in issue	18,876,896	18,766,762	20,515,325	20,525,027	18,984,061
Number of ordinary shares in issue (at year-end)	18,932,731	18,782,879	18,735,053	20,697,219	18,981,259
Per share (x € 1)					
Equity VastNed Offices/Industrial shareholders at beginning of year (including dividend)	18.83	23.17	24.61	23.75	23.15
Final dividend previous financial year	(1.05)	(1.09)	(1.20)	(1.20)	(1.72)
Equity VastNed Offices/Industrial shareholders at beginning of year (excluding dividend)	**17.78**	**22.08**	**23.41**	**22.55**	**21.43**
Direct investment result	1.32	1.58	1.59	1.71	1.70
Indirect investment result	(1.90)	(3.83)	(2.36)	0.27	0.93
Investment result	**(0.58)**	**(2.25)**	**(0.77)**	**1.98**	**2.63**
Other movements	(0.07)	(0.47)	1.03	0.59	0.19
Interim dividend	(0.41)	(0.53)	(0.50)	(0.51)	(0.50)
Equity VastNed Offices/Industrial shareholders at year-end	**16.72**	**18.83**	**23.17**	**24.61**	**23.75**
Share price (at year-end)	12.55	11.77	6.86	22.77	29.75
Dividend in cash	1.32	1.58	1.59	1.71	1.70
or in cash	1.09	1.28	1.51	1.56	1.55
and in shares charged to the share premium reserve	1)	2,70%	0.94%	0.72%	0.49%
Dividend yield as a percentage of equity VastNed Offices/Industrial shareholders at beginning of year (excluding dividend)	7.6	7.2	6.8	7.6	7.9
Solvency ratio (in %)	41.4	43.3	47.8	53.6	52.2
Loan-to-value (in %)	54.4	53.6	50.5	44.5	47.8

1 A percentage of shares yet to be determined, charged to the share premium reserve.

VASTNED OFFICES/INDUSTRIAL N.V.

The Netherlands
K.P. van der Mandelelaan 43a,
3062 MB Rotterdam
PO Box 4444,
3006 AK Rotterdam
Telephone +31 10 24 24 300
Fax +31 10 24 24 333
www.vastned.nl
info@vastned.nl

Belgium
Uitbreidingstraat 18,
B-2600 Antwerp-Berchem
Telephone +32 32 87 67 67
www.intervest.be
intervest@intervest.be

Germany
Hasengasse 10,
D-60311 Frankfurt am Main
Telephone +49 69 84 84 43 83

SUPERVISORY BOARD

W.M. Steenstra Toussaint, chairman
H.W. Breukink, vice-chairman
R.K. Jacobson*
H.R. Porte

* Chairman audit committee

BOARD OF MANAGEMENT

VastNed Management B.V.
Represented by:
R.A. van Gerrevink, CEO
T.M. de Witte, CFO
T.T. de Groot MRE MRICS, CIO

VASTNED OFFICES/INDUSTRIAL SHARE

Quotation: NYSE Euronext Amsterdam
ISIN: NL0000288934
Ticker: VNOI.NL

This is the English 2010 annual report. The Dutch version is available on our website in PDF-format only. In case of inconsistencies, the Dutch version shall prevail.

FINANCIAL CALENDAR 2011

Monday 2 May 2011
Press release first quarter results 2011*

Tuesday 3 May 2011
Analysts' conference call/webcast

Wednesday 4 May 2011
General Meeting of Shareholders

Friday 6 May 2011
Ex final dividend 2010 trading
(Record date: Tuesday 10 May 2011)

Friday 6 May up to and including
Friday 13 May 2011
Option period final dividend 2010

Monday 16 May 2011
Payment date final dividend 2010

Thursday 4 August 2011
Press release semi-annual results 2011*

Friday 5 August 2011
Analysts' meeting/webcast

Tuesday 9 August 2011
Ex interim dividend 2011 trading
(Record date: Thursday 11 August 2011)

Monday 29 August 2011
Payment date interim dividend 2011

Thursday 3 November 2011
Press release nine months' results 2011*

Friday 4 November 2011
Analysts' conference call/webcast

Thursday 8 March 2012
Press release annual results 2011*

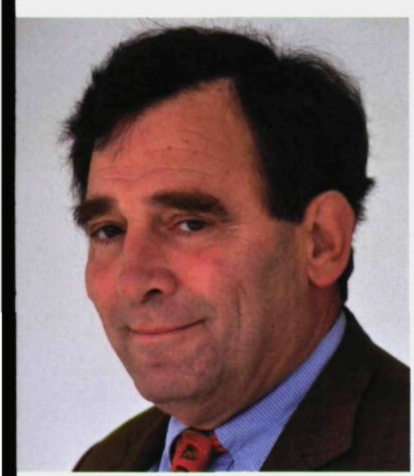
Friday 9 March 2012
Analysts' meeting/webcast

* Before trading

VASTNED OFFICES/ INDUSTRIAL

ANNUAL REPORT 2010

PREFACE CEO



Reinier A. van Gerrevink

Dear readers of this annual report,

2010 has been a challenging year due to the strong decline of the various office markets in the three countries in which we operate. It has been and remains a challenge for us to achieve improvement in leases, on balance we dropped from an 87% to an 83% occupancy rate last year, in spite of 118 new leases with new and existing tenants. This leasing activity represented over 13% of the annual rent, or € 13.4 million. The retention of tenants of course was and is a high priority in this respect. Nonetheless, 64 tenants representing annual rental income of € 7.8 million departed. Fortunately this was offset by € 5.5 million in leases with new tenants. This was not sufficient to improve the occupancy rate.

The current year, 2011, also is and will remain a challenging year, knowing that several large(r) leases have expired or have been cancelled. For the time being we are not in a position to say whether and if so, when, new leases will be signed to this end. The mood in Belgium is better, in particular in relation to the logistics investment properties. Prime property has already started to recover somewhat. We hope that this is a good sign, but the SME sector, a market that is relevant to us, is still cautious in terms of moving needs and incurring costs. Governments are in the process of making cost reductions. This has already affected us several times in terms of tenants terminating their lease. And once the economy improves, we will still have to be patient before this translates into increased demand for (office) space. Indeed, our business is late-cyclic. Furthermore, there is ample supply, although the supply of new offices is relatively limited. Banks are not inclined to finance new development (on a risk basis) and developers are experiencing a difficult time due to the fact that they still own inventory that is weighing them down.

A number of interesting leases was concluded in the Netherlands. The right degree of flexibility on the part of the landlord resulted in our building along the Leidsevaart in Haarlem (a property that has been vacant for years) to once again be profitably rented. A condition was that it would undergo significant renovations in accordance with the desires of the new tenant, who consequently leased it over the long term. Sustainability was a key element in this regard. The building's EPC label will be increased from G to A, which will result in major energy savings. Key leases were also signed for properties along the Herengracht in Amsterdam, the Hettenheuvelweg in Amsterdam South-East and along the Veerhaven in Rotterdam.

Things are on the move in Belgium. A number of interesting leases was signed for the logistics segment of the portfolio, such as the solar-powered logistics building in Puurs (43,000 sqm), as well as 18,000 sqm in Boom, and another 6,500 sqm in Mechelen. On the office side, various properties were also leased, such as our buildings in Strombeek-Bever and Mechelen. In total we had € 8.9 million in leases of which € 3.5 million was related to new leases. With due consideration to market conditions, the performance of our team in Belgium is superb. Last year, our beautiful property in Mechelen (Mechelen Campus) was vacated by Tibotec-Virco, a company that was acquired by Johnson & Johnson and which consequently moved in with its new parent company.

Three small leases were concluded in Germany. Unfortunately this was not enough to keep the occupancy rate up to par. This year we are faced with the tremendous challenge of offsetting the departure of Victoria Versicherungen in Dusseldorf at the end of 2011.

In terms of property value, we have been heavily penalised in recent years, as you may well understand. Higher net initial yields combined with lower rent levels were the main ingredients in this regard. The investment properties in our fund are currently valued at a net yield of approximately 9%. A still higher return is of course conceivable; however, we expect that there is not too much for sale at that yield. Office transactions are scarce as a result of which reference to completed transactions is difficult.

Key progress has been made in the area of sustainability in 2010. In the Netherlands and Belgium we are purchasing hydro-generated electricity for our tenants. Furthermore, 88,000 sqm of solar panels were installed on the roofs of three of our logistics buildings in Belgium. A great deal of experience was gained during the reporting year with certification in accordance with the Breeam-In-Use system. In June 2010, we were awarded the first issued Breeam-In-Use International certificate for our building along the Kaistraße in Dusseldorf, making us a leader in this form of certification. To find out more about what we are doing in the area of sustainability and about our plans, please visit our website.

Financing: in Belgium, our subsidiary Intervest Offices issued a bond loan in the amount of € 75 million, which turned into a major success. This has reduced dependency on banks. Furthermore the extension option in the syndicated financing of the Dutch and German property portfolios, totalling approximately € 200 million, was exercised increasing the maturity by one year to the middle of 2013.

DISCUSSIONS WITH NSI

As you know, NSI contacted us last December about a possible merger between our fund and theirs. After a vast number of weeks of mutual due diligence (audits) we entered in Februay 2011 into negotiations on a mutually acceptable transaction, however, these negotiations were without result. We still remain available for discussions with NSI, subject to the condition that they are useful and have the potential of resulting in an outcome that is acceptable to both parties. In this context we will discuss a 'Strategic Review' with you at the General Meeting of Shareholders to be held on 4 May 2011.

TERMINATION OF THE AGREEMENT WITH VASTNED RETAIL

We have decided to agree with the termination the management cooperation between VastNed Offices/Industrial and VastNed Retail N.V. We are planning to submit a new dedicated management team in the near future, which will implement the strategy arising from the review. The first step to separate the funds was taken in 2006, namely by forming two Supervisory Boards as a result of which each fund has its own independent Supervisory Board. This is a logical step, all the more since the market demands such dedication.

OUTLOOK

Due to the extensive competition on the office market, the results for the property portfolio for 2011 are uncertain. The development of the direct investment result depends on the degree to which VastNed Offices/Industrial will be able to let a number of vacant properties. The direct investment result in 2011 is expected to come under pressure due to the increased interest expenses and general expenses caused by the increased consulting costs incurred in the context of the potential merger with NSI, the strategic review and the termination of the management cooperation with VastNed Retail.
In part due to the latter, it is, for the time being, difficult for us to provide an indication of the direct investment result per share for 2011.

Kind regards,
Reinier A. van Gerrevink, CEO

LIST OF ABBREVIATIONS

AFM	Dutch Authority for the Financial Markets
Bevak	(Belgian) investment company with fixed capital
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Investment Officer
Code	The Dutch corporate governance code
CPI	Consumer Price Index
EPRA	European Public Real Estate Association
GDP	Gross Domestic Product
GPR	Global Property Research
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IRS	Interest Rate Swap
IVBN	Dutch Association of institutional property investors
REIT	Real Estate Investment Trust
US	United States

DEFINITIONS

Average (financial) occupancy rate
100% less the average (financial) vacancy.

Average (financial) vacancy rate
The market rent applicable for a particular period of vacant properties, expressed as a percentage of the theoretical rental income for the same period.

Gross rent
Contractually agreed rent for a particular property, taking the effect of straight-lining of lease incentives into account.

Gross rental income
The gross rent recognised for a certain period after deduction of the effects of straight-lining of lease incentives.

Gross yield
Theoretical annual rent expressed as a percentage of the market value of the property.

Lease incentive
Any compensation, temporary lease discount or expense for a tenant upon the conclusion or renewal of a lease agreement.

Market rent
The estimated amount for which a particular property may be leased at a given time by well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Market value
The estimated amount for which a particular investment property might be traded between well-informed parties who are prepared to make a transaction, who are independent and who act prudently and free from duress.

Net initial yield
Net rental income expressed as a percentage of the acquisition price (including transaction costs) of the respective investment property.

Net rental income
Gross rental income less ground rents paid, net service charge expenses and operating expenses attributable to the respective period, such as maintenance costs, management expenses, insurance, letting costs and local taxes.

Net yield
Theoretical net rental income expressed as a percentage of the market value of the respective investment property.

Occupancy rate
100% less the vacancy rate.

Straight-lining
Phasing the costs of lease discounts, rent-free periods and lease incentives over the duration of the lease contract.

Theoretical annual rent
The annual gross rent at a given time, excluding the effects of straight-lining of lease incentives and such, plus the annual market rent of any vacant properties.

Theoretical rental income
The gross rent attributable to a particular period excluding the effects of straight-lining of lease incentives and such, plus the market rent of any vacant properties applicable to the same period.

Vacancy rate
The annual market rent of unleased properties at a certain point in time expressed as a percentage of the theoretical annual rent at the same point in time.

PROFILE AND STRATEGY

HISTORY

VastNed Offices/Industrial N.V., founded in 1984, is a (closed-end) property investment company with variable capital that makes long-term investments in a well let property portfolio, consisting of offices and semi-industrial properties, in the euro zone. The shares have been listed on NYSE Euronext Amsterdam since 23 June 1989 and are included in the Amsterdam AScX index. VastNed Offices/Industrial is part of the VastNed Group.

VISION

The office market is a market in which the tenants are generally less restricted to a specific location for establishing their place of business or organisation. There is primarily competition between different office locations to be the site for establishing a company's place of business or organisation. In addition, the demand for office space is determined to a large extent by economic trends and the supply of office space. Supply and demand vary considerably over time. This leads to a cyclical office market where investment results fluctuate over time.

MISSION AND STRATEGIC OBJECTIVE

VastNed Offices/Industrial offers institutional and private shareholders an investment product that focuses primarily on offices and semi-industrial properties. By taking advantage of the cyclical office market in a dynamic fashion, it is possible to profit from the increase in rents and values when the cycle is on the rise. When there is a downturn in the cycle, the aim is to limit investors' exposure. VastNed Offices/Industrial uses active management, including an active acquisition and sales policy, to turn the office market cycle to its advantage in order to realise a relatively high investment result over the course of the entire office market cycle. The strategy is assessed ongoing by the Supervisory Board and Board of Management and is reviewed to possible changing surroundings.

INVESTMENT PRODUCT AND INVESTMENT METHODOLOGY

VastNed Offices/Industrial aims to realise its objective by focusing on the following investment products and by using the following investment methodology:

- a mix of offices and semi-industrial property (logistics centres and business premises). The aim is to have between 80% and 100% of invested capital in offices and between 0% and 20% in semi-industrial property;
- investments in large, liquid office markets, whereby VastNed Offices/Industrial currently focuses on the large liquid office markets in the Netherlands, Belgium and Germany;
- investments in office markets where the legal and fiscal arrangements are favourable;
- investments in semi-industrial property;
- a balanced risk-return profile for the investments;
- minimising the investment risk during downturns in the office market cycle through active management of the office portfolio, including an active acquisition and divestment policy, and;
- focus on an optimum spread within the property portfolio, using the following spread criteria: countries, regions, cities, number of tenants, number of properties, spread in categories, a limit to the size of properties and a limit to the size of individual tenants.

SIZE AND COMPOSITION

At year-end 2010, VastNed Offices/Industrial's property portfolio had a value of € 1,030.0 million (year-end 2009: € 1,076.9 million). At that date it had the following composition:

- 81% offices, and;
- 19% semi-industrial property.

Broken down by the countries where VastNed Offices/Industrial currently has operations, the composition is as follows at year-end 2010:

- 42% The Netherlands;
- 48% Belgium, and;
- 10% Germany.

FISCAL STRUCTURE

An attractive tax climate is an important factor in determining investment selection. VastNed Offices/Industrial qualifies as a fiscal investment institution as referred to in Section 28 of the 1969 Netherlands Corporate Income Tax Act. This means that no corporate income tax is due in the Netherlands. In Belgium almost all investments are held in the property Bevak Intervest Offices, which is also exempt from corporate income tax. German property is held by means of companies that are effectively subject to German income tax, but are taxed at a moderate rate.

FINANCING POLICY

The basic rule is that the loan capital used to finance the property portfolio is at the most kept to about 40% to 45% of the market value of the properties. A temporary deviation from this limit is possible if interesting acquisition or sales opportunities arise, and provided the ratio between interest rates and the yield on the properties is acceptable. An option is to finance the property portfolio through a relatively large amount of loan capital when there is an upturn in the office market and have a relatively small amount of loan capital when there is a downturn in the market. VastNed Offices/Industrial at all times remains within the financing limits as referred to in Section 28 of the 1969 Netherlands Corporate Income Tax Act. Furthermore, the organisation aims for a balance between short-term and long-term fixed interest periods in its financing. The basic position is that two third of the loan portfolio should have fixed interest rates with a weighted average term of at least three years. To this end, interest-rate derivatives are used where appropriate. In order to limit refinancing risks, the aim is to have three quarters of the loan portfolio made up of long-term loans with a weighted average term of at least three years. It can be an attractive proposition to issue new shares in times when the VastNed Offices/Industrial shares trade at a premium compared with the net asset value. In principle new shares will only be issued if there are investment opportunities in the foreseeable future. The decision to issue or repurchase company shares is taken by the Board of Management, taking into account the limits and conditions to be set by the Supervisory Board.

CURRENCY POLICY

VastNed Offices/Industrial aims to avoid currency risks by investing primarily in the euro zone.

DIVIDEND POLICY AND RESERVATION POLICY

VastNed Offices/Industrial's dividend policy is aimed at distributing the direct investment result fully to the shareholders. The fiscal result as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions. The dividend is placed at the shareholders' disposal in the form of an interim dividend equal to 60% of the direct investment result for the first six months of the financial year plus a final dividend after the financial year has closed.

ACQUISITION AND DIVESTMENT POLICY

VastNed Offices/Industrial pursues an active acquisition and divestment policy. New investment opportunities are constantly being assessed. Acquisitions are only made if the market conditions are favourable, the risk-return profile is balanced and the capital ratios allow the acquisition in question. In this context, acquisition opportunities are constantly being weighed against alternatives such as the repurchase of own shares. A review is carried out at least once every year to identify the properties in the property portfolio that no longer satisfy the desired risk-return profile. This can lead to divestment in some cases.

RISK MANAGEMENT

VastNed Offices/Industrial pursues an active policy of assessing the risks associated with investing in property and taking appropriate action where necessary. In doing so, it distinguishes between strategic risks, operational risks, financial risks, reporting risks and compliance risks. A more detailed description of VastNed Offices/Industrial's risk management can be found in the Report of the Board of Management chapter on page 64 and the Risk management chapter on page 144 in this annual report.

SUSTAINABILITY

Sustainability is a high priority for VastNed Offices/Industrial. VastNed Offices/Industrial actively implements its policy on sustainable business practices in its property portfolio. This is further clarified on page 61 in this annual report.

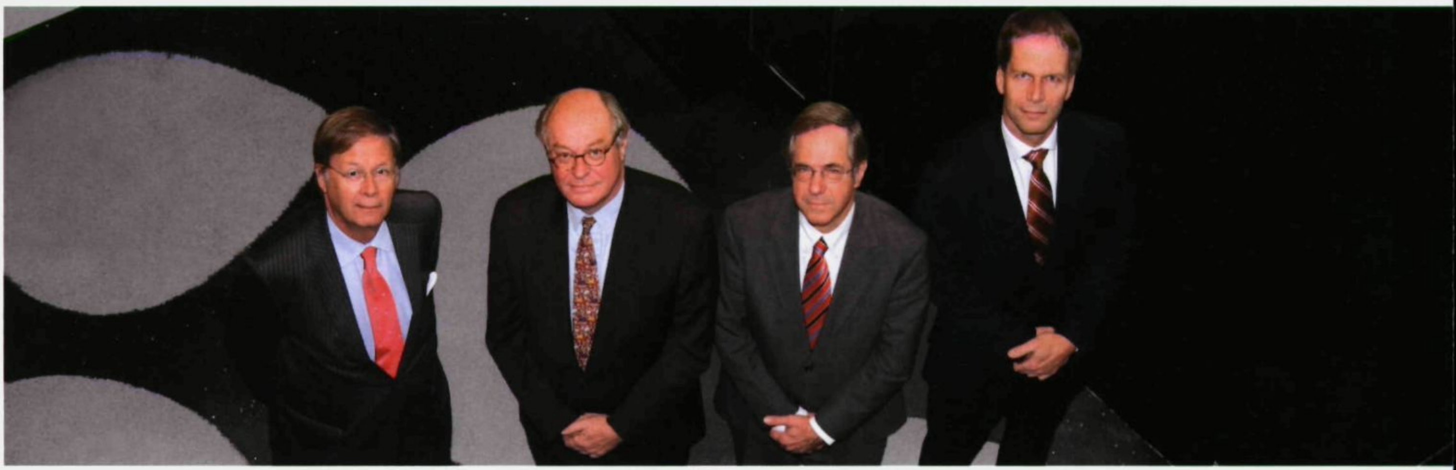
ORGANISATION

VastNed Offices/Industrial carries out active management of its property portfolio; its aim is to have fully-fledged local management in place in the countries in which it has, or intends to have, operations. With over 100 employees in total, VastNed Management in Rotterdam, VastNed Management España in Madrid, VastNed Management France in Paris, Intervest Retail and Intervest Offices, both in Antwerp, VastNed Management Deutschland in Frankfurt and VastNed Emlak Yatırım ve İnşaat Ticaret in Istanbul manage the investments of VastNed Offices/Industrial and VastNed Retail. VastNed Management has no profit objective, but provides the funds with a board of directors and management.

A cost allocation agreement applies to the partnership between VastNed Offices/Industrial, VastNed Retail and VastNed Management. All costs incurred are allocated on the basis of the actual work done, without any mark-up for profit. VastNed Offices/Industrial holds 33% of the shares in VastNed Management while 67% are held by VastNed Retail.

Keeping the management of properties in-house is the best way of ensuring optimum leasing to creditworthy tenants and proper care for the state in which the properties are kept. By carrying out as many of the commercial and administrative management tasks as possible in-house, the company comes into direct contact with the tenants and the property market, enabling it to respond effectively to market developments and to manage operating expenses in a responsible fashion. Technical management is largely subcontracted to local specialists. Care is taken to ensure the properties are in an optimum state with an optimum value in relation to the returns for shareholders. This is done by carrying out maintenance and renovations on property investments in the portfolio and by selling properties that are no longer appropriate for the portfolio. The property markets in the different countries are subject to the legislation and regulations applicable in the countries in question. Local networks together with specialist knowledge of the local culture give the company the edge in the commercial operation of the properties. VastNed Offices/Industrial aims to carry out its activities in the country itself wherever possible.

REPORT OF THE SUPERVISORY BOARD



From left to right Henk W. Breukink, Willem M. Steenstra Toussaint, Robert K. Jacobson, Henk R. Porte

INTRODUCTION

The markets in which VastNed Offices/Industrial operates are competitive and in general are characterised by limited scarcity. This is reflected in rent levels and property values. This was the subject of in-depth discussions by the Supervisory Board. The Supervisory Board held 14 meetings in 2010 that were attended by the Board of Management; these meetings took the form of a conference call on seven occasions. In the context of making sound decisions, the Board of Management always kept the Supervisory Board supplied with sufficient information in time. None of the members of the Supervisory Board was absent, or frequently absent, during its deliberations. The subjects that were discussed in the Supervisory Board's 14 meetings included the following:

- the state of affairs and the risks in the property portfolio;
- the strategy and the risks (risk management) of the Company;
- the financial results, plus how they were reported in press releases;
- the financing structure of the company and its resilience in the light of the credit crisis;
- dividend policy and the policy on reserves;
- the composition of the Board of Management;
- the performance of the external auditor;
- the remuneration of the members of the Board of Management;
- the relationship with the shareholders;
- aspects of corporate social responsibility, where relevant for the company;
- the consequences for the Company of the proposed merger with Nieuwe Steen Investments, including an assessment of the strategic alternatives;

- the partnership agreement with VastNed Retail, including compensation in the event the partnership is terminated, and;
- the performance of the subcommittees of the Supervisory Board, including the reporting by these committees.

PERFORMANCE OF THE PROPERTY PORTFOLIO

The rental income is under pressure due to the rising vacancy rate and the lower effective rent levels following new leases and lease renewals. The mounting vacancy rate, however, most severely affects the Company's income streams. Moreover, the property values in this reporting year exhibited a reduced downward valuation rate compared to the previous year.

STRATEGY

In the strategy meeting, the discussion, among other things, focused on the opportunities provided by the financial crisis to acquire property portfolios from owners burdened by major debt loads. A solid balance sheet position is indispensible for exploiting opportunities in this area. The Supervisory Board was struck by the fact that the willingness to sell on the part of such owners and the associated financing banks, for the time being remains limited. The strategy has been incorporated into the 2011–2013 Business Plan.

Following the balance sheet date various meetings dedicated to strategy were held in which VastNed Offices/Industrial's strategy was assessed in a broader context. The result of this strategic review is that, as a first step, VastNed Offices/Industrial and VastNed Retail will be terminating their cooperation effective 1 January 2012. The strategic review will be further fleshed out during the period leading up to the General Meeting of Shareholders to be held on 4 May 2011.

FINANCING STRUCTURE

The Supervisory Board has reviewed the financing structure, and has expressed a preference for lowering the loan-to-value ratio and the spread of the loan portfolio in terms of long and short term contracts and fixed interest rate terms. In addition, it was decided to explore new sources of financing. This has resulted in the placement of a five-year bond loan in the amount of € 75 million at Intervest Offices with institutional investors.

DIVIDEND AND RESERVATION POLICY

The Supervisory Board, just like the year before, has had detailed discussions with the Board of Management about the existing dividend policy and the policy on reserves. Considerations included the extent to which equity could be strengthened by modifying this policy (for example, on the basis of a permanent reduction of the pay-out ratio). The conclusion was that this would not lead to a significant reinforcement of equity and that modification of the dividend policy and reserves policy could damage the confidence of a number of shareholders who retain VastNed Offices/Industrial shares in part because of the attractive dividend yield. The Supervisory Board supports the proposal to continue the current policy, paying out the full amount of the direct investment result per share.

Part of the final dividend may be paid out to the shareholders as a stock dividend charged to the share premium reserve. The profit for tax as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions. An interim dividend will be paid in August based on 60% of the direct investment result per share for the first six months of the financial year. The final dividend will be paid in May of the following financial year, based on the total direct investment result per share of the previous financial year.

The Supervisory Board is in agreement with the dividend proposal by the Board of Management to issue the following final payment per share for the 2010 financial year:

- 5% in cash on the priority shares;
- a pay-out on the ordinary shares (after deduction of the interim dividend of € 0.41) of € 0.91 out of the freely distributable reserves, towards choice of the shareholder:
  - € 0.91 in cash minus 15% dividend tax, or
  - € 0.68 in cash minus 15% dividend tax, plus a percentage in the form of shares (still to be determined), depending on the share price, charged to the share premium reserve, without deduction of dividend tax.

This takes the total dividend paid out over 2010 to € 1.32 per share.

RELATIONSHIP WITH THE SHAREHOLDERS

In one of the meetings of the Supervisory Board, the Board of Management explained the nature and frequency of contacts with shareholders. This is a subject that will be discussed at least once every year by the Supervisory Board.

CORPORATE SOCIAL RESPONSIBILITY

The 2011–2013 Business Plan, which was approved by the Supervisory Board, comprises a number of initiatives that will be implemented over the coming years by the Board of Management regarding making the property portfolio more sustainable. The Supervisory Board believes that the 2011–2013 Business Plan represents a suitable approach to this subject.

2010 ANNUAL REPORT AND ANNUAL ACCOUNTS

The annual report drawn up by the Board of Management includes the 2010 annual accounts audited by Deloitte Accountants B.V. The auditor issued a qualified opinion on the annual accounts in relation to the treatment of a lump sum payment received. In 2010, Intervest Offices in the context of the premature departure of the tenant Tibotec-Virco received compensation for the rental income owed over the remaining period of the cancelled leases. As previously indicated at the time of the semi-annual figures, Intervest Offices recognises this compensation spread out over time on the basis of the original terms of the leases. It recognised this transaction in its annual accounts, which are prepared pursuant to the IFRS accounting principles, in this manner, with the approval of the Management Board and the auditor (Deloitte Bedrijfsrevisoren) in Belgium. VastNed Offices/Industrial's Board of Management is in agreement with this method of reporting and has reported these figures in the same way in the consolidated figures. Deloitte Accountants in the Netherlands is of the opinion that this method of treatment is not correct and that the portion of the lump sum payment which is not subject to any conditions, must be recognised as income in 2010. It consequently issued a qualified opinion. According to the auditor, on this basis, the equity VastNed Offices/Industrial shareholders at year-end 2010 and the investment result after deducting the 2010 non-controlling interest is understated by € 1.3 million. The Board of Management will base the 2010 dividend proposal on the reporting method used by Intervest Offices, in view of the fact that the dividend to be paid by Intervest Offices is based on the approved published annual figures. The Supervisory Board is in agreement with this report and with the 2010 annual accounts and supports the proposal of the Board of Management recommending that the General Meeting of Shareholders adopt the 2010 annual accounts in the form as presented. The Supervisory Board also recommends that the Board of Management be granted discharge for the policies pursued in 2010 and that the Supervisory Board be granted discharge for the supervision conducted in 2010 on these policies.

COMPOSITION OF THE BOARD OF MANAGEMENT

The Supervisory Board during the reporting year came to the conclusion that the Board of Management should be strengthened with a Chief Investment Officer and asked the nomination committee to initiate the selection process, which has since been completed and resulted in the appointment of Mr Taco T.J. de Groot MRE MRICS.

PROPOSED MERGER BETWEEN NIEUWE STEEN INVESTMENTS (NSI) AND VASTNED OFFICES/INDUSTRIAL

The proposal submitted by NSI in December 2010 on a potential merger between NSI and VastNed Offices/Industrial was extensively evaluated by the Supervisory Board with the assistance of the financial and legal advisors. The subsequent negotiations were without result. The Company consistently adopted a constructive attitude and pursued an open dialogue with NSI. VastNed Offices/Industrial is still available for discussions with NSI, subject to the condition that they are useful and have the potential of resulting in an outcome that is acceptable to both parties. In line with its fiduciary responsibilities, the Supervisory Board will continue to act in the interest of its shareholders and other stakeholders. The Company will specifically continue to explore strategic alternatives in this context.

COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board is composed as follows:
- Willem M. Steenstra Toussaint, chairman
- Henk W. Breukink, vice-chairman
- Robert K. Jacobson, audit committee chairman
- Henk R. Porte MBA MRE, member of the audit committee

The curricula vitae of the Supervisory Board members are set out in the chapter on Management and Corporate Governance included elsewhere in this annual report.

SUBCOMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has three active committees: the audit committee, the remuneration committee and the nomination committee. These committees prepare proposals that are discussed and submitted for approval by the full Supervisory Board.

AUDIT COMMITTEE

The audit committee met five times in 2010, of which one time was with the external auditor in the absence of the members of the Board of Management. The task of the audit committee is to advise the Supervisory Board in the area of finance. Topics addressed last year include financial reporting, budgeting, the role of the external auditor, tax issues/risks, compliance (*inter alia* with the Netherlands Authority for the Financial Markets (AFM)), IFRS, interest rate and financing risks, the impact of the credit crisis on both financing of property and property values, letting risks, catastrophes and liability risks, debtor risks, internal control, IT systems, legal risks and the follow-up of recommendations made by the external auditor as well as the audit findings presented by the external auditor. The audit led to the issue of a qualified opinion by the external auditor. This was extensively discussed in the audit committee, which concluded that the treatment of the lump sum payment received from Tibotec-Virco as proposed by the Board of Management will be adopted. Furthermore, the expansion of the range of available financing sources and the extension of the financing terms was explicitly discussed. This has resulted in the conclusion of a bond loan at the level of the Intervest Offices subsidiary in the amount of € 75 million, in particular with Belgian institutional investors. All audit committee reports were made available to all members of the Supervisory Board and were discussed at the following meeting of the Supervisory Board. Mr Jacobson is the chairman of the audit committee and Mr Porte is a member.

REMUNERATION COMMITTEE

The remuneration committee is set up at the VastNed Management level, given that the board members work for both VastNed Offices/Industrial and VastNed Retail, and their remuneration reflects the combined activities for both funds. The remuneration committee comprises Mr Steenstra Toussaint and Mr Breukink on behalf of VastNed Offices/Industrial and Mr Westdijk (chairman) and Mr Kolff on behalf of VastNed Retail. The task of the remuneration committee is to advise the Supervisory Board concerning the remuneration policy to be adopted for the Board of Management. The committee met on two occasions in 2010. Specifically, the salaries for the members of the Board of Management for 2011 were discussed, along with the extent to which the pre-defined objectives for 2010 were achieved. The remuneration committee also prepared the 2010 remuneration report, which will be discussed by the General Meeting of Shareholders on 4 May 2011 and which is included in this annual report.

NOMINATION COMMITTEE

The nomination committee is set up at the VastNed Management level, in the same way as the remuneration committee. The nomination committee met on two occasions to discuss selections and appointments. Specifically, this led to the appointment of Mr Taco T.J. de Groot MRE, MRICS as Managing Director and Chief Investment Officer, effective 1 September 2010. The Supervisory Board attaches a great deal of importance to the appointment of Mr De Groot and considers his contribution of essential importance in relation to the heavy competition on the markets in which the Company operates. Mr De Groot's curriculum vitae is contained in the chapter on Corporate Governance elsewhere in this annual report.

CHANGES TO THE SUPERVISORY BOARD

Mr Willem M. Steenstra Toussaint was reappointed as chairman of the Supervisory Board by the General Meeting of Shareholders and Mr Henk R. Porte MBA MRE was appointed as a new member of the Supervisory Board, in 2010.

PROFILE OF THE SUPERVISORY BOARD

The Supervisory Board profile guarantees that the Supervisory Board is composed properly, i.e. that the available knowledge and experience enable effective supervision of the management activities of the Company's Board of Management. This profile is available from the Company's website and copies may be obtained from the Company's offices. The Supervisory Board declares that all its members are independent, as defined in the Code.

RETIREMENT SCHEDULE

The retirement roster for the coming years is as follows:
- Mr Henk W. Breukink, 2011 (eligible for re-election)
- Mr Robert K. Jacobson, 2012 (eligible for re-election)
- Mr Willem M. Steenstra Toussaint, 2014 (eligible for re-election)
- Mr Henk R. Porte, 2014 (eligible for re-election)

The articles of association stipulate that a period in office is limited to three terms of four years. VastNed Offices/Industrial is hereby acting in accordance with the Code.

GENERAL MEETING OF SHAREHOLDERS 2011

The agenda of the General Meeting of Shareholders on 4 May 2011 and the associated shareholder circular will be published in mid-March 2011. The General Meeting of Shareholders is taking place at a later date than previously. This is due to the legislated extension to the term for convening meetings.

PERSONNEL

The Supervisory Board would like to thank the Board of Management and the employees for their work and loyalty during the reporting year.

Rotterdam, 3 March 2011
On behalf of the Supervisory Board
Mr Willem M. Steenstra Toussaint, chairman

REPORT OF THE BOARD OF MANAGEMENT

From left to right Tom M. de Witte, Wim Fieggen, Arnaud G.H. du Pont, Taco T.J. de Groot and Reinier A. van Gerrevink

This report discusses economic trends in 2010, the markets in which VastNed Offices/Industrial operates, specific developments in our property portfolio, personnel and organisation, sustainability, rensponsibility statement board of management, risk management and the financial state of affairs.

ECONOMY AND MARKETS

ECONOMY

Led by Germany, the economy in the euro zone recovered in 2010. The recovery was driven by export to emerging economies throughout the world and by the replenishment of stocks that were drastically diminished after the 2008 crisis of confidence. 2010 was also the year of unrest in the peripheral economies of the euro zone. A massive crisis in Greece and Ireland put pressure on the euro. Although the euro countries have put in place a safety net for the countries within the euro zone that are not able to cope on their own, the danger of a new crisis in one of the euro countries has not yet abated. A new test of the resolve and solidarity of the euro countries is to be expected. Government budgets in almost all countries within the euro zone show major deficits and significant government budget cutbacks have been announced everywhere, with partial implementation already occurring in 2010. The lion's share of these budget cutbacks is expected to exert pressure on economic growth in the euro zone in 2011 and 2012. The fact that inventories have reverted back to their normal levels makes the euro zone heavily dependent on exports and therefore on economic growth in the emerging economies. These economies represent more than half of the world economy. This is also where the most important downside risk for economic growth in the euro zone lies. Growth in the emerging economies is already high and that is creating signs of overheating here and there. Projections for economic growth in the euro zone are therefore not high and are based on a scenario of moderate economic recovery. It will take until 2012 or 2013 before the size of the economy in the euro zone will once again attain 2008 levels. Freely interpreted, this represents four to five years of stagnation in the euro zone. The strength of this recovery is expected to significantly vary from country to country in the euro zone. The strong, forceful position of Germany as an export country has made that country the leading economy in the euro zone in terms of economic growth.

There are clear risks in relation to the scenario of moderate economic recovery for the euro zone. A marked decline in economic growth in the emerging economies has a clear impact on exports from the euro zone to these parts of the world and therefore on economic growth in the euro zone. There is a chance of deflation due to the possibility that a still lower rate of economic growth for an extended period of time will put the brakes on spending by consumers, who got a major scare from the crisis of confidence in 2008. This checks economic recovery and could potentially lead to a new crisis. On the other hand, there is a chance that inflation will sharply accelerate due to the extremely large-scale stimulation of the economy by the central banks and possibly significant price increases due to the significantly increased demand for raw materials. High inflation and stagnation of the economy could result.

OFFICE MARKET

The office market traditionally is a late cyclical market. A recovery of the office market follows only once the economy has recovered and has also developed a respectable growth rate. The latter is required for growth in employment, because only additional employees can produce an increase in the occupancy rate or a decline in the vacancy rate. The office market otherwise becomes a replacement market. Companies move from one office building to another because the current office property is aging and/or due to rationalisation based on the desire to control costs or to adapt the company's accommodations to prevailing trends. The office markets in the three countries in which VastNed Offices/Industrial operates currently are replacement markets and are characterised by vacancy rates varying between 10% and 20%. The vacancy rate is primarily due to the rate at which new offices were built during the years leading up to the crisis of confidence in 2008. The first year of economic recovery was 2010. That recovery needs to persist in 2011 before any favourable effects in terms of the office market's occupancy rate can be discerned.

Demand currently almost entirely consists of replacement demand. Differences in the specification of the office space and the location of the office building are now expected to increasingly become decisive factors in attracting tenants, because experience shows that a tenant not only considers price, but the image projected by the office building or the office location as well.

As previously indicated in earlier annual reports, employment in the services sector is increasingly concentrated in the larger cities. Larger cities have a more favourable demographic population structure, provide better facilities for dual-income households and in general offer more and better facilities. Office users also expect the environment in which the office building is located to have a certain level of quality. Precisely the larger cities are able to offer such quality or where necessary create it. Many office users prefer their branches to be located in larger cities and often use a reorganisation as an excuse for reducing the number of branches and concentrate on the abovementioned environment.

Flexible work concepts and far-reaching digitisation furthermore have sharply increased in popularity in recent years and impose different requirements in terms of the required volume and use of office space. It has become increasingly important to offer office space that stands out from the larger mass. Segmentation of the office market into dynamic international office areas, or areas that confer status or where the creative sector is establishing itself, has increased significantly. Location plays a major role in this regard, but sustainability will increasingly take on an important role as well. Although currently the demand for office space is certainly not dominated by the demand for sustainable properties, it is expected that this will take on increasing importance over the coming years.

The services sector is a mature sector of the economy. The decades-long period of structural growth in employment has given way to a cyclical movement in employment in this sector. The 2009 recession clearly forced the office market to confront this issue. Up until the crisis of confidence in 2008, it was primarily the turbulent growth in the offer of new office space on the office market that caused vacancy rates to go up. In 2009, a change from structural growth to cyclical growth in the demand for office space became evident. The sharp decline in the economy at the end of 2008 and in 2009 resulted in a shrinkage in office employment in 2009 and 2010. Office employment appeared to stabilise towards the end of 2010. In the coming years, the cyclical growth in office employment will be inhibited by the elimination of jobs on the part of government.

The value of office properties was under pressure in 2010. Effective letting levels were under pressure and the projected vacancy rates, especially for vacant office space and office space to be vacated due to the departure of a tenant, were adjusted due to a difficult letting market. In addition, appraisers are increasingly taking the investment required to make a property attractive again to the letting market into account if the relevant office property is having difficulty differentiating itself from other office properties that are also available for rent.
The investment market for offices is to a large extent affected by the tightness of the banks. Property financing, especially for office buildings, is significantly more difficult to acquire than before the crisis of confidence. The highly cyclical aspect of the office market, the relatively high vacancy rate and the, for the time being, moderate economic growth play a major role here as well. The risk premium for office property as a result increased. For a number of investors, the increased risk premium was reason enough for them to once again enter the investor's market for offices. Initially investors primarily consisted of owners/users interested in acquiring ownership of the properties they rent. Interest later expanded to include a larger group of investors, for whom, in addition to location and the quality of the office building, the occupancy rate and the length of the term of the leases also play an important role.

LOGISTICS MARKET

The centre of the logistics property market in Europe is located in North-western Europe. The southern part of the Netherlands, the northern part of Belgium and the bordering North Rhine-Westphalia region in Germany are an ideal place of business for logistics companies to carry out their European logistics activities. The proximity of millions of consumers plays an important role in this regard, facilitated by the largest European seaports in Rotterdam and Antwerp, and the major airports (for air freight) in Amsterdam and Brussels. The logistics activities in this region therefore are of considerable size, which is important in reletting logistics properties. In addition to these location characteristics, sustainability is increasingly gaining in importance. Sustainability up until the present time is a more prominent factor for logistics companies in selecting a logistics building than it is for office tenants.

The logistics market also suffered heavily from the declining economy, but recovered in 2010 due to the favourable location of the Netherlands and Belgium in relation to the sizeable import and export flows to and from Europe. Especially the import and export from and to emerging countries has sharply risen in volume. The sharp improvement in trade flows is not going unnoticed by the logistics market. In contrast to the office market, the logistics market is much more of an early cyclical market. The improvement in trade flows quickly translates into the need for additional space. The projections for the coming years are positive, provided that the economic recovery persists.

PROPERTY PORTFOLIO

INTRODUCTION

This part of the annual report addresses two aspects of the property portfolio. The first aspect relates to developments at the operational level. The current situation on the office markets in which VastNed Offices/Industrial operates is such that to safeguard lease renewal with the same or a new tenant, it requires significant reductions in rent levels. The occupancy rate has priority. The second aspect concerns developments on the investment market for office and semi-industrial property. Property values were under pressure, although the downward valuations were bottoming out. However, value movements were negative in all quarters. Uncertainty concerning our ability to maintain rent levels and occupancy rates continues to play a major role in this.

As regards the reporting on property in this annual report, the best practice provisions formulated by the IVBN and EPRA sector associations were adhered to. In September 2010, VastNed Offices/Industrial was awarded the Gold Medal Award by the EPRA, confirming the fact that the 2009 annual report met the highest possible international standards. It is our ambition to continue to play a leading role in this domain.

PROPERTIES

The property portfolio mainly consists of office properties and to a lesser extent semi-industrial property; the latter comprises both small industrial buildings and large logistics centres. At year-end 2010, the total property portfolio in operation comprised 155 properties (year-end 2009: 163). The properties are located in three countries and constitute a total lettable floor area of 897,812 sqm (year-end 2009: 909,662 sqm). The book value of the property portfolio at year-end 2010 was € 1,030.0 million (year-end 2009: € 1,076.9 million).

OCCUPANCY RATE

One of the key parameters is the occupancy rate and the degree to which reletting occurs on favourable terms. The occupancy rate in 2010 stood under pressure. The average occupancy rate at year-end was 83.1% (year-end 2009: 84.3%). The occupancy rate of the total property portfolio in operation in 2010 averaged 83.0% (year-end 2009: 87.0%). Movements in the occupancy rate are largely determined by the balance of gross rental income derived from leases signed with new tenants and the gross rental income from the leases of departing tenants. In 2010, 73 new contacts with tenants were signed representing € 5.5 million in gross rental income and 64 tenants departed representing € 7.8 million in gross rental income. The occupancy rate at year-end 2010 is calculated by dividing the year-end passing rent plus the year-end contractual rental income from vacant units which are already let but not yet physically occupied by the year-end theoretical rental income from the property portfolio as at year-end. The occupancy rate by country is shown in the summary on page 29.

INDEXATION

Virtually all leases contain an inflation-compensation clause or a fixed increase usually based on the CPI (Consumer Price Index).

LEASING ACTIVITY

A total of 118 new leases were concluded with tenants in 2010. Leasing activities can be divided into new leases and lease renewals. The first category encompasses the lease of spaces that have become vacant or that will soon become vacant to new tenants, while the second category concerns the conclusion of new leases with existing tenants. New leases were concluded in the three countries in which VastNed Offices/Industrial operates at a gross top-line rent that, on average, was 4.4% lower than the previous rent level (2009: 9.6% below the previous rent level). Taking the lease incentives into account, the new leases were concluded at a level that, on average, was 14.4% lower than the previous rent level (2009: 16.6% below the previous rent level). The total volume of leasing activity amounted to € 13.4 million in new or renewed leases. As a percentage of the theoretical rental income, this was 13.5% (2009: 15.8%).

LEASE INCENTIVES

Lease incentives such as rent-free periods, lease discounts and other payments or contributions benefiting the tenant increased to 4.6% of gross rental income (2009: 3.8%). Leasing incentives associated with leasing activity in 2010 represented 10% of the leases concluded in that year (2009: 7.8%).

TENANTS

VastNed Offices/Industrial leases its properties to a large number of tenants. The total number of tenants in terms of leases, excluding leases for parking spaces, was 629 at year-end 2010 (2009: 609 unique tenants). A list of the major tenants is provided in the table on page 30. None of the tenants is so dominant that the volume of the rental income constitutes an unacceptable risk to VastNed Offices/ Industrial.

MARKET RENT

On average, the property portfolio of VastNed Offices/Industrial was leased at 5.0% above market rent as at year-end 2010 (2009: 5.7%). For this calculation, market rents as issued by independent appraisers are compared with the theoretical gross rental income of the property portfolio. This leasing above market rent is usually confirmed during the conclusion of new leases and lease renewals.

LEASE EXPIRY DATES

VastNed Retail is active in three countries with different lease types and terms in each country as a result of local legislation and customs. The expiry dates of the property portfolio as a whole and of the individual countries are shown in the various graphs. The average term is 4.2 years (year-end 2009: 4.5 years). Taking into account the time remaining until the tenant's next possible termination date, the average lease term is 3.4 years (year-end 2009: 3.4 years).

ACQUISITIONS

No acquisitions were made in 2010.

DISPOSALS

In 2010, disposals totalled € 10.9 million and were effected in the Netherlands and Belgium. These disposals improved VastNed Offices/Industrial's risk-return profile and concerned the following properties:

City, Address	Net Sales Revenues (x € 1 million)
The Netherlands	
Rotterdam, Klompenmakerstraat 29	1.4
Utrecht, Savannahweg 57-59	1.2
Veenendaal, Fokkerstraat 36/Wiltonstraat 1	1.3
Belgium	
Ghent, Xavier de Cocklaan 66-72	7.0
Total	**10.9**

After deducting selling costs, a net sales result of € 1.6 million positive was realised on these disposals.

INVESTMENT PROPERTIES UNDER RENOVATION

This comprises the property at Leidsevaart 574 in Haarlem, the Netherlands. VastNed Offices/Industrial has concluded a lease with the De Voogt Naval Architects, a ship design agency. The building will be fully renovated for this tenant. This will include adapting the building to meet all sustainability requirements.

INVESTMENT PROPERTIES IN PIPELINE

The pipeline of VastNed Offices/Industrial was limited in size as at the end of 2010 and comprised a land position at Cosunpark in Breda, the Netherlands, at which 5,325 sqm of office space spread across two buildings can be developed. Furthermore, VastNed Offices/Industrial owns a parcel of land at Luchthavenlaan in Vilvoorde, Belgium. In both cases, an obligation to build or to purchase such goods or services does not apply. The appraised value of the investment properties in pipeline as at year-end 2010 was € 5.1 million.

VALUE MOVEMENTS IN INVESTMENT PROPERTIES

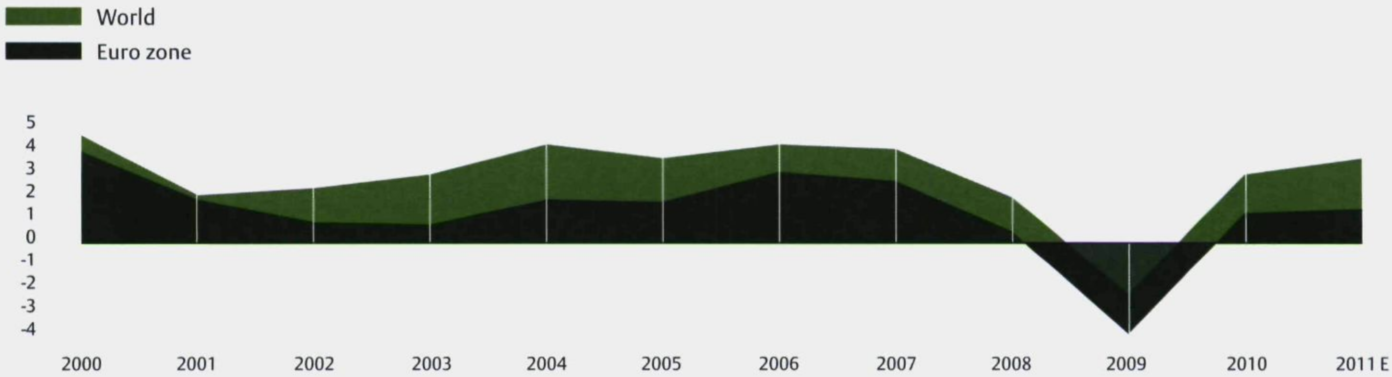
The bottoming out of the declines in value persisted in 2010, something that is also being experienced in the various investment markets for investment properties. In addition, there is uncertainty concerning future rent levels. VastNed Offices/Industrial's property portfolio on average is let slightly above market level, which may possibly result in lower rent levels over the upcoming period. The movements in the value of the property portfolio as a whole based on appraisals by independent certified appraisers and internal appraisals amounted to € 41.6 million negative (2009: € 86.0 million negative). The theoretical net return on the property portfolio as at year-end 2010 was 8.9% compared to 8.2% a year earlier. An overview of the movements in the value of investment properties is provided on page 30.

APPRAISAL METHODOLOGY

VastNed Offices/Industrial's property portfolio is appraised four times a year. The larger properties with a value or anticipated value of at least € 4.5 million make up approximately 75% of the property portfolio and are appraised each quarter by appraisers of international standing (see the overview of the 2010 Property Portfolio included elsewhere in this annual report). The smaller properties (< € 4.5 million) are appraised once a year by an external appraiser and are evenly spread across the quarters for this purpose. Following the external appraisal, these properties are internally appraised in the subsequent three quarters with due consideration to the discernable trends in the external appraisals. VastNed Offices/Industrial ensures that all relevant information is made available to appraisers to enable them to issue well-considered opinions. The valuation methodology is based on international appraisal guidelines (RICS Appraisal and Valuation Standards).

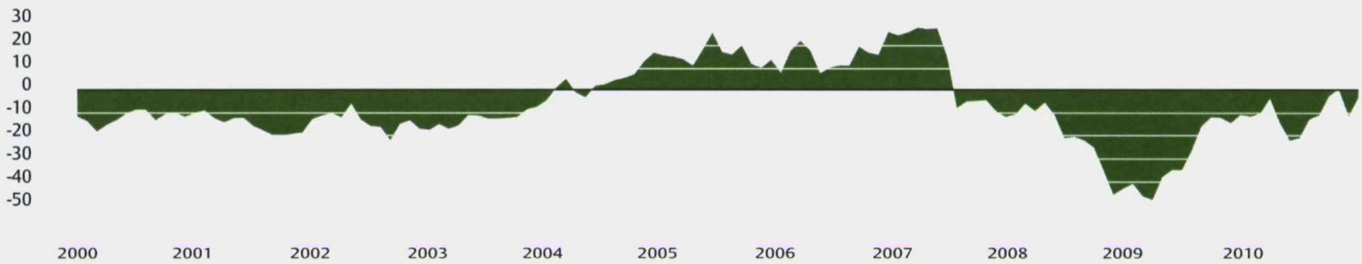
REAL GROWTH OF GDP in %

Source: Consensus Forecasts



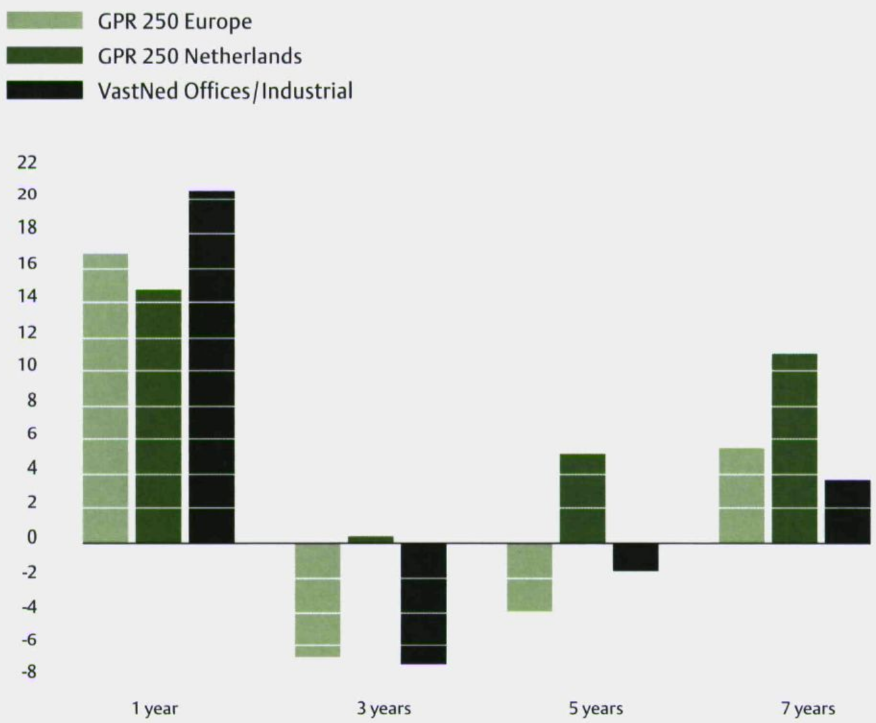
DUTCH PROPERTY FUNDS in %

Development premium (discount)



TOTAL ANNUAL RETURN in %

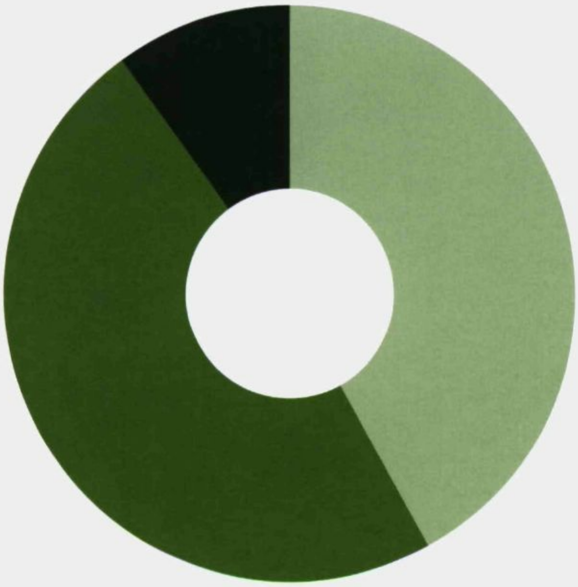
Source: Global Property Research (GPR), Bloomberg



GEOGRAPHICAL SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

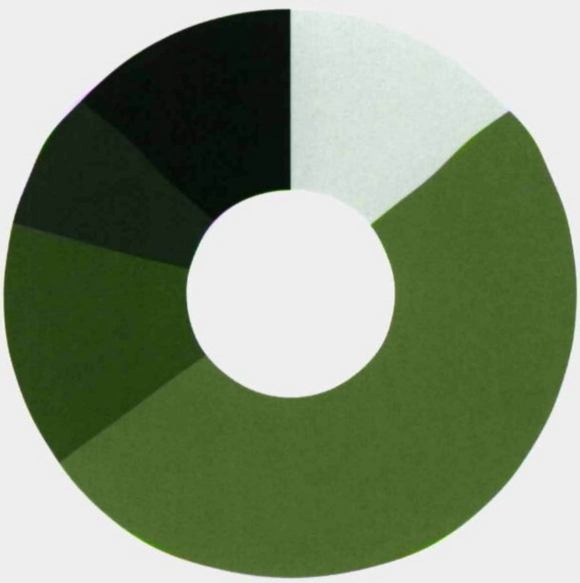
- Netherlands 42
- Belgium 48
- Germany 10



INDUSTRY SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

- Financial services 14
- Business services 51
- Technology, media and telecommunication 14
- Government services 8
- Other 13



SECTOR SPREAD

TOTAL PROPERTY PORTFOLIO (in %)

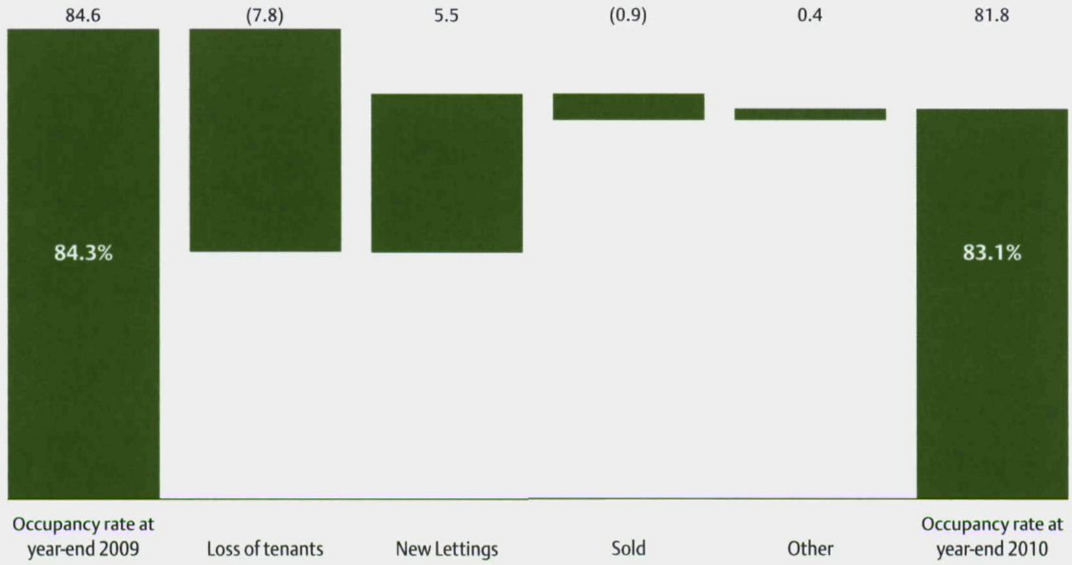
- Offices 81
- Semi-industrial 19

OCCUPANCY RATE in %

	Year-end 2010	Average 2010	Average 2009
Netherlands	81.8	80.8	82.2
Belgium	84.7	84.8	91.2
Germany	81.1	83.9	88.9
Total	**83.1**	**83.0**	**87.0**

MOVEMENT SPOT OCCUPANCY

GROSS RENTAL INCOME (x € 1 million)



LEASING ACTIVITY in %

	New leases		Lease renewals		Leasing activity	
	Change in gross rental income	Volume	Change in gross rental income	Volume	Change in gross rental income	Volume
Netherlands	3.4	4.1	(0.7)	5.7	1.1	9.9
Belgium	(9.1)	7.3	(6.5)	11.5	(7.5)	18.8
Germany	19.9	2.3	–	–	19.9	2.3
Total	**(4.0)**	**5.5**	**(4.7)**	**8.0**	**(4.4)**	**13.5**

LEASE INCENTIVES in %

	2010 actual	2009 actual	2010 IFRS	2009 IFRS
Netherlands	(6.5)	(8.9)	(6.5)	(5.3)
Belgium	(4.5)	(4.2)	(3.6)	(3.2)
Germany	(1.1)	(2.7)	(0.8)	(0.2)
Total	**(5.0)**	**(6.1)**	**(4.6)**	**(3.8)**

VALUE MOVEMENTS INVESTMENT PROPERTIES x € 1 million

	Netherlands	Belgium	Germany	Total
Value movements (x € 1 million)				
1st quarter 2010	(9.1)	(3.2)	(1.0)	(13.3)
2nd quarter 2010	(1.5)	(4.4)	(1.3)	(7.2)
3rd quarter 2010	(10.8)	(1.4)	(2.2)	(14.4)
4th quarter 2010	(3.9)	(0.6)	(2.2)	(6.7)
Total 2010	(25.3)	(9.6)	(6.7)	(41.6)
Total 2009	(44.6)	(30.1)	(11.3)	(86.0)
Theoretical net yields (in %)				
Year-end 2010	8.9	9.1	7.5	8.9
Year-end 2009	7.8	8.7	6.9	8.2

TOP 10 TENANTS

As at 31 December 2010

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	GLA (in sqm)
1	PricewaterhouseCoopers	4.0	4.5	23,712
2	Deloitte	3.4	3.8	19,927
3	EDS	2.4	2.7	12,917
4	Victoria Versicherung	2.1	2.4	7,898
5	Fiege	1.0	2.2	43,796
6	ProRail	1.8	2.1	9,326
7	Tibotec Virco	1.7	1.9	9,749
8	Rijksgebouwendienst	1.7	1.9	11,247
9	PGZ Retail Concept	1.2	1.4	24,719
10	A.C. Nielsen	1.2	1.3	7,383

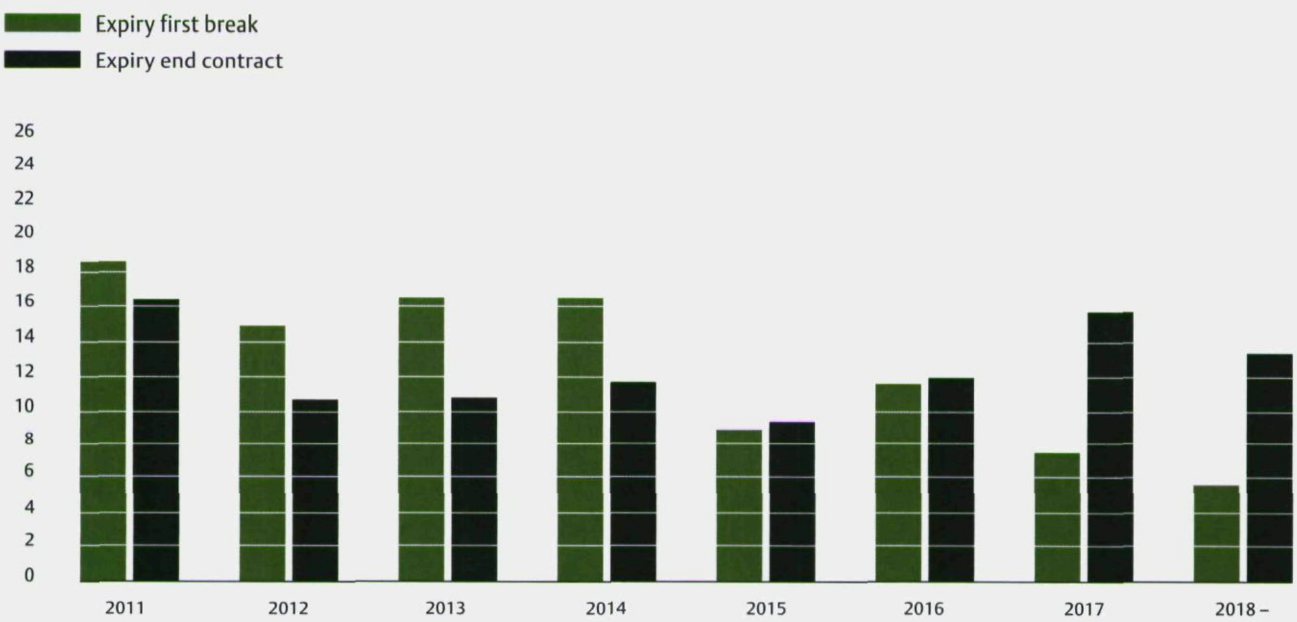
(OVER)/UNDER RENT

	Theoretical rental income (x € 1 million)	Market rent (x € 1 million)	(Over)/ under rent (in %)
Netherlands			
Offices	39.0	37.8	(3.2)
Semi-industrial	4.2	4.0	(5.0)
Total	43.2	41.8	(3.3)
Belgium			
Offices	33.5	31.1	(7.7)
Semi-industrial	13.4	13.1	(1.5)
Total	46.9	44.2	(6.1)
Germany			
Offices	8.3	7.7	(7.8)
Total	**98.4**	**93.7**	**(5.0)**

EXPIRY DATES LEASE CONTRACTS

TOTAL PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 3.4 years and based on end contract 4.2 years.



THE NETHERLANDS

ECONOMY

The Netherlands' strong focus on global trade once again is evident from the record figures achieved by the Port of Rotterdam in 2010. The strong development of the German economy in 2010, as well as the solid performance of the Scandinavian economies in this respect significantly counteracted the inferior state of affairs elsewhere in Western Europe. The 3.9% contraction of the Dutch economy in 2009 was followed by an economic recovery of 1.7% in 2010 due to the recovery of stock levels and the strong recovery of world trade. Domestic demand barely contributed to economic growth. By far the most positive contribution to domestic demand originated from government. Consumer spending failed to contribute in 2010. Growth in the coming years will be strongly impacted by the sizeable cutbacks on the part of government. It remains to be seen whether consumer spending can compensate for this. Economic growth will therefore primarily have to be driven by world trade. Only once the impact of these cutbacks has worked its way through the system can the Dutch economy once again resume a higher growth pattern. The size of the economy is expected to be back to 2008 levels in 2012.

Office employment in general is not expected to resume growth any time soon. After the crisis of confidence in 2008, many companies downsized their staff complements as a means of adjusting cost levels. Government's announcement that it will be forced to undertake significant cutbacks will impact office employment from 2010 onwards. Assuming continued economic recovery, office employment is expected to exhibit only moderate growth during the initial upcoming years.

OFFICE MARKET

The key office markets in the Netherlands are located in the four major cities of the Randstad conurbation, namely Amsterdam, Rotterdam, The Hague and Utrecht. In addition to the four major cities, Eindhoven is also an important office market. Within the Randstad conurbation, Amsterdam and Utrecht, often referred to as the conurbation's North Wing, are the most developed in terms of employment in the services sector. The office market in the Amsterdam region experienced strong growth for decades and can be viewed as a European office city. The growth of office employment is also once again expected to exhibit major regional differences. Furthermore, larger cities are expected to exhibit a stronger dynamic than smaller cities because, firstly, companies are focusing more on reducing the number of branches they maintain and secondly, many younger employees are living in large cities and benefit from the many facilities available to dual-income households there. Projections are that the four major cities in the Randstad conurbation, with the exception of The Hague, will outperform the national average in terms of office employment. The effect of the government cutbacks is expected to be rather evident in The Hague. Eindhoven is expected to benefit from the key focus on technology and the related office jobs.

The Amsterdam region's office market has endured high vacancy rates for a number of years, because supply outpaced potential future demand. However, the outlook has changed. The office market is mature and has also become far more cyclic on the demand side after decades of structural growth in office employment. As a result, the current vacancy rate has partially assumed a structural character. The vacancy is concentrated in less favourably situated office areas, generally office buildings at the region's periphery and office buildings that no longer meet the requirements of today's office user. Although the vacancy rate in other cities is not as high as it is in Amsterdam, they also exhibit the same trends.

The speculative offer of new office buildings in recent years was at a relatively low level, but then demand was under pressure as well due to the contraction of office employment. This caused the vacancy rate to increase everywhere. The pronounced segmentation in the office market means that the office areas located more centrally have relatively low vacancy rates and a sound underlying trend in demand, while the reverse is generally true for office areas located near the periphery. If the economic recovery persists and the level of development of new office space remains low, the office market could exhibit a degree of recovery in the more centrally located office areas, but then only in relation to those office buildings that have been adapted to meet the requirements of today's office user.

THE DUTCH PROPERTY PORTFOLIO

Properties

Of the property portfolio, 42% is located in the Netherlands and is characterised by a relatively large number of properties (91) and a large number of tenants (292). The portfolio's largest segment comprises offices (91%), while the remaining segment consists of semi-industrial properties (9%). The offices are medium-sized (averaging approximately 3,400 sqm), while the semi-industrial properties are industrial buildings averaging approximately 4,000 sqm.

Occupancy rate

The occupancy rate at year-end 2010 was 81.8% (2009: 80.2%). The occupancy rate of the office segment was 80.3%, while that of the semi-industrial segment was 95.6%. It should be noted in this respect that the properties Volmerlaan 7 in Rijswijk, the Eleanor Rooseveltlaan 3-25 in Zoetermeer and Cosunpark 1-5 in Breda no longer yield any rental income as from the first quarter of 2011 this as a result of the expiry of the lease agreements. The average occupancy rate of the Dutch property portfolio was 80.8% in 2010 (2009: 82.2%). Important vacancies at year-end 2010 applied to properties in The Hague (approximately 10,400 sqm), Hoofddorp (approximately 6,500 sqm), Amsterdam Zuid-Oost (approximately 6,200 sqm) and Rotterdam (approximately 5,400 sqm).

Tenants

The 10 largest tenants account for 23.7% of the theoretical gross rental income in the Netherlands. This is summarised in the table on page 38.

Market rent

On average, the Dutch property portfolio was let at 3.3% above the market level.

Leasing activity

The volume of new leases and lease renewals was € 4.3 million in 2010 or 9.9% of the theoretical gross rental income (2009: 13.4%). New leases totalled € 1.8 million, or 4.1% of the theoretical gross rental income (2009: 5.6%). On average, these were 3.4% above the previous rent level (2009: 5.3% below the previous rent level). Key new leases in 2010 were: Flexmoeders.nl for 500 sqm at Herengracht 105-107 in Amsterdam, De Voogt Naval Architects for 3,430 sqm at Leidsevaart 574 in Haarlem and Van Pijkeren Holding for 5,354 sqm at Anthonie van Leeuwenhoekweg 5 in IJsselstein. The necessary lease renewals were also concluded. The volume of lease renewals was € 2.5 million or 5.7% of the theoretical gross rental income (2009: 7.8%). On average, these were 0.7% below the previous rent level (2009: 0.3 % below the previous rent level). Examples of lease renewals are: UWV Heerlen for 2,188 sqm at Geerstraat 5 in Heerlen, Lawton Advocaten for 1,190 sqm at Lage Mosten 1-11 in Breda and the Schipper Noordam lawyer's office for 1,667 sqm at Veerhaven 16-18 in Rotterdam.

Lease incentives

The granting of lease incentives is essential for the conclusion of leases. In 2010, these lease incentives amounted to 6.5% of gross rental income (2009: 5.3%).

Lease expiry dates

The expiry schedule of the leases spreads risk. An overview of the existing leases at year-end 2010 is shown in the graph on page 38. The average term until the expiry date of a lease is 3.2 years (year-end 2009: 3.4 years). This is equal to the average term until the date on which the option of termination can first be exercised.

Acquisitions

There were no acquisitions in 2010.

Disposals

Disposals in 2010 were limited to € 3.9 million. This concerned properties with an unfavourable risk-return profile.

Value movements in investment properties

The value movements in the Dutch property portfolio amounted to € 25.3 million negative (2009: € 44.5 million negative). This constituted a net return of 8.9% on the Dutch property portfolio at year-end 2010 (year-end 2009: 7.8%).

THE NETHERLANDS
TOP 10 PROPERTIES

	As at 31 December 2010 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Utrecht, Arthur van Schendelstraat 650-698 and 700-748	23.5	1.9	100	3	9,169
2	The Hague, Zuid-Hollandlaan 7	21.5	2.3	–	–	10,410
3	Amsterdam, Burg. Stramanweg 102-108	18.5	1.8	72	31	11,321
4	Rotterdam, K.P. van der Mandelelaan 41-43	11.9	1.4	28	1	7,367
5	Amsterdam, Karel du Jardinstraat 65	11.4	1.1	100	1	5,869
6	Zoetermeer, Europaweg 205	11.4	1.0	100	1	7,172
7	Amsterdam, Anthony Fokkerweg 1	8.7	0.8	81	13	5,416
8	Schiphol-Rijk, Cessnalaan 1-33	8.3	0.7	100	1	6,732
9	's-Hertogenbosch, Europalaan 28	8.2	1.1	54	5	7,530
10	The Hague, Parkstraat 101-109	7.4	0.6	100	1	2,956
	Total	**130.8**	**12.7**	**65**	**57**	**73,942**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THE NETHERLANDS

TOP 10 TENANTS

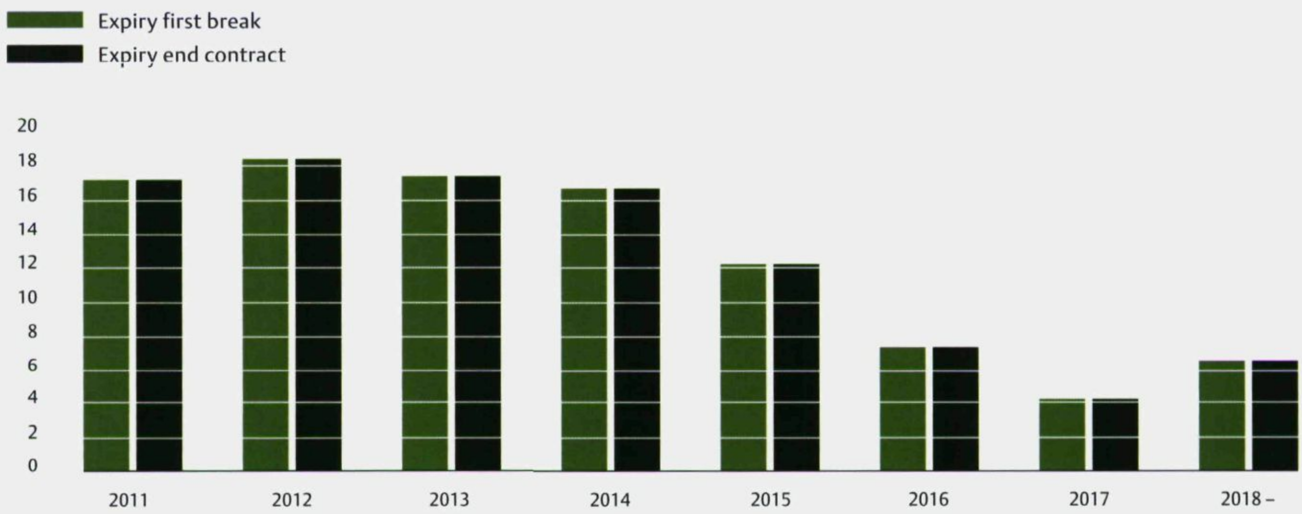
As at 31 December 2010

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	GLA (in sqm)
1	ProRail	1.8	4.3	9,326
2	Rijksgebouwendienst	1.7	3.9	11,247
3	Gemeente Amsterdam	1.1	2.6	5,869
4	RDW	1.0	2.3	7,172
5	Rexel	0.9	2.1	13,415
6	ROC Amsterdam	0.8	1.9	5,474
7	Imtech	0.8	1.9	7,048
8	Shell	0.7	1.6	5,498
9	Interxion	0.7	1.6	6,732
10	Rabobank	0.7	1.5	3,845

EXPIRY DATES LEASE CONTRACTS

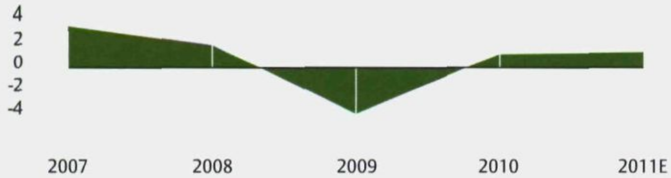
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break as well as on end contract is 3.2 years.



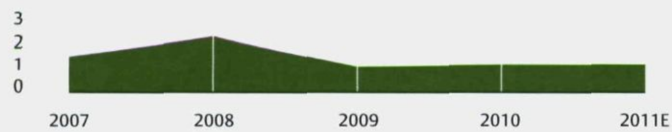
GDP GROWTH in %

Economic growth



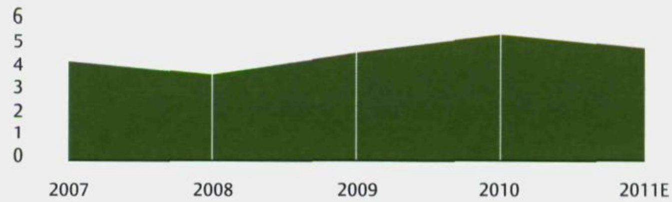
INFLATION CPI in %

Development consumer prices



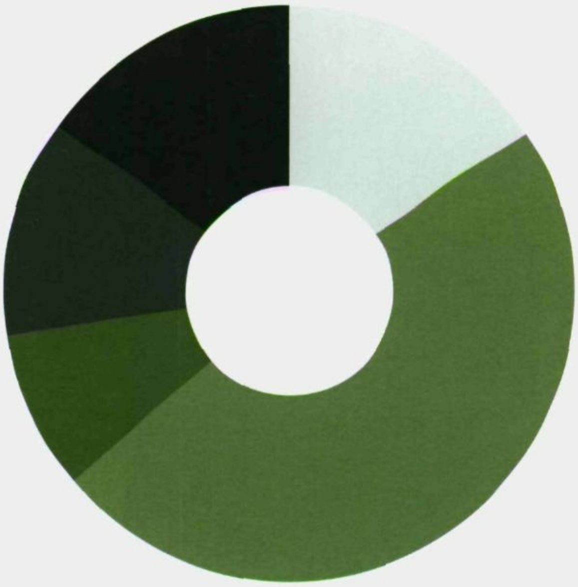
UNEMPLOYMENT

Unemployement as % of working population



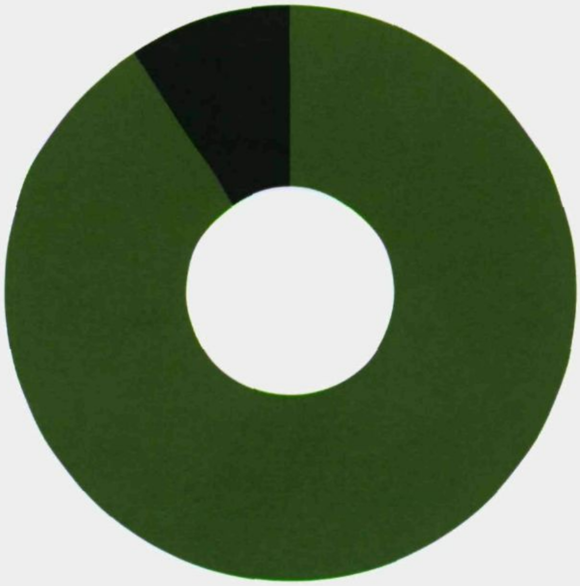
INDUSTRY SPREAD in %

- Financial services 16
- Business services 48
- Technology, media and telecommunication 9
- Government services 12
- Other 15



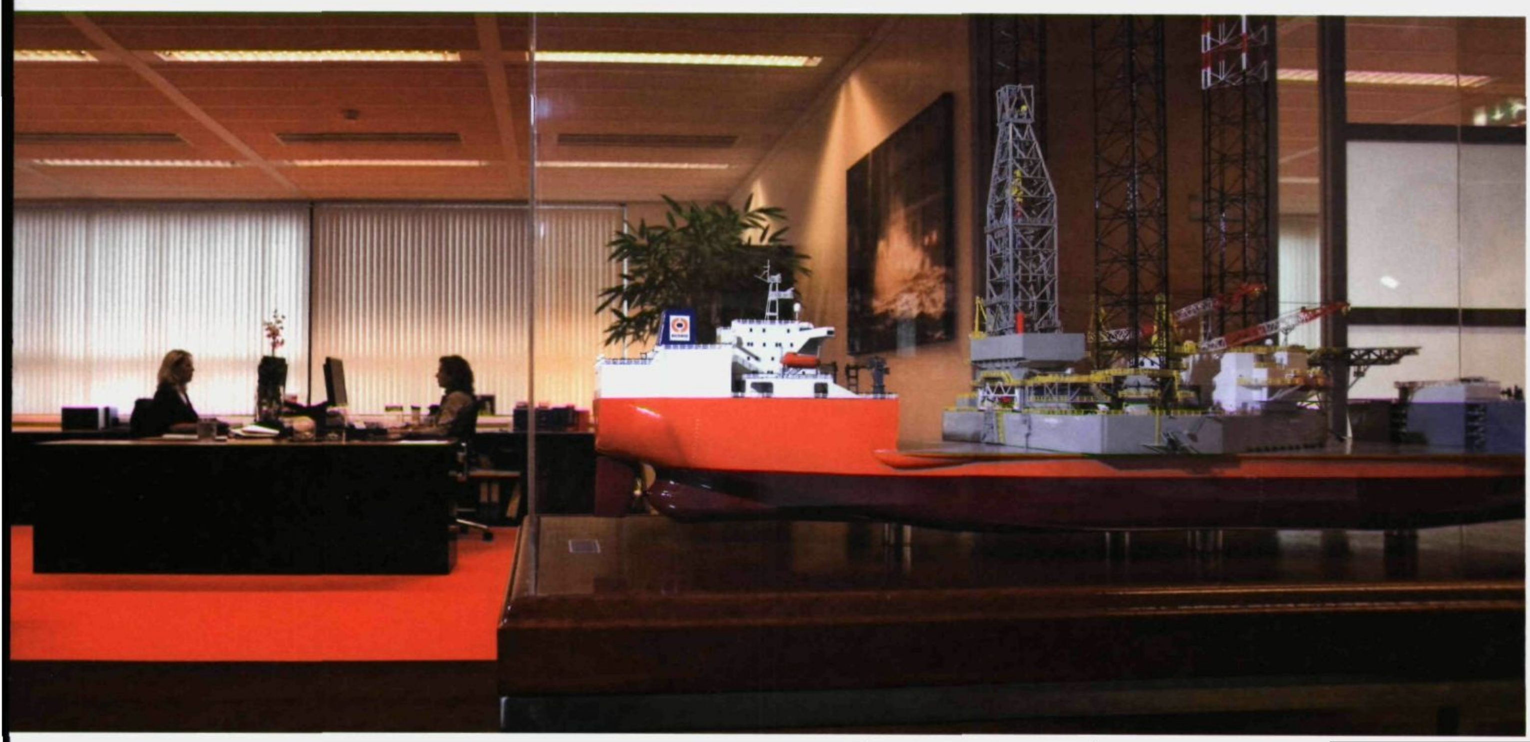
SECTOR SPREAD in %

- Offices 91
- Semi-industrial 9



'Dockwise in the past was located in Belgium. The reason for this was related to the beneficial income tax rates for shipping companies. When these regulations expired, we decided to move back to the Netherlands. Because many of our employees come from the region, we decided to stay in the region. Our ships are seldom in the Netherlands/ Rotterdam and therefore there is no need to be located near the water. Add to this that the location is easily accessible by car and public transportation and the decision to settle on this building is the result'.
Carla Hoeck, Facility Manager Dockwise, Lage Mosten 21, Breda, the Netherlands


DOCKWISE



BELGIUM

ECONOMY

The central focus of attention in Belgium is the political stalemate. The formation of a new government is dominated by the linguistic conflict between French and Dutch speaking citizens in the country. Holding new elections does not seem to offer a way out because the expectation is that the results would only serve to further sharpen existing contrasts. The current government can only act in an observing capacity and is unable to implement structural reforms designed to implement sustainable improvements in government finances. Until the present time, this has not really done the country any harm. The economy appears to be doing relatively well.

The Belgian economy shrunk by 2.7% in 2009 and is projected to grow by 2.1% in 2010. Prospects for the coming years also appear to be relatively good. The size of the Belgian economy could well reach 2008 levels by the beginning of 2012. Exports are picking up and private consumption, as well as government spending, is growing. It is particularly in relation to this last point where, once a new government has been formed, there could very well be some changes. Government budget cutbacks could then reverse the government's positive contribution to economic growth into a negative contribution. Indeed, a debt crisis is looming in the background in Belgium as well, if it proves impossible to form a government. Standard and Poor's lowered Belgium's credit rating in mid-December 2010.

OFFICE MARKET

Belgium's three important office markets are located along the Antwerp-Mechelen-Brussels axis, in which Brussels has far and away the largest office market and is one of Europe's larger office cities. The centre of Brussels is dominated by government and associated institutions active at national and European levels. Business sector offices are located mainly at the periphery of Brussels and, furthermore, primarily in Mechelen and Antwerp. The main area in terms of the periphery is the north-eastern part of the Brussels region, the area in which the national airport is also located. In addition, along the axis to Antwerp, there is a large concentration of offices in Mechelen, a location that has developed strongly in the past decade and where many companies have opted to base themselves. Antwerp is now likewise further developing as an office market, mainly around the new station for the high-speed line (HSL). The city's aim is to attract more European head offices.

There was a greater level of activity in the Brussels office market in 2010 than in 2009 and the market is benefitting from the presence of the European Commission in this respect. Due to the relatively high vacancy rates, the letting market is highly competitive and just like other office cities in Europe, the structural vacancy phenomenon is growing in office areas that are less favourably located and in office buildings that no longer meet today's requirements. In other office markets throughout Belgium, local governments have made an important contribution to the demand for office space. Here too the letting markets are competitive due to the impact of the elevated vacancy rates. Recovery of the growth in office employment in Belgium will also be influenced by the expected cutbacks a new Belgian government will have to implement.

LOGISTICS MARKET

Following a slow start in 2010, there was an increased level of activity in the logistics market in Belgium. This is happening at a point in time where the speculative construction of logistics properties is virtually at a standstill. This means that the vacancy rate in this market is in any case no longer growing. The letting market is competitive and there was little change in this respect in 2010. The increased activity in the logistics market during the course of 2010 is in direct relation to the increased trade flows throughout the world and Belgium's favourable location within Europe.

THE BELGIAN PROPERTY PORTFOLIO

Properties

The largest share of the total property portfolio is located in Belgium. At year-end 2010 this was 48% of the total property portfolio. As at year-end 2010, VastNed Offices/Industrial held a 54.7% interest in Intervest Offices, the company that holds almost all Belgian properties. The Belgian property portfolio comprises 59 properties and a large number of tenants (298). The portfolio's largest segment comprises offices (69%), while the remaining segment consists of semi-industrial properties (31%). The offices are medium-sized (averaging approximately 5,700 sqm), while the semi-industrial properties are logistics centres averaging approximately 16,900 sqm. The larger average floor areas compared to the Dutch property portfolio can be attributed mainly to the fact that the Belgian office portfolio includes four properties that provide floor areas in excess of 10,000 sqm and the semi-industrial property portfolio consists primarily of logistics centres that, due to their nature, have higher floor areas than (Dutch) industrial buildings.

Occupancy rate

The occupancy rate at year-end 2010 was 84.7% (2009: 88.0%). At year-end 2010 the occupancy rate of the office segment was 85.0%, while that of the semi-industrial segment was 84.0%. Important vacancies at year-end 2010 applied to properties in Mechelen Campus (approximately 23,800 sqm), Wilrijk (approximately 12,400 sqm) and Herentals (approximately 25,500 sqm). The average occupancy rate of the Belgian property portfolio was 84.8% in 2010 (2009: 91.2%). A lump sum payment for the remaining term of the leases was received for a portion of the space leased to Virco-Tibotec that was vacated in 2010. The lump sum payment will be recognised as rental income during the remaining term of the leases.

Tenants

The 10 largest tenants account for 46.4% of the theoretical gross rental income in Belgium. This is summarised in the table on page 48.

Market rent

On average, the Belgian property portfolio was let at 6.1% above the market level.

Leasing activity

Controlling vacancy through new leases and by retaining existing tenants is a top priority for the Belgian property portfolio of VastNed Offices/Industrial. The volume of new leases was € 3.5 million or 7.3% of the theoretical gross rental income (2009: 4.5%). On average, these were 9.1% below the previous rent level (2009: 15.2% below the previous rent level). Key new leases in 2010 were: Ceva Logistics for 18,080 sqm at Industrieweg 18 in Boom, PharmaLogistics for 6,465 sqm at the Oude Baan 12 in Mechelen and Staples office supplies at Nijverheidslaan 1 in Strombeek-Bever. The necessary lease renewals were also concluded. The volume of lease renewals was € 5.5 million or 11.5% of the theoretical gross rental income (2009: 15.3%). This lower volume is due to the fact that the very sizeable letting to PwC at the Woluwedal 18-22 in Woluwe was counted as part of the 2009 figures. On average, lease renewals were 6.5% below the previous rent level (2009: 14.6% below the previous rent level). Examples of lease renewals are: Whirlpool for 3,637 sqm at Nijverheidslaan 3 in Strombeek-Bever, SGS for 4,026 sqm at Generaal de Wittelaan 9-21 in Mechelen and the logistics service provider Fiege for 43,796 sqm at Veurtstraat 91 in Puurs.

Lease incentives

The granting of lease incentives is essential for the conclusion of leases in the Belgian property portfolio. In 2010, these lease incentives amounted to 3.6% of gross rental income (2009: 3.2%).

Lease expiry dates

The expiry schedule of the leases provides a good risk spread. An overview of the existing leases at year-end 2010 is shown in the graph on page 48. The average term until the expiry date of a lease is 5.3 years (year-end 2009: 5.6 years). If the average term until the date on which the option of termination can first be exercised is measured, then the average term until the expiry date of a lease is 3.7 years (2009: 3.5 years).

Acquisitions

There were no acquisitions in 2010.

Disposals

The property Xavier de Cocklaan 66-72 in Ghent was sold well above the appraised value in 2010.

Value movements in investment properties

The value movements in the Belgian property portfolio amounted to € 9.6 million negative (2009: € 30.1 million negative). This constituted a net return of 9.1% (year-end 2009: 8.8%).

COUNTRY MANAGER BELGIUM, JEAN PAUL SOLS

We operate in a market in which there indisputably is a great deal of competition. However, based on an explicit geographical focus on the Antwerp-Brussels axis, we have a clear head start on our competition. Sufficient critical mass, modern buildings combined with an experienced asset management team is a guarantee for optimal commercialisation and management of the portfolio.

Approximately 30% of our property portfolio is invested in semi-industrial buildings with a key focus on logistics property. In terms of logistics, Belgium definitely is a top region in Europe.

Both in terms of their location and quality, our buildings are among the best and most sustainable in the market.

With these buildings, as is the case with our office buildings, we have a presence in locations with a permanent demand on the letting market.

The logistics portfolio has since proven itself over the longer term to be a great addition to the office investments.

BELGIUM
TOP 10 PROPERTIES

	As at 31 December 2010 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Mechelen, Schaliënhoevedreef 20a-20t	78.3	8.0	63	121	60,768
2	Woluwe, Woluwedal 18-22	52.7	4.2	96	1	25,074
3	Mechelen, Generaal de Wittelaan 9-21	43.3	5.3	91	65	42,112
4	Diegem, Berkenlaan 6, 8a-8b	41.3	3.4	100	3	20,180
5	Mechelen, Blarenberglaan 2c	24.8	2.4	100	1	12,917
6	Herentals, Atealaan 34b-34c	24.4	1.5	62	3	66,778
7	Puurs, Veurtstraat 91	24.3	2.0	100	1	43,490
8	Antwerp, Brusselstraat 59	16.0	1.6	87	8	11,318
9	Wilrijk (Antwerp), Boomsesteenweg 801-803	14.8	1.3	58	3	29,168
10	Wommelgem, Koralenhoeve 25	14.1	1.2	100	1	24,719
	Total	**334.0**	**30.9**	**84**	**206**	**336,524**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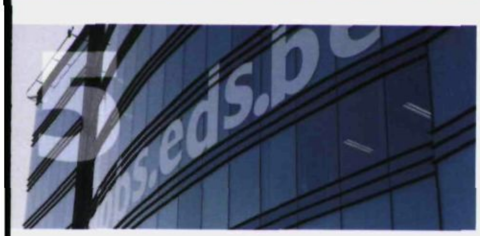
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BELGIUM

TOP 10 TENANTS

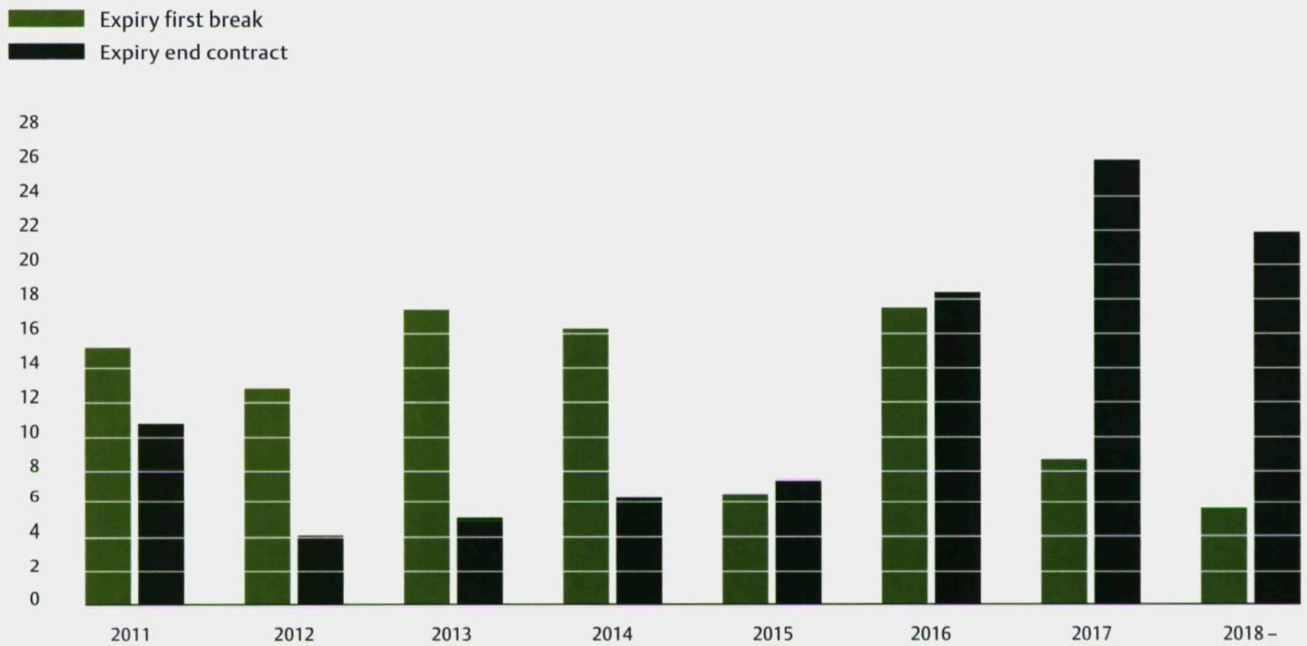
As at 31 December 2010

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	GLA (in sqm)
1	PricewaterhouseCoopers	4.0	10.1	23,712
2	Deloitte	3.4	8.6	19,927
3	Hewlett-Packard België	2.4	6.1	12,917
4	Fiege	2.0	4.9	43,796
5	Tibotec Virco	1.7	4.2	9,749
6	PGZ Retail Concept	1.2	3.0	24,719
7	Europese Commissie	1.1	2.6	10,952
8	Ingram Micro	1.0	2.6	6,932
9	BLITS	0.9	2.3	19,240
10	Kuwait Petroleum	0.8	2.0	4,996

EXPIRY DATES LEASE CONTRACTS

PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 3.7 years and based on end contract 5.3 years.

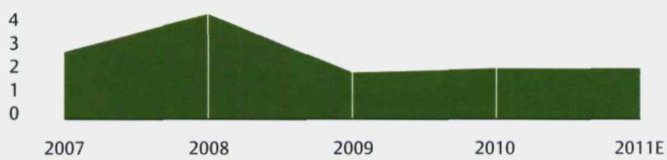


GDP GROWTH in %

Economic growth

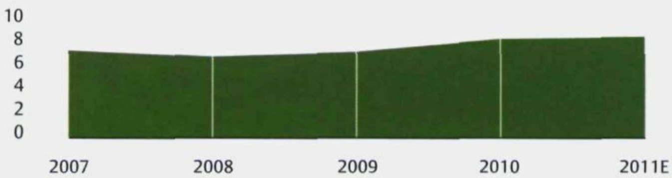
INFLATION CPI in %

Development consumer prices



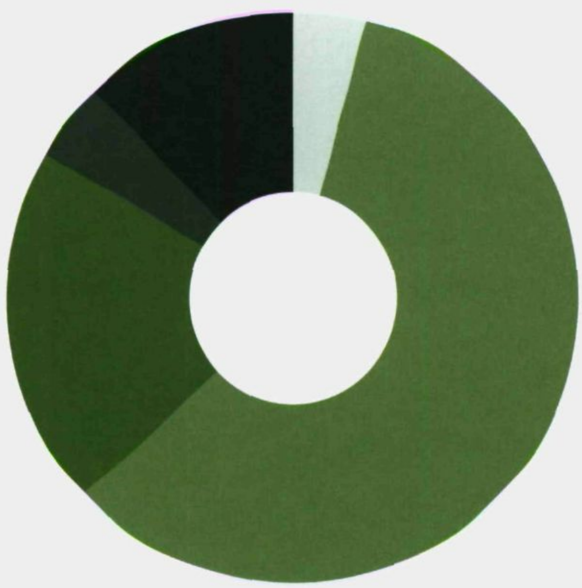
UNEMPLOYMENT

Unemployement as % of working population



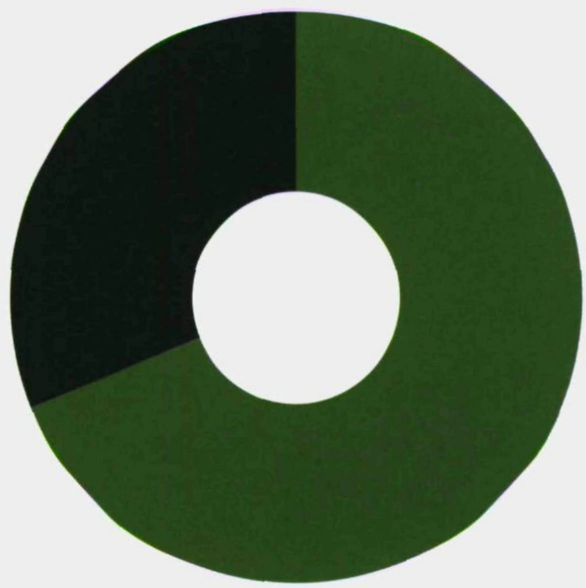
INDUSTRY SPREAD in %

- Financial services 4
- Business services 59
- Technology, media and telecommunication 21
- Government services 4
- Other 12



SECTOR SPREAD in %

- Offices 69
- Semi-industrial 31



‘The completion of a photovoltaic installation on the roof of our warehouse space in Puurs is a perfect fit for Fiege’s corporate value to protect the environment. Furthermore, this facility enables us to reduce the cost of electricity for our operations.’ Jan Franck, Director Fiege, Veurtstraat 91, Puurs, Belgium


FIEGE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GERMANY

ECONOMY

The German economy includes industries strongly oriented towards exports and that sell high-quality products throughout the world. The crisis of confidence in 2008 had a major impact on the German economy in 2009, causing it to shrink by 4.7%. Postponements of purchases concerned mainly cars and capital goods, both areas in which Germany has a very strong position. Germany's strong position in this domain resulted in 2010 in the powerful recovery of economic growth projected at 3.6%. As such, Germany turned into the leading country in the euro zone in terms of economic growth, because it is primarily Germany that is well-positioned to benefit from the export to the strongly growing emerging economies throughout the world. In addition to significant increases in export by no less than 14%, domestic demand also exhibited positive growth, on the part of government, as well as on the part of the private sector. For example, investments rose by almost 10%. In view of the forceful recovery of the German economy in 2010, the projections for economic growth in 2011 are also relatively favourable. The size of the German economy is expected to revert to 2008 levels by the end of 2011.

The strong growth of the German economy also had a positive impact on the labour market. The working population grew to 40.5 million, a record high in German history. The improved labour market has a positive impact on consumer confidence and consequently on consumer spending. The German government also has better control over government spending than most other euro countries. With a budget deficit of 3.5%, it is still not meeting the 'Maastricht Standard' of 3%. However, 3.5% is markedly better than the performance of the governments in many other euro countries. Germany has taken the lead in 2010 within the euro zone in this respect as well.

OFFICE MARKET

The major office cities in Germany are Berlin, Düsseldorf, Frankfurt, Hamburg and Munich. These cities have strong regional functions, considerable international projection and are all major European office cities. The office-based services sector is well-represented in Düsseldorf and Frankfurt. Düsseldorf is the capital of the densely populated state of North Rhine-Westphalia and home to many European and Japanese head offices. Frankfurt is the financial centre of Germany and the home of the European Central Bank. Düsseldorf has far more spread across economic sectors and, in particular, is home to many companies active in the creative sector.

The vacancy rate in Düsseldorf's centrally located areas is still relatively low. Nevertheless, vacancy rates in outer areas of this city are also high. Relative to the other four large office cities in Germany, Düsseldorf developed best following the crisis of confidence in 2008. It was the only city in Germany that saw an increase in its prime rent. This does not mean that letting conditions have significantly improved, however. The letting market in its broadest sense remains highly competitive. It does mean that, from the relative perspective of the general malaise in the office markets in Europe, Düsseldorf is doing relatively well. The office market in Frankfurt in comparison is not doing as well and is suffering a great deal from the shocks endured by the financial sector. Frankfurt's vacancy rate is clearly higher than that of Düsseldorf's, also with respect to its more centrally located office areas. Too much office space has been built in Frankfurt and surrounding regions than needed to accommodate the projected demand from here on in. There is clear evidence of a structural vacancy situation in this city that is in fact affecting entire office areas.

THE GERMAN PROPERTY PORTFOLIO

Properties

The German property portfolio, which comprises 10% of the total property portfolio of VastNed Offices/ Industrial, consists of five offices with a total of 39 tenants. At approximately 8,500 sqm on average per property, the offices are larger than the average size of the offices in the Netherlands and Belgium. Three properties are located in Dusseldorf and two in Frankfurt. Both cities qualify as major liquid office markets.

Occupancy rate

The occupancy rate at year-end 2010 was 81.1% (year-end 2009: 84.4%). An important vacancy at year-end 2010 applied to the property at Mainzer Landstraße 33A in Frankfurt (3,274 sqm). In addition, vacancy applied to the properties at Kaistraße 16-18 in Dusseldorf (823 sqm) and Emanuel-Leutze-Straße 11 in Dusseldorf (5,339 sqm). The average occupancy rate of the German property portfolio was 83.9% in 2010 (2009: 88.9%).

Tenants

The 10 largest tenants account for 83.0% of the theoretical gross rental income in Germany. This is summarised in the table on page 58.

Market rent

On average, the German property portfolio was let at 7.8% above the market level.

Leasing activity

Leasing activity in 2010 remained limited to 3 leases amounting to a total of € 0.2 million, this being 2.3% of the German theoretical gross rental income (2009: 5.2%). On average, these were 19.9% above the previous rent level (2009: 2.3% below the previous rent level). New leases in 2010 were: project developer BEMA for 617 sqm and the metals group Nofecon (Erasmo Zinkal) for 185 sqm at the Kaistraße in Düsseldorf.

Lease incentives

The granting of lease incentives in the German property portfolio is generally necessary for the conclusion of leases. In 2010, these lease incentives amounted to 0.8% of gross rental income (2009: 0.2%).

Lease expiry dates

The expiry schedule of the leases spreads risk. The peak in 2011 in this regard largely concerns the current tenant of the office building at Hans-Böckler-Straße 36 in Dusseldorf who has opted to terminate the lease at the end of that year. An overview of the existing leases at year-end 2010 is shown in the graph on page 58. The average term until the expiry date of a lease is 2.8 years (year-end 2009: 3.6 years). If the average term until the date on which the option of termination can first be exercised is measured, then the average term until the expiry date of a lease is 2.7 years (2009: 3.3 years).

Acquisitions

There were no acquisitions in 2010.

Disposals

There were no disposals in 2010.

Value movements investment property

The value movements in the German property portfolio amounted to € 6.7 million negative (2009: € 11.3 million negative). This constituted a net return of 7.5% (year-end 2009: 6.9%).

COUNTRY MANAGER GERMANY, KAY GLEßMANN

With properties in Dusseldorf and Frankfurt, VastNed Offices/Industrial (VNOI) has invested in locations that continued to hold their own in 2010 despite the difficult situation. The letting volume was approximately 400 000 sqm in Dusseldorf and approximately 470,000 sqm in Frankfurt. The overall letting volume in the Big 6 was approximately 2,670,000 sqm.
The mixture of 'A' and 'B' areas in the portfolio constitutes a good diversification of risk, since appropriate offers can be made to all user enquiries.
In Dusseldorf, VNOI has a property that meets current needs in the most popular area, 'Medienhafen', as well as an office building in 'Kennedydamm', another very popular area, for which a new occupant will need to be found in 2012. We are confident that thanks to the high quality of the building and its good position, we shall be able to rent out the property again in good time.
The 'Seestern' location needs to be adapted in 2011 with new designs to suit new demands from potential occupants. The fact that Vodafone is remaining in the location is likely to have a positive effect.

In Frankfurt, we are seeing more movement being generated in the area around the station and the banks. Our property at Mainzer Landstraße 33a, with its up-to-date fixtures and fittings and its capacity to be divided up in a flexible way, is well placed to fend off competition. We are already noting signs of a revival in demand. We are also noting signs of a revival in demand in Hausen, a traditional back-office area. Here too, the interior design and fittings fulfil current requirements. An additional strength of our properties lies in the fact that they are easily accessible by local public transport and motorway and within easy reach of the main station and the airport.

GERMANY
TOP 5 PROPERTIES

	As at 31 December 2010 (x € 1 million)	Appraisal value	Theoretical gross rental income	Year-end occupancy (in %)	Number of tenants	GLA (in sqm)
1	Düsseldorf, Kaistraße 16-18	36.2	2.2	91	17	9,374
2	Frankfurt, Insterburgerstraße 16	29.6	2.2	100	8	13,404
3	Düsseldorf, Hans-Böckler-Straße 36	21.1	2.1	100	1	7,898
4	Düsseldorf, Emanuel-Leutze-Straße 11	11.0	1.1	41	13	8,640
5	Frankfurt, Mainzer Landstraße 33a	7.4	0.7	–	–	3,274
	Total	**105.3**	**8.3**	**81**	**39**	**42,590**


1


5

GERMANY

TOP 10 TENANTS

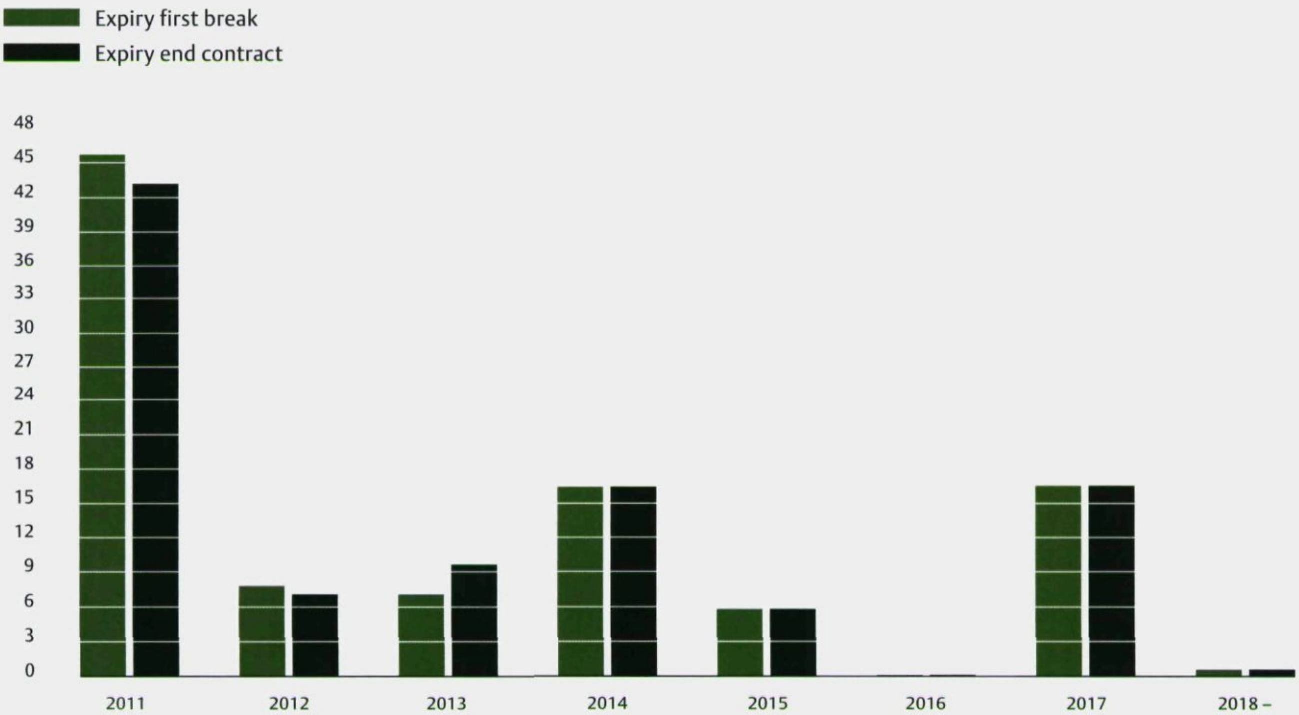
As at 31 December 2010

	Tenants	Theoretical gross rental income (x € 1 million)	Theoretical gross rental income (in %)	GLA (in sqm)
1	Victoria Versicherung	2.1	31.3	7,898
2	A.C. Nielsen	1.2	17.8	7,383
3	A.T. Kearney	0.9	13.2	3,593
4	Royal Bank Of Scotland	0.2	5.6	2,451
5	MoneyMaxx	0.2	3.6	1,273
6	Gruner + Jahr	0.2	3.2	1,495
7	BEMA Development	0.2	2.5	893
8	Claus Koch Identity	0.1	2.5	617
9	ALEGRI International	0.1	1.9	561
10	C.I.G. Caravaning	0.1	1.4	547

EXPIRY DATES LEASE CONTRACTS

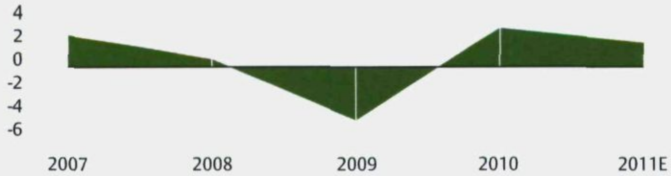
PROPERTY PORTFOLIO (in %)

Expiry dates and renewal dates of lease contracts (weighted for gross rental income). Average duration based on first break is 2.7 years and based on end contract 2.8 years.



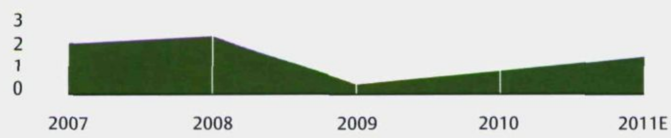
GDP GROWTH in %

Economic growth



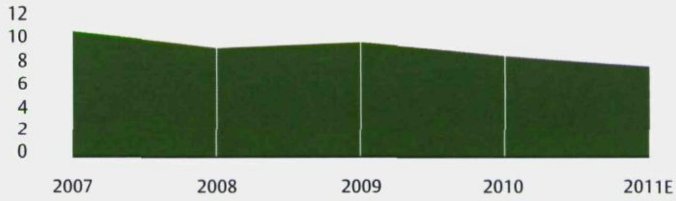
INFLATION CPI in %

Development consumer prices



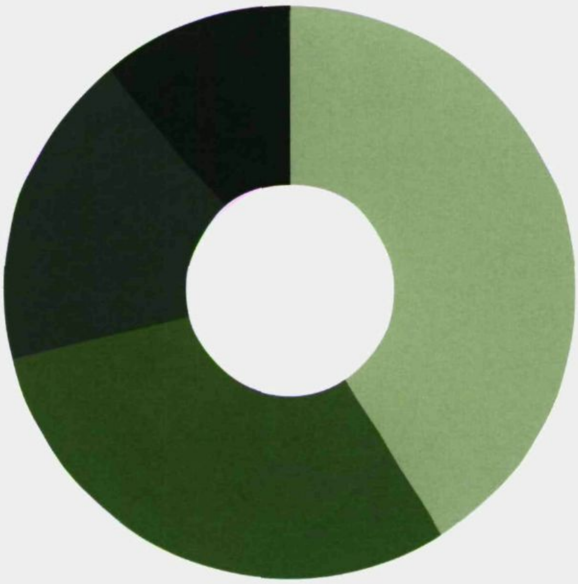
UNEMPLOYMENT

Unemployement as % of working population



INDUSTRY SPREAD in %

- Financial services 41
- Business services 30
- Technology, media and telecommunication 18
- Other 11



SECTOR SPREAD in %

- Offices 100

PERSONNEL AND ORGANISATION

The ambition of VastNed Offices/Industrial in terms of personnel and organisation is to create a permanently challenging working environment where its staff can develop and grow further. The corporate culture at VastNed Offices/Industrial can be described as open, transparent and informal. VastNed Offices/Industrial has operations in three core countries: the Netherlands, Belgium and Germany. Each core country has its own organisation, accommodated in a so-called country team. These teams have a considerable degree of independence, but operate within the framework of a clear 'VastNed Group vision'. There are regular meetings between the teams in the various countries about subjects that affect all the countries, for example developments in sustainability, changes to accounting principles, developments relating to property valuations and the rental and investment markets. This allows knowledge and experience to be exchanged and the Group's objectives and procedures to be made more specific.

Challenging objectives are formulated in the annual performance evaluation interview with each staff member following mutual consultation. The employee's objectives are matched to those of the Group so that employees' personal development is aligned with the Group's interests.
The following table gives some personnel statistics. The management team in the Netherlands works for both VastNed Offices/Industrial and VastNed Retail. The country teams carry out the following tasks, supported by the head office as needed depending on the team size: management, asset management, property management, (technical) project management and finance & control. In addition, there are various staff functions in IT and research, and for secretarial, tax and legal services. The majority of these staff functions are centralised at the Rotterdam head office, providing services to both VastNed Offices/Industrial and VastNed Retail. The Belgian team in Antwerp also has a relatively large staff department, partly due to the stock exchange listing of Intervest Offices and Intervest Retail.

Total number of employees during 2010 (in FTEs)

Geographical spread	2010	2009
Rotterdam, Netherlands		
Offices/Industrial	12	12
Retail	17	17
Board and staff functions	18	17
Antwerp, Belgium		
Intervest Offices	16	17
Intervest Retail	10	11
Madrid, Spain (Retail)	13	11
Paris, France (Retail)	19	18
Istanbul, Turkey (Retail)	3	2
Frankfurt, Germany (Offices/Industrial)	1	1
Total	109	106
Number of employees joining	10	6
Number of employees leaving	3	4
Male/female as at 31 December	56/53	56/49

The number of employees joining on balance is primarily related to VastNed Retail.

SUSTAINABILITY

OBJECTIVES AND PRECONDITIONS

VastNed Offices/Industrial intends to organise and carry out its activities in a sustainable way, in order to mitigate the negative impact of its activities on the environment as much as possible. A sustainable, increasingly farther-reaching, economically responsible method of work is being introduced on a phased basis, in which the basic premise is the satisfaction of the tenant.

The objectives VastNed Offices/Industrial has set itself regarding sustainability are:
- having buildings in the letting market that are competitive in terms of sustainability;
- minimising the impact of the activities of VastNed Offices/Industrial on the surrounding area, and;
- achieving above-average performance when set against sustainability benchmarks.

The applicable preconditions are as follows:
- the satisfaction of the tenant and shareholder in terms of every sustainability initiative undertaken, and;
- the implementation of sustainability measures should at the very least have a neutral effect on the projected long-term total return on investment of the property investment.

The main areas of focus and actions during the 2010 reporting year consisted of developing communications with all stakeholders, reducing the impact of VastNed Offices/Industrial's activities on the environment, implementing performance measurement systems, and developing and implementing the sustainability policy in 2011 and subsequent years. These areas are discussed below, and include the follow-up actions for 2011.

COMMUNICATION WITH STAKEHOLDERS

Communication with all VastNed Offices/Industrial stakeholders, such as tenants, shareholders and employees took further shape during the reporting year on the basis of various publications. Communications focused on shareholders were primarily effected via press releases and VastNed's magazine 'Behind the Façade'. Coincidental with the appearance of this annual report, the information on VastNed Offices/Industrial's website will be significantly expanded. The annual report will limit itself to covering the main policy areas and the results highlights concerning the reporting year, and the main areas of focus for the following year. The website will contain more detailed information concerning the sustainability organisation, policy, results achieved and the plans for the coming years. The latest developments and results will also be regularly covered by the website. The further development of communication to all stakeholders concerning the area of sustainability is also a key area for attention in 2011.

REDUCING THE ENVIRONMENTAL IMPACT: GREEN SOURCES OF ENERGY

VastNed Offices/Industrial has started looking for renewable energy sources for supplying the electricity that it purchases for its tenants, by analysing the purchasing conditions of electricity suppliers on the one hand and by investigating opportunities for generating renewable energy at the site of the retail properties held in VastNed Offices/Industrial's portfolio on the other.

In Belgium and the Netherlands, VastNed Offices/Industrial has succeeded in concluding contracts at no additional cost to its tenants for supplying electricity generated using hydropower. In Belgium this contract was signed during 2009 and in the Netherlands at the beginning of January 2010. In both countries, the electricity purchased for tenants throughout 2010 was therefore derived from a renewable energy source. CO_2 emissions related to the consumption of electricity in the Netherlands and Belgium were consequently reduced to zero. This is not yet possible in Germany, because there is a price differential there to the detriment of renewable, green energy. As soon as there are opportunities for greening energy sources without additional costs to the tenant, VastNed Offices/Industrial will sign contracts with suppliers for this purpose.

Major steps forward have been in Belgium in relation to the onsite generation of electricity at the site of our logistics buildings. Solar panels have been installed on the roofs of three logistics buildings in Puurs, Boom and Herentals. The roof area has been let to a company in the business of building and financing such installations. This involves a total roof area of 88,000 sqm with a collective total peak power output capacity of 5.4 megawatts. This is equivalent to a CO_2 reduction of 1,400 tonnes per year. The tenants of these buildings benefit from these solar power installations through a lower power bill compared to the previous situation. The implementation of these renewable power generation installations is subsidised in Belgium. This scheme will come to an end in 2011 due to budgetary constraints. There is a possibility that a single project can nevertheless be completed in 2011 in Belgium. A further investigation will be conducted in 2011 to assess whether there are opportunities in Belgium, even without subsidies, as well as in other countries in which VastNed Offices/Industrial operates, for generating renewable energy at the site of the buildings held in the property portfolio.

REDUCING THE ENVIRONMENTAL IMPACT: VASTNED MANAGEMENT'S SUSTAINABILITY POLICY

VastNed Management has implemented a number of sustainability initiatives for its own organisation. For example, by monitoring its own energy consumption, opportunities for achieving savings were identified and implemented. In addition, the number of electrical appliances was reduced by promoting more efficient use. On the procurement side, sustainable materials are being purchased. The most important example of this is the switch over to recycled printing paper without compromising on print quality. The purchase of energy efficient business cars is promoted and the purchase of cars that are not sustainable is being discouraged. The electricity used is derived from hydropower and all other CO_2 emissions produced, for example through air travel, commuting traffic and office heating, are offset via Nuon and the Climate Neutral Group. In this way VastNed Management activities were made CO_2-neutral in the reporting year.

PERFORMANCE MEASUREMENT: INTRODUCTION OF BENCHMARKING

Sustainability is moving up in priority on the business community's agenda. According to research conducted by Cushman & Wakefield, over two thirds of the 500 largest European companies endorse the importance of sustainability to their operations. The majority states that sustainability aspects play a role in their accommodation-related decisions. The key sustainability aspects mentioned are: reduction in the use of energy and water, savings in accommodation costs, optimisation of travel times, reduction in CO_2 emissions and the use of renewable energy sources.

There is clearly a growing awareness of the sustainability theme on the part of tenants. Objectification through the use of benchmarks helps to put a clear focus on the sustainability performance of a building. This is why VastNed Offices/Industrial is a strong advocate of benchmarking and leading benchmarking initiatives were actively supported in 2010. In addition, and definitely as important, benchmarking provides greater insight into the performance of VastNed Offices/Industrial's property portfolio to all other stakeholders.

Although benchmarking is still in its infancy, the first serious initiatives really got off the ground in 2010. The VastNed Group is supporting two key initiatives in this area, namely the International Sustainability Alliance (ISA) and the sustainability certification of buildings based on the BREEAM-In-Use (BIU) International Certificate. Both initiatives are also supported by other large international parties who believe that benchmarking in the area of sustainability should be developed. By supporting these initiatives, VastNed Offices/Industrial is jointly facilitating the development of benchmarking in the area of sustainability and VastNed Offices/Industrial in this way also collects essential knowledge about its own portfolio.

INTERNATIONAL SUSTAINABILITY ALLIANCE

The ISA comprises 18 founding members and 11 associate founding members. This group represents more than 150 million sqm in commercial property and as such is the most important initiative in the area of sustainability benchmarking at the present time. The objective of the ISA is to collect quantitative building data in a database for the purpose of comparing the performance of the different buildings in the database. The founding members, which include VastNed Offices/Industrial as well, jointly determine ISA's direction and regularly meet for this purpose. The organisation is administratively supported by the BRE Trust, a non-profit organisation in the area of sustainability vested in the United Kingdom. The first benchmark was published in October 2010 concerning a limited group of properties contained in this database. In October 2011, the first really comprehensive publication of the benchmark is expected to be released at the EXPO Real in Germany. The Key Performance Indicators related to sustainability are being maintained via the ISA. VastNed Offices/Industrial assumes that starting in 2012 these Key Performance Indicators will have the potential of contributing to the implementation of VastNed Offices/Industrial's sustainability policy. VastNed Offices/Industrial will actively contribute to the further development of the ISA and the materialisation of the ISA benchmarking initiative in 2011.

BREEAM-IN-USE INTERNATIONAL CERTIFICATES

The quantitative data from the ISA database can be supplemented with the qualitative assessment of a building's sustainability characteristics derived from a BREEAM-In-Use (BIU) International Certificate. This involves an independent assessment of many sustainability factors of a building. VastNed Offices/Industrial conducted a pilot during the reporting year involving 9 properties in its property portfolio that differ from each other. A BIU certificate was awarded for these 9 properties: 8 office properties and 1 logistics property. On average, these 9 buildings scored 49% of the maximum number of points, which VastNed Offices/Industrial considers as better than average, because a very high score of between 85% and 100% of the maximum number of points for existing buildings is considered exceptional.

The pilot was conducted jointly within the VastNed Group with the VastNed Retail N.V. sister fund. The first BREEAM-In-Use International Certificate was presented in June 2010 to VastNed Offices/Industrial for a German office property. This property scored 51% of the maximum number of possible points. The VastNed Group was followed during the 2010 reporting year by various other major international investors that also carried out a BIU International certification pilot. The experience gained with this form of certification is important to VastNed Offices/Industrial for the further development of its sustainability policy and for the certification body for the further development of the BIU International Certificate (which is currently still mostly based on the original, older British BIU Certificate).

The certification was adopted throughout the organisation, which first of all resulted in a high level of commitment to sustainability and secondly taught the organisation a great deal in this area. The experience gained with the pilot is positive and justification for certifying additional properties in the property portfolio using this method. At the beginning of 2011 a further evaluation of the certificates obtained to date will be carried out and used as a basis for developing a programme designed to improve sustainability performance where this is economically feasible.

VASTNED OFFICES/INDUSTRIAL SUSTAINABILITY WORKGROUP

The VastNed Offices/Industrial Workgroup meets once a quarter to discuss sustainability-related actions and their implementation. This workgroup consists of the responsible individual on the management team, the VastNed Group's Sustainability Manager, the Country Directors and the Technical Managers. In addition to the items reported above, during the reporting year attention was primarily focused on creating sustainability awareness within the VastNed Offices/Industrial organisation. Another subject for discussion was the further development of the sustainability policy and the associated instruments. In 2011 this workgroup will meet with the same frequency in order to give further substance to the development and implementation of VastNed Offices/Industrial sustainability policy.

RESPONSIBILITY STATEMENT BOARD OF MANAGEMENT

In accordance with the EU Transparency Directive as implemented in Section 5.3 of the Act on Financial Supervision, the Board of Management hereby declares that, insofar as it is aware:

- the consolidated annual accounts 2010 give a true and fair view of the assets and liabilities, the financial position and the result of VastNed Offices/Industrial and its consolidated subsidiaries;
- the additional management information set out in this annual report gives a true and fair view of the state of affairs as at the balance sheet date and the course of events during the financial year of VastNed Offices/Industrial and its consolidated subsidiaries, and;
- the material risks to which VastNed Offices/Industrial is exposed are set out in the annual report. These risks are described in detail in the Risk Management chapter.

RISK MANAGEMENT

DUTCH CORPORATE GOVERNANCE CODE

The Corporate Governance Code Monitoring Committee presented a new, comprehensive version of the Dutch Corporate Governance Code ('the Code') on 10 December 2008. The Code came into effect on 1 January 2009. The provisions of this new Code were already applied by VastNed Offices/Industrial in its 2008 annual report. In December 2010, the Monitoring Committee published the findings of its (second) investigation into compliance with the Code. This investigation primarily focused on the role of shareholders, and the Supervisory Board and its composition. VastNed Offices/Industrial informed itself of these findings with interest. The report did not provide any reason for making changes to its Corporate Governance policy.

One of the Code's components specifically deals with risk management. The Code stipulates that a company's annual report must include a description of the principal risks to which it is exposed in relation to the implementation of its strategy. The Board of Management must in that regard make a distinction between financial reporting risks and operational risks. Risk management is extensively dealt with below and elsewhere in this annual report.

DESCRIPTION OF THE RISK PROFILE

Risks related to the strategic targets

Choice of country and region

The property investment categories, countries and size of the properties VastNed Offices/Industrial wishes to invest in are specified in the Profile and Strategy chapter. It opts in this regard to invest in offices and, to a limited extent, semi-industrial property in euro zone countries characterised by stable political and economic climates embedded in generally clear rent and tax legislation and regulations. There is therefore no currency risk. Rent and value developments as well as occupancy rates of office investments are to an important extent linked to demand for office locations, which, especially with respect to the service sector, is largely determined by economic developments and associated employment trends. To enable appropriate responses to the office market cycle, the focus is on investments in liquid office markets in, among others, the four major cities of the Netherlands, the Antwerp-Brussels axis in Belgium and the major cities in Germany.

Letting risks

In spite of the fact that the focus of the acquisition and disposal policy in past years was on liquid office markets, VastNed Offices/Industrial in the current economic climate is confronted with a difficult letting market. On the one hand due to a decrease in the demand for office space caused by the crisis, reinforced by developments in the 'new way of working' and a greying population, and on the other hand due to the continuing addition of new properties to existing office inventories, there is a significant surplus of office locations. This has resulted in a highly competitive letting market with strong pressure on letting levels and a greater risk of vacancies. VastNed Offices/Industrial has adopted an active letting policy and is making additional investments in its office properties (including in the area of sustainability) in an attempt to mitigate this risk to the maximum possible extent.

Finance policy

The investments are financed on the basis of a sound financing and interest rate policy. The aim in this regard is to achieve relatively conservative financing ratios between equity and loan capital. In view of the unexpectedly adverse economic climate as a result of the credit crisis and the difficulty of reducing leverage through the sale of investment properties, VastNed Offices/Industrial refinanced a key portion of its loan portfolio at the beginning of 2009, a move that expanded covenants with banks and limited the percentage of short-term loans to well below the target of a quarter of the total loan capital. Given the limited opportunities at that time to extend these loans for terms longer than three to four years, the spread of refinancing dates is no longer optimal and there will be a refinancing peak in 2012. In 2010, VastNed Offices/Industrial obtained approval from its financiers allowing it to exercise an extension option contained in the financing agreement as a result of which a portion of the refinancing peak (approximately € 200 million) has been shifted to 2013. In addition, Intervest Offices in June 2010 issued a bond loan in the amount of € 75 million with a term of 5 years. This has increased the term of the loans portfolio and expanded the financing sources.
Given the current 54.4% loan-to-value ratio and the aim of reducing this ratio in the future through disposals, the refinancing risk is currently deemed to be acceptable.

Interest-rate policy

Due to the capital-intensive nature of its operations, VastNed Offices/Industrial is sensitive to interest rate developments, which can affect both the value of the investment properties and the current cash flows and therefore the direct investment result. The interest rate risk is limited however, by arranging interest rate derivatives with large international banks. This means that the interest rate is fixed for a minimum of two-thirds of the loans portfolio with a term of at least three years. The interest rate derivatives are arranged in such a way as to ensure interest rate review dates are spread across years.

DESCRIPTION OF THE INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS

Principal risks and risk management measures and impact of these risks

The Risk Management chapter includes an overview of the risks identified within VastNed Offices/Industrial and also specifies the way in which these risks are managed. An important element of the internal risk management and control system is the totality of internal control measures and administrative and organisational procedures as set out in the Administrative Organisation handbook. This handbook meets the requirements of the Financial Supervision Act and associated regulations.

Actions taken

Attention was again devoted to risk management in 2010 by the Supervisory Board and the Board of Management, as well as the organisations in each of the countries in which VastNed Offices/Industrial operates.

A key point in the area of risk management was the financing of the property portfolio. VastNed Offices/Industrial in 2010 took action on this point on the basis of the abovementioned placement of a € 75 million bond loan by its subsidiary Intervest Offices and by exercising an option to extend – approximately € 200 million in loans by one year to mid-2013.

Furthermore, extensive attention was devoted to the current letting market to which VastNed Offices/Industrial is presently exposed and the actions that can be taken in this context to increase letting opportunities and limit the risk of vacancies. In this context, a number of changes was implemented to the organisation and the letting policy in September 2010, under the direction of the newly appointed Director, Mr Taco de Groot. Further to his previous positions, Mr De Groot has extensive experience with and a broad network in the property market.

A start was made in 2010 to carry out a number of additional internal checks concerning the existence and operation of internal procedures. In this context, in the second half of 2010 attention was devoted to maintenance and investment procedures. Based on these checks, a limited number of procedures were refined.

In addition to these issues, a number of important risks were addressed by the Board of Management as well as in meetings of the audit committee and Supervisory Board in accordance with the annually adopted work plan. These meetings also addressed the design and operation of the associated risk management measures in place in relation to, among other things, strategic risks, emergency risks (insurances, solvency of the insurer), financial reporting risks, compliance risks (rules of the AFM and NYSE Euronext, as well as those associated with licences and safety regulations), financing and refinancing risks, interest rate risks, IT risks and tax and legal risks. No significant changes were deemed necessary with respect to the internal risk management and control systems in relation to these risks.

Results of the evaluation of the internal risk management and control systems

With respect to the financial reporting risk, the Board of Management is of the opinion that the risk management and control systems in place provide a reasonable degree of assurance that the financial reporting is free of material misstatements. The Board of Management also believes that these risk management and control systems functioned properly throughout the financial year in such a way that a reasonable degree of assurance exists that the financial reporting is free of material misstatements. There were no material changes to the administrative and organisational procedures during the financial year. No material shortcomings were identified in the risk management and control systems in place to manage financial reporting risks.

Sensitivity analysis

The following is an overview based on the balance sheet position as at the end of 2010 of the potential effects, all other things being equal, of changes in the risk factors listed below:

- an increase (a decrease) in the interest rate of 100 basis points will result in a decrease (an increase) in the direct investment result of € 0.04 per share;
- an increase in the net initial yields used in the appraised value of 50 basis points (approximately 5.4% of the value of the investment properties at year-end 2010) will result in a decrease in equity of € 2.32 per share and an increase in the loan-to-value ratio of approximately 308 basis points;
- a decrease in the net initial yields used in the appraised value of 50 basis points (approximately 6.0% of the value of the investment properties at year-end 2010) will result in an increase in equity of € 2.60 per share and a decrease in the loan-to-value ratio of approximately 308 basis points, and;
- an increase (a decrease) in the occupancy rate of 100 basis points will result in an increase (a decrease) in the direct investment result of € 0.04 per share.

FINANCIAL PERFORMANCE

2010 INVESTMENT RESULT ATTRIBUTABLE TO VASTNED OFFICES/INDUSTRIAL SHAREHOLDERS

The investment result in 2010 was negative € 10.9 million compared to negative € 42.1 million in 2009. The 2010 investment result comprises the direct investment result of € 25.0 million (2009: € 29.7 million) and the indirect investment result of negative € 35.9 million (2009: negative € 71.8 million).

Direct investment result

The direct investment result in 2010 declined by 15.8% from € 29.7 million to € 25.0 million. This decrease was primarily caused by negative like-for-like growth resulting from a decline in the average occupancy rate from 87.0% to 83.0% and continued pressure on letting levels. The decline was somewhat limited due to a decline in operating costs primarily due to lower maintenance costs and letting costs, as well as the elimination of one-off charges in 2009. The direct investment result was further negatively affected in relation to 2009 due to higher interest expenses resulting from the refinancing completed for the Dutch and German property portfolios at the end of June 2009 and the issue of a bond loan by Intervest Offices in 2010.

Indirect investment result

The value movements in 2010 were more due to occupancy rate developments and market rent than yield shifts, as was the case in 2009. The total write-down in 2010 was almost 4% in 2010, compared to 7% in 2009. The Dutch and German property portfolios exhibited the sharpest decreases at 5.6% and 5.9% respectively. The decline in value of the Belgian property portfolio was limited to less than 2%. As a result of these negative changes in value, the indirect investment result, taking the part attributable to the non-controlling interest in Intervest Offices into account, was negative € 35.9 million (2009: negative € 71.8 million).

Gross rental income

The gross rental income decreased by almost 8% from € 84.9 million in 2009 to € 78.3 million in 2010. This decline is further specified for each country in the table on page 72.

- *Disposals (€ 1.2 million)*

  In 2009 and 2010, a number of smaller properties were sold in the Netherlands and an office park in Belgium for a total of € 13.1 million (2009) and € 10.9 million (2010), respectively. Gross rental income declined by € 1.2 million as a result of these disposals.

- *Like-for-like growth (negative € 5.4 million)*

  Since the beginning of the credit crisis, the deteriorating economic climate has resulted in a decline in the demand for office space. In addition the supply is still increasing, although to a lesser extent, due to the completion of new office developments that are coming onto the market. This is creating a highly competitive letting market. In our property portfolio too this has resulted in a further decline in the occupancy rate and continued pressure on letting levels. The average financial occupancy rate declined from 87.0% to 83.0% causing gross rental income to decline by € 4.2 million. The sharpest decline in average occupancy rate occurred in Belgium, where a decrease of over 6% resulted in an average occupancy rate of 84.8% in 2010. This was primarily due to the tenant Tibotec Virco who vacated the properties in Mechelen, a period of vacancy caused by the departure of tenants from the logistics properties in Wilrijk and Boom, and the expiry of the rent guarantee for the logistics centre in Herentals. In Germany too, the average occupancy rate declined by 5%, primarily due to the tenant Invensys which vacated the building on the Emanuel-Leutze-Straße in Düsseldorf. The average financial occupancy rate in the Dutch portfolio declined by 1.4%, primarily due to the expiry in mid-2009 of the lease on the De Rode Olifant property in The Hague.
  The competitive letting market means that lease incentives must generally be provided as part of new leases and lease renewals, as a result of which, depending on location, leases are awarded at effectively 10–20% below previous letting levels. This effect, including the regular indexation of existing leases, has resulted in an additional negative like-for-like growth in the amount of over € 1.2 million.

Operating expenses (including ground rents paid and net service charge expenses)

These costs declined by over 20% from € 13.2 million to € 10.2 million. Expressed as a percentage of the gross rental income, this represents a decrease from 15.6% to 13.0%. Operating costs primarily declined due to lower maintenance costs, particularly in the Belgium property portfolio, the elimination of a one-off charge in 2009 due to a lower than expected repayment of property tax on vacant properties in Belgium, lower letting costs and the release of a provision made for energy tax in 2009.

Value movements in investment properties

The value movements in investment properties totalled negative € 41.6 million (2009: negative € 86.0 million). This decline in value, determined on the basis of external appraisals of the market value of the investment properties, constitutes a decrease of almost 4% relative to the value at year-end 2009 (2009: over 7%). Given the currently adverse rental market, vacant properties or properties whose leases were set to expire in the following year led to additional declines in value. Declines in value were, however, offset to a degree by increases in value generated by new leases and lease renewals in which the average term of the leases was extended.

Net result for disposals of investment properties

A number of smaller properties in the Netherlands and an office park in Latem (Ghent, Belgium) were sold in 2010. The total book value of these properties was € 10 million. The net sales result after deducting selling costs and non-controlling interests, increased by the proceeds of disposals received from sales prior to 2010, was € 1.2 million positive.

EXPENDITURE

Net financing costs

The net financing costs increased from € 23.3 million in 2009 to € 25.9 million in 2010. The table below details Development of the net financing costs.

Development of net financing costs

(x € 1 million)

Net financing costs 2009	(23.3)
Decrease as a result of disposals	0.4
Increase due to higher refinancing margins of the Dutch and German loan portfolio in mid-2009	(2.1)
Increase due to higher interest rate and commitment fees for Intervest Offices due to the issue of bond loan and refinancing of various loans (prior to deducting non-controlling interests)	(1.7)
On balance increase due to movements in working capital	(0.1)
Movement in value as a result of the revaluation of interest-rate derivatives	0.9
Net financing costs 2010	**(25.9)**

The average interest rate for the interest-bearing loan capital as a whole increased from 4.0% in 2009 to 4.6% in 2010. The average interest rate on one hand increased due to the higher margins of the refinancing of the Dutch and German portfolios completed at the end of June 2009; and on the other hand the average interest rate increased due to the placement of the bond loan at the end of June 2010, as well as the refinancing of several loans, by Intervest Offices. Due to the rise in the market rate of interest, the market value of interest-rate derivatives not classified as a full hedge under IFRS rose by almost € 0.7 million.

General expenses

In spite of a decline during the first nine months, general expenses stayed at virtually the same level at € 5.5 million. The increase in the last quarter was due to the additional consulting costs related to the interest displayed by Nieuwe Steen Investments in a possible merger with VastNed Offices/Industrial.

Current income tax expense

The income tax due for the period under review resulted in a gain of € 0.5 million due to an offsettable tax loss attributable to the German property portfolio. Due to the fact that the main portion of the Dutch as well as Belgium investment properties are held by effectively tax-free entities, the income tax in these countries is (virtually) nil.

Movement in deferred tax assets and liabilities

The movement in deferred tax assets and liabilities amounted to € 0.3 million positive due to the decline in value of the German property portfolio, which resulted in a deferred tax asset.

Investment result attributable to non-controlling interests

The investment result of € 8.5 million (2009: negative € 0.2 million) attributable to non-controlling shareholders comprises the direct investment result and the indirect investment result attributable to non-controlling interests of € 11.5 million (2009: € 13.6 million) and negative € 3.0 million (2009: negative € 13.8 million) respectively. The non-controlling interest consists almost entirely of the 45.3% interest of non-controlling shareholders in Intervest Offices. The decrease in the indirect investment result attributable to non-controlling interests was due to the smaller negative value movements in the property portfolio of Intervest Offices.

Investment result per share

Based on the due to the stock dividend increased average number of VastNed Offices/Industrial ordinary shares in issue in the amount of 18.9 million (2009: 18.8 million shares), the investment result per share was negative € 0.58 (2009: negative € 2.25). This result comprises the direct investment result per share of € 1.32 (2009: € 1.58) and the indirect investment result per share of negative € 1.90 (2009: negative € 3.83).

The direct investment result per share is calculated as follows (x € 1):

Direct investment result 2009	1.58
Like-for-like growth in net rental income	(0.14)
Decline as a result of disposals, after deduction of interest income	(0.03)
Increase in financing costs due to refinancing and issue of bond loan	(0.20)
Decline as a result of stock dividend	(0.01)
Income taxes	0.01
Decrease in direct investment result attributable to non-controlling interests	0.11
Direct investment result 2010	**1.32**

FINANCING STRUCTURE

In 2010, VastNed Offices/Industrial in the context of improving its financing structure took steps to broaden its financing sources and extend the term of its financing. As a result, in 2010 VastNed Offices/Industrial's subsidiary Intervest Offices issued a 5.1% fixed-interest-rate coupon bond loan in the amount of € 75 million and exercised an extension option of the syndicate financing of the Dutch and German property portfolios to extend the term of an amount of approximately € 200 million by one year to mid-2013.

With due consideration to the above mentioned transactions, the financing structure at year-end 2010 was as follows:

- a solvency ratio, calculated as equity plus deferred tax liabilities divided by the balance sheet total, of 41.4% (year-end 2009: 43.3%);
- a consolidated loan-to- value ratio of 54.4% (year-end 2009: 53.6%);
- a loan-to- value ratio based on the syndicate's definition of 59.4% (maximum permitted: 70%);
- the total interest-bearing debt amounts to € 560.4 million;
- 89.9% of the outstanding debt is long-term with a weighted average term based on contract expiry dates of 3.1 years;
- in 2011 only € 51.0 million in long-term debt expires;
- almost 43% of the outstanding debt expires in 2013;
- 84.9% of the outstanding debt has a fixed interest rate, primarily due to the use of interest rate swaps with a term to maturity based on interest rate review dates of 3.8 years;
- taking into account the agreed interest-rate swaps, the average fixed interest-rate at year-end 2010 was 4.8%;
- 15.1% of the outstanding loans had a floating interest rate and is benefiting from the currently low short-term interest rate;
- due to the historically low interest-rate curve at year-end 2010, a negative net value of € 18.6 million was recorded with respect to the interest-rate swaps, and;
- the unused facilities amounted to € 122.9 million (of which € 90.1 million for Intervest Offices).

With a loan-to-value ratio at year-end 2010 and an interest coverage ratio in the last quarter of 2010, according to the definition of the syndicate, of 59.4% (maximum 70%) and 2.3 (minimum 2.0) respectively, VastNed Offices/Industrial fulfilled the covenants of the syndicate. Intervest Offices does not form part of the syndicate financing facility but, with a loan-to-value ratio of 43% and interest coverage ratio of 3.7, it is well within the covenants of the current financing agreements.

DIVIDEND PROPOSAL AND DIVIDEND DISTRIBUTION

At the General Meeting of Shareholders of 21 April 2010, the dividend for the 2009 financial year chargeable to the freely distributable reserves was set at € 1.58 per share. An interim dividend of € 0.53 per share had already been distributed in September 2009. The final dividend was therefore € 1.05 per share, of which the compulsory cash component was € 0.75 and the optional component was € 0.30 in cash or 1 new share for every 37 shares held. Within this framework, holders of almost 30% (2009: 27%) of the shares in issue opted for stock dividend, as a result of which the number of shares increased by 149,852 shares.

On 30 August 2010, in accordance with the dividend policy, 60% of the direct investment result over the first half of 2010 was distributed as interim dividend at € 0.41 per share. In line with previous years, an optional dividend is proposed to shareholders with respect to the final dividend that, according to the respective choices of the individual shareholders, can be taken up entirely in cash or partly in cash and partly in the form of stock dividend chargeable to the share premium reserve. The profit for tax purposes as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions.

During the General Meeting of Shareholders to be held on 4 May 2011, a proposal will be submitted to declare the final dividend chargeable to the freely distributable reserves at € 0.91 per ordinary share, which is the 2010 direct investment result per share of € 1.32 less the interim dividend of € 0.41 per share. Taking into account the fiscal distribution obligation referred to in the foregoing and the share price applicable at that time, it will be possible, in addition to take-up entirely in cash, to take up the final dividend as € 0.71 in cash and a percentage to be further determined in VastNed Offices/Industrial shares chargeable to the share premium reserve that will constitute an approximate value of € 0.23 per share. The final dividend will be made payable on 16 May 2010.

DISCUSSIONS WITH NIEUWE STEEN INVESTMENTS ABOUT A POSSIBLE MERGER

In December 2010, the listed Dutch property fund Nieuwe Steen Investments N.V. (NSI) expressed interest in a possible merger with VastNed Offices/Industrial via a legal demerger. The Board of Management and Supervisory Board's meetings were held with NSI during the period December 2010 up to mid-February 2011. In addition, potential alternatives were further explored. During this period, the relative valuation of VastNed Offices/Industrial by NSI and vice versa, was one of the most important areas of attention during the meetings and due diligence investigations. The negotiations were without result. The Board of Management and the Supervisory Board repeatedly assumed a constructive posture and carried on an open dialogue with NSI. VastNed Offices/Industrial still remains open to discussions with NSI, subject to the condition that they are useful and have the potential of resulting in an outcome that is acceptable to both parties.

In line with their fiduciary responsibilities, the Board of Management and the Supervisory Board will continue to act in the interest of its shareholders and other stakeholders. In this context, strategic alternatives are specifically being explored.

DEVELOPMENT NET RENTAL INCOME x € 1 million

	Netherlands	Belgium	Germany	Total
Gross rental income 2009	34.5	43.2	7.2	84.9
Disposals	(0.9)	(0.3)	–	(1.2)
Like-for-like rental growth	(1.3)	(3.8)	(0.3)	(5.4)
Gross rental income 2010	32.3	39.1	6.9	78.3
Operating expenses[1]	(6.6)	(3.0)	(0.6)	(10.2)
Net rental income 2010	25.7	36.1	6.3	68.1
Operating expenses in % of gross rental income:				
– 2010	20.4	7.7	8.7	13.0
– 2009	24.4	9.4	10.9	15.6

1 Including ground rents paid and net service charge expenses.

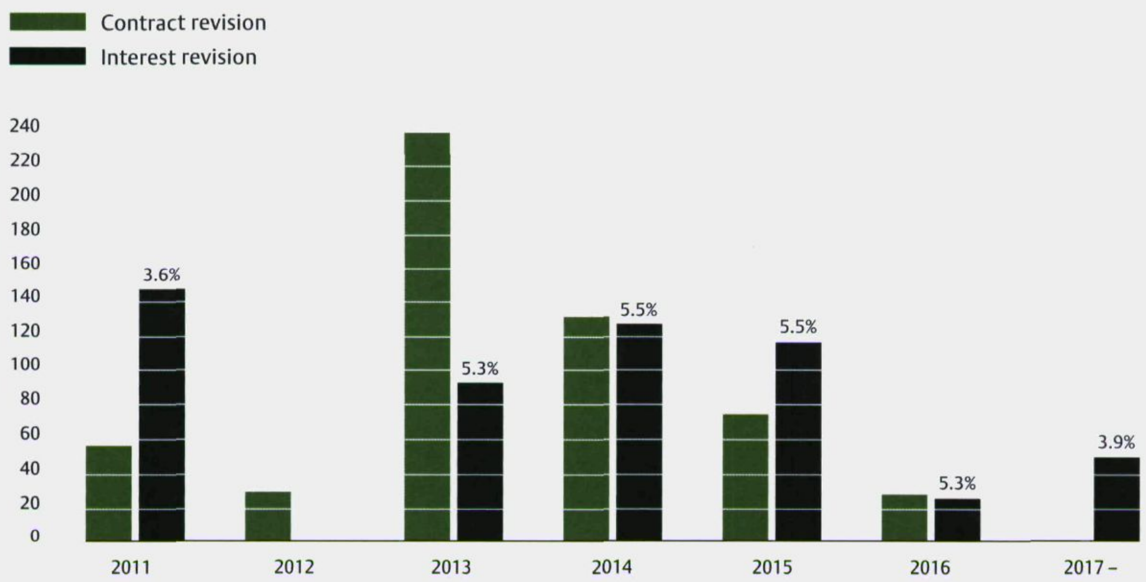
LOAN PORTFOLIO x € 1 million

AT YEAR-END 2010

	Fixed interest rate [1]	Floating interest rate	Total	% of total
Long-term debts	425.2	78.8	504.0	89.9
Short-term debts	50.8	5.6	56.4	10.1
Total	476.0	84.4	560.4	100.0
% of total	84.9	15.1	100.0	

CONTRACT AND INTEREST REVISION RISKS LOAN PORTFOLIO x € 1 million

INCLUDING AVERAGE INTEREST RATE



1 Interest-rate derivatives taken into account.

TERMINATION OF COLLABORATION WITH VASTNED RETAIL

At the end of February 2011, the Supervisory Boards of VastNed Offices/Industrial and VastNed Retail N.V. have resolved in consultation with the Board of Management to end their collaboration at 1 January 2012, subject to approval from the General Meetings of Shareholders. After termination, VastNed Offices/ Industrial will have an independent management board and management organisation. The future composition of the management board will be determined as soon as possible. The costs of the termination – budgeted at € 2.3 million for VastNed Offices/Industrial – will be charged to the 2011 financial year.

AUDITOR'S OPINION ON 2010 ANNUAL FIGURES

The auditor issued a qualified auditor's report concerning the recognition of a lump sum received. In 2010, Intervest Offices received a payment in the context of the early departure of Tibotec Virco for rent owed on the remaining duration of the terminated leases. As stated in the 2010 interim report, Intervest Offices recognised this payment straight-lined over the original duration of the leases. It has recognised this transaction in this way in its annual accounts under IFRS, which were approved by its Board of Directors and its auditor (Deloitte Bedrijfsrevisoren) in Belgium. The Board of Management of VastNed Offices/Industrial agrees with this accounting method and has recognised these figures in its consolidated statements in the same way. Deloitte Accountants in the Netherlands is of the opinion that this accounting method is incorrect, and that the part of the lump sum not subject to conditions should be recognised as an income in 2010. For this reason, Deloitte issued a qualified auditor's report. The auditor is of the opinion that the equity attributable to VastNed Offices/Industrial shareholders at year-end 2010 and the 2010 investment result after deduction of minority interests are understated by € 1.3 million. The Board of Management will base its dividend proposal for 2010 on the accounting method used by Intervest Offices, since the dividend to be distributed by Intervest Offices is based on the audited published annual figures.

OUTLOOK FOR 2011

Despite its focus on liquid office markets, VastNed is faced with a slow letting market caused by the economic climate. The fall in demand for office space due to the crisis is exacerbated by reduced demand due to teleworking and new additions to the existing office stock. This has created a surplus, and consequently a highly competitive letting market with strong pressure on rent levels and greater risk of vacancy. VastNed Offices/Industrial is fighting back with an active letting policy and additional investment in its office properties, partly in the area of sustainability. In spite of this, the occupancy rate of VastNed Offices/Industrial's property portfolio has fallen and like-for-like rent development is negative.

Based on the causes described above, the board of management anticipates further pressure on the occupancy rate and on rent levels in 2011. It should be noted that a number of major leases in the Netherlands representing an annual rental income of approximately € 1.8 million expired in early 2011 and were not renewed. Furthermore, despite spreading the rents received in advance to the original expiry date of the leases, Tibotec Virco's departure from Mechelen negatively impacts on our rental income (without reletting in 2011 a € 1.1 million decrease of Intervest Offices' rental income compared to 2010). On the bright side, we are seeing the first signs of a recovery in the logistics properties letting market, which is likely to benefit the logistics properties in the Belgian portfolio in particular. Indeed, a number of new leases were already concluded in the second half of 2010. The development of the occupancy rate in 2011 will partly depend on VastNed Offices/Industrial's success in letting the properties De Rode Olifant at Zuid-Hollandlaan 7 in The Hague and Park Office at K.P. van de Mandelelaan 41-43 in Rotterdam. In 2010 various actions were taken to further improve these properties' letting chances.

In addition to strong focus on leasing activities, we will continue to strive to improve the risk return profile of the property portfolio by means of disposing of less liquid properties. Also, we expect Intervest Offices to make new acquisitions in 2011 with the investment funds generated by the bond issue and its low debt ratio.

Regarding interest developments, the European Central Bank is expected to announce a limited raise of the short-term interest rate in 2011. Due to VastNed Offices/Industrial's conservative interest rate policy, this will cause only a minor increase in interest expenses. Interest expenses will rise further in 2011 due to subsidiary Intervest's bond issue of mid-2010 at a 5.1% fixed rate. Depending on the developments in the portfolio's value and on realising disposals, there is the risk that the loan-to-value ratio based on the syndicate's definition (currently: 59.4%) might exceed 60%, which based on the margin grid defined in the syndicated loan leads to an increase of the interest rate margin of 30 basis points (approximately € 1 million per year).

Strong competition in the office market creates uncertainty as to the property portfolio's results. The development of the direct investment result will strongly depend on VastNed Offices/Industrial's ability to let a number of vacant properties. The 2011 direct investment result will come under pressure from higher interest expenses and general expenses due to increased consultancy costs resulting from a possible merger with NSI, the strategic review and the separation of the management organisations. Partly in view of this separation, the board of management refrains from making statements on the expected direct investment result per share of 2011.

The outlook described in the foregoing is based on current expectations, estimates and forecasts and the information available to the Company at the present time. Furthermore, the outlook is subject to certain risks and uncertainties that are difficult to assess, such as general economic conditions, interest rates, exchange rates and changes in legislation and regulations. No guarantee can therefore be given that the outlook will become a reality. Furthermore, there is no obligation on our part to update the statements made in this document.

Rotterdam, 3 March 2011
The Board of Management

THE SHARE AND THE STOCK EXCHANGE LISTING

LISTING ON NYSE EURONEXT

The VastNed Offices/Industrial shares have been listed on NYSE Euronext Amsterdam since 23 June 1989. The shares have been included in the AScX Index (Amsterdam Small Cap Index) since March 2005. The average daily trading volume in 2010 was € 0.5 million, which represents a decline in comparison to 2009 (average daily trading volume of € 1.0 million). VastNed Offices/Industrial makes use of various liquidity providers to ensure that its shares can be continually traded. In 2010, Kempen & Co and the Royal Bank of Scotland acted as liquidity providers for VastNed Offices/Industrial. Kempen & Co acted as a paid liquidity provider, and the Royal Bank of Scotland as unpaid liquidity provider.

INDICES

VastNed Offices/Industrial is included in a number indices. These indices help investors in putting together their equity portfolios. As stated above, VastNed Offices/Industrial is included in the AScX index. Our impression is that investors make limited use of this index as a guide to the composition of their equity portfolios. Other indices, such as those of the EPRA, play a more important role, especially for international institutional investors.

VastNed Offices/Industrial is included in the following EPRA indices as of 31 December 2010:

EPRA/NAREIT Global	0.04%
EPRA/NAREIT Global ex-Asia	0.07%
EPRA/NAREIT Global ex-North America	0.07%
EPRA/NAREIT Europe	0.26%
EPRA/NAREIT Europe (UK restricted)	0.30%
EPRA/NAREIT Europe ex-UK	0.40%
EPRA/NAREIT Eurozone	0.52%
EPRA/NAREIT Netherlands	2.41%

RETURN

VastNed Offices/Industrial realised the following return in 2010, expressed in euros and as a percentage of the 2009 closing price of € 11.77.

		Return 2010	Return 2009
Closing price 2010	12.55		
Closing price 2009	11.77		
Movement in share price	0.78	6.6	71.6
Final dividend for 2009 17 May 2010	1.05	8.9	15.9
Interim-dividend 2010 30 August 2010	0.41	3.5	7.7
Total return	**2.24**	**19.0**	**95.2**

Assuming immediate reinvestment of the dividends, the total return for 2010 was positive 20.1% (2009: positive 101.6%).

SHARE PRICE

At year-end of 2010, the shares were trading at a 24.9% discount (year-end 2009: 37.5% discount) to the net asset value per share. The net asset value per share held by VastNed Offices/Industrial shareholders, including the 2010 investment result, fell from € 18.83 (at the start of 2010) to € 16.72 (at year-end 2010). The share price rose slightly by € 0.78 in 2010. This led to a reduction in the discount. Other European property investment funds also saw their share prices rise in 2010. Market capitalisation based on the share price at year-end 2010 was € 237.6 million, compared with € 221.1 million at year-end 2009. The lowest share price of € 9.55 was quoted on 25 May 2010 while the highest share price of € 14.19 was quoted on 9 April 2010.

DIVIDEND

In accordance with its current dividend policy (see the Profile and Strategy chapter), VastNed Offices/Industrial paid out a final dividend for 2009 of € 1.05 on 17 May 2010. The share dividend was 1 new share for every 37 shares held. Shareholders could choose between being paid € 1.05 in cash per share or € 0.75 in cash and 1/37th of a VastNed Offices/Industrial share. For this purpose, a total of 149,852 shares was issued and charged to the share premium reserve.

NUMBER OF SHARES AND ISSUE OF NEW ORDINARY SHARES

The total number of shares in issue at year-end 2010 was 18,932,731 with a nominal value of € 5 each. The outstanding share capital also includes 100 priority shares with a nominal value of € 5 each. No new shares were issued in 2010, other than those issued as stock dividend, nor were there any share repurchase programmes.

MAJOR SHAREHOLDERS/CONTROLLING SHAREHOLDERS

VastNed Offices/Industrial has information on the identity of its important shareholders. However, it is difficult to find reliable information on the exact size of their holdings. Consequently, VastNed Offices/Industrial only designates those shareholders with a stake of more than 5% according to the register of the Netherlands Authority for the Financial Markets (AFM) as controlling shareholders. This register does not provide precise numbers for the shareholdings as at year-end 2010; it merely gives an indication of the brackets that the holdings are in (e.g. 5–10% or 20–25%). The following may be designated as controlling shareholders (> 5% according to the AFM register):

BNP Paribas Investment Partners SA	5.57%
Stichting Pensioenfonds ABP	5.34%
Commonwealth Bank of Australia	5.05%

PROVIDING INFORMATION

It is the policy of the Board of Management to inform all shareholders and other parties in the financial market in an equal manner. Comments on the quarterly, semi-annual and annual figures as well as the presentations to analysts can be followed simultaneously by all interested parties through a webcast. The presentations are announced on the website and are placed on the website. The Board of Management aims to engage in a constructive dialogue with actual and potential shareholders. In that regard, it has regular bilateral contacts with institutional investors, in which VastNed Offices/Industrial only provides information that is already known in the market.

INVESTOR RELATIONS

VastNed Offices/Industrial attaches a great deal of importance to informing shareholders, stakeholders and other interested parties on an equivalent basis, simultaneously and on a timely basis, and in a clear and unambiguous way, and in keeping them informed of the company's state of affairs. The CEO, CFO, CIO and the Director Investor Relations are actively involved in this. Other VastNed Group employees are also involved in specific events such as property tours. A number of instruments are used to implement the investor relations policy, including investor roadshows, press releases, the annual report, the VastNed website and the newsletter *Behind the Façade*.

INVESTOR ROADSHOWS

The investor roadshows are of crucial value for investor relations. In 2010, meetings were held with a large number of institutional investors in the financial centres of Europe, Canada and the United States.

PRESS RELEASES AND PUBLICATION OF PERIODIC REPORTS

Financial and price-sensitive information is always disclosed to the general public through press releases as well as being reported to the financial authorities (AFM and NYSE Euronext) and placed on the website *www.vastned.nl*. Only information that has already been made public is commented upon in contacts with the press, individual investors and analysts. When VastNed Offices/Industrial publishes its semi-annual and annual figures, it holds a meeting for analysts. When it publishes its first quarter and nine months' results, there is a conference call to provide further information on these results to analysts. Both the analysts' meetings and the conference calls can be followed through an audio webcast on *www.vastned.nl*. There are no analysts' meetings, presentations to investors or direct meetings with investors in the period immediately preceding the publication of the financial reports. All dates are listed in the financial calendar at the front of the annual report.

SELL-SIDE ANALYSTS

VastNed Offices/Industrial does not assess or correct analysts' reports beforehand except for factual inaccuracies. VastNed Offices/Industrial does not pay fees to any party for drawing up analysts' reports. VastNed Offices/Industrial is currently being followed by eight sell-side analysts at reputable banks who regularly publish reports. The following financial institutions have sell-side analysts who follow VastNed Offices/Industrial:

- ABN AMRO;
- ING;
- JPMorgan;
- Keijser Capital;
- Kempen & Co;
- PeterCam;
- Rabobank, and;
- Royal Bank of Scotland.

ANNUAL REPORT

VastNed Offices/Industrial received a Gold Medal Award from the EPRA for its 2009 annual report. The jury based its high rating on the way in which VastNed Offices/Industrial described its market analysis and risk management, among other things. The EPRA conducts a survey of listed property investment companies each year. The 2010 annual report is published in both English and Dutch. Only the English version is available in printed form. The Dutch version is available in PDF format at *www.vastned.nl*.

WEBSITE

The website provides information about the VastNed Group in general as well as specific, extensive information about the two property funds: VastNed Offices/Industrial and VastNed Retail. In addition, considerable attention is given to the property portfolio; nearly all the office and retail properties of VastNed Offices/Industrial and VastNed Retail respectively are included with photos. Furthermore, detailed information can also be found on investor relations, corporate governance and sustainability. The website also offers a subscription service whereby people who subscribe receive press releases, presentations and newsletters by e-mail.

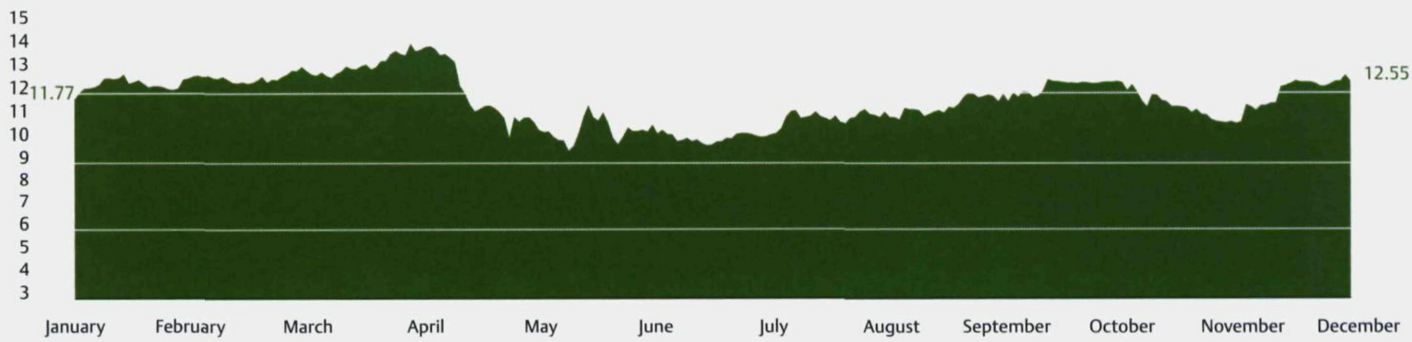
BEHIND THE FAÇADE

The *Behind the Façade* newsletter takes an informal look at issues affecting the entire VastNed Group. The newsletter is for *all* the company's business relations and focuses on the typical local atmosphere in the countries and cities where the VastNed Group has operations. A new layout was chosen for the newsletter at the end of 2010. Each issue will have its own theme which will of course have a clear relationship with the VastNed Group.

CONTACT

Questions may be sent to:
VastNed Offices/Industrial
Attn Mr Arnaud du Pont, General Counsel/Director Investor Relations
PO Box 4444,
3006 AK Rotterdam
The Netherlands
Telephone +31 10 24 24 302
arnaud.du.pont@vastned.nl

CLOSING PRICES VASTNED OFFICES/ INDUSTRIAL SHARE IN 2010 in €



EPRA KEY PERFORMANCE MEASURES

DIRECT AND INDIRECT INVESTMENT RESULT

(x € 1,000)

	2010	2009
DIRECT INVESTMENT RESULT		
Gross rental income	78,282	84,894
Ground rents paid	(231)	(226)
Net service charge expenses	(1,724)	(1,996)
Operating expenses	(8,211)	(11,010)
Net rental income	68,116	71,662
Financial income	131	278
Financial expenses	(26,675)	(23,376)
Net financing costs	(26,544)	(23,098)
General expenses	(5,554)	(5,504)
Direct investment result before taxes	36,018	43,060
Current income tax expense	496	212
Direct investment result after taxes	36,514	43,272
Direct investment result attributable to non-controlling interests	(11,519)	(13,604)
Direct investment result attributable to VastNed Offices/Industrial shareholders	**24,995**	**29,668**

	2010	2009
INDIRECT INVESTMENT RESULT		
Value movements investment properties in operation	(40,895)	(85,770)
Value movements investments properties under renovation	(353)	-
Value movements investment properties in pipeline	(330)	(221)
Total value movements investment properties	(41,578)	(85,991)
Net result on disposals of investment properties	1,642	(86)
Value movements financial derivatives	655	(240)
Indirect investment result before taxes	(39,281)	(86,317)
Movement deferred tax assets and liabilities	301	655
Indirect investment result after taxes	(38,980)	(85,662)
Indirect investment result attributable to non-controlling interests	3,040	13,845
Indirect investment result attributable to VastNed Offices/Industrial shareholders	**(35,940)**	**(71,817)**
Direct investment result attributable to VastNed Offices/Industrial shareholders	24,995	29,668
Indirect investment result attributable to VastNed Offices/Industrial shareholders	(35,940)	(71,817)
Investment result attributable to VastNed Offices/Industrial shareholders	**(10,945)**	**(42,149)**
PER SHARE (x € 1)		
Direct investment result attributable to VastNed Offices/Industrial shareholders	1.32	1.58
Indirect investment result attributable to VastNed Offices/Industrial shareholders	(1.90)	(3.83)
Investment result attributable to VastNed Offices/Industrial shareholders	**(0.58)**	**(2.25)**

The direct investments result attributable to VastNed Offices/Industrial shareholders consist of net rental income less net financing costs (excluding value movements financial derivates), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

The indirect investments result attributable to VastNed Offices/Industrial shareholders consist of the value movements and the net result on disposals of investment properties, movements in deferred tax assets and deferred tax liabilities and the value movements of financial derivatives that do not qualify as effective hedges, less the part of these items attributable to non-controlling interests.

DILUTED EPRA TRIPLE NET ASSET VALUE

The diluted EPRA net asset value represents the fair value of equity on a long-term basis. Items that have no long-term impact on the Company, such as the fair value of derivatives and deferred taxes on the fair value of investment properties, are therefore excluded.

The diluted EPRA triple net asset value represents the fair value of equity and includes fair value adjustments of all material balance sheet items that are not reported as part of the net asset value in the IFRS balance sheet.

	31-12-2010		31-12-2009	
		Per share		Per share
Equity VastNed Offices/Industrial shareholders	316,475	16.72	353,600	18.83
Fair value of financial derivatives	17,175	0.91	17,052	0.91
Deferred tax	(1,403)	(0.07)	(1,103)	(0.06)
Diluted EPRA net asset value	**332,247**	**17.56**	**369,549**	**19.68**
Fair value of financial derivatives	(17,175)	(0.91)	(17,052)	(0.91)
Fair value of interest-bearing loans[1)]	(3,133)	(0.17)	(100)	(0.01)
Deferred tax	1,403	0.07	1,103	0.06
Diluted EPRA triple net asset value	**313,342**	**16.55**	**353,500**	**18.82**

EPRA NET YIELD AND EPRA VACANCY RATE (in %)

The EPRA Net Yield is calculated by dividing the annualised rental income as at the balance sheet date, less non-recoverable property operation expenses, by the market value of the property, including purchasers' costs.

The EPRA Vacancy Rate is calculated by dividing the estimated rental value of vacant space by the estimated rental value of the whole portfolio.

	31-12-2010	
	EPRA Net Yield	EPRA Vacancy Rate
Netherlands	6.1	19.0
Offices	6.0	21.0
Semi-industrial	8.0	5.0
Belgium	6.5	19.0
Offices	6.8	18.0
Semi-industrial	5.7	21.0
Germany	5.9	20.0
Offices	5.9	20.0
Total	6.3	19.0
Offices	6.3	20.0
Semi-industrial	6.2	17.0

1 The calculation of the market value is based on the swap yield curve at year-end 2010 and the applicable credit spreads at year-end 2010.

ANNUAL ACCOUNTS 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(x € 1,000)

	Notes	2010	2009
NET INCOME FROM INVESTMENT PROPERTIES			
Gross rental income	4, 23	78,282	84,894
Ground rents paid	4	(231)	(226)
Net service charge expenses	4	(1,724)	(1,996)
Operating expenses	4	(8,211)	(11,010)
Net rental income		68,116	71,662
Value movements investment properties in operation	5	(40,895)	(85,770)
Value movements investment properties under renovation	5	(353)	-
Value movements investment properties in pipeline	5	(330)	(221)
Total value movements investment properties		(41,578)	(85,991)
Net result on disposals of investment properties	6	1,642	(86)
Total net income from investment properties		**28,180**	**(14,415)**
EXPENDITURE			
Financial income	7	131	278
Financial expenses	7	(26,675)	(23,376)
Value movements financial derivatives	7	655	(240)
Net financing costs		(25,889)	(23,338)
General expenses	8	(5,554)	(5,504)
Total expenditure		**(31,443)**	**(28,842)**
Investment result before taxes		**(3,263)**	**(43,257)**
Current income tax expense	9	496	212
Movement deferred tax assets and liabilities	9	301	655
		797	867
Investment result after taxes		**(2,466)**	**(42,390)**
Investment result attributable to non-controlling interests		(8,479)	241
Investment result attributable to VastNed Offices/Industrial shareholders		**(10,945)**	**(42,149)**
PER SHARE (x € 1)			
Investment result attributable to VastNed Offices/Industrial shareholders	10	(0.58)	(2.25)
Diluted investment result attributable to VastNed Offices/Industrial shareholders	10	(0.58)	(2.25)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(x € 1,000)

	2010	2009
Investment result	(2,466)	(42,390)
Value movements financial derivatives recognised directly in equity	222	(9,458)
Taxes related to other comprehensive income	-	-
Other comprehensive income	222	(9,458)
Total comprehensive income	**(2,244)**	**(51,848)**
Attributable to:		
VastNed Offices/Industrial shareholders	(11,294)	(50,567)
Non-controlling interests	9,050	(1,281)
	(2,244)	**(51,848)**

PER SHARE (x € 1)

Total comprehensive income attributable to VastNed Offices/Industrial shareholders	(0.60)	(2.69)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	Notes	2010	2009
ASSETS			
Investment properties in operation	12	1,009,825	1,059,941
Investment properties under renovation	12	3,140	-
Accrued assets in respect of lease incentives	12	11,944	11,542
		1,024,909	1,071,483
Investment properties in pipeline	12	5,100	5,430
Total investment properties		**1,030,009**	**1,076,913**
Tangible fixed assets		271	278
Financial derivatives	21	965	-
Deferred tax assets	13	2,801	1,774
Total fixed assets		**1,034,046**	**1,078,965**
Debtors and other receivables	14, 16	10,172	14,250
Income tax		75	-
Cash and cash equivalents	15, 16	1,716	1,430
Total current assets		**11,963**	**15,680**
Total assets		**1,046,009**	**1,094,645**

	Notes	2010	2009
EQUITY AND LIABILITIES			
Capital paid-up and called	17	94,664	93,915
Share premium reserve		329,187	329,946
Hedging reserve in respect of financial derivatives		(17,401)	(17,052)
Other reserves		(79,030)	(11,060)
Investment result attributable to VastNed Offices/Industrial shareholders	10	(10,945)	(42,149)
Equity VastNed Offices/Industrial shareholders		316,475	353,600
Non-controlling interests		115,836	120,320
Total equity		**432,311**	**473,920**
Deferred tax liabilities	13	290	151
Long-term interest-bearing loans	18, 21	504,062	535,189
Financial derivatives	21	16,210	19,441
Guarantee deposits		1,212	1,270
Total long-term liabilities		**521,774**	**556,051**
Payable to banks	19	5,425	16,264
Redemption long-term interest-bearing loans		50,961	25,951
Financial derivatives	21	3,321	–
Income tax		801	1,426
Other liabilities and accruals	20	31,416	21,033
Total short-term liabilities		**91,924**	**64,674**
Total equity and liabilities		**1,046,009**	**1,094,645**

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

(x € 1,000)

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Other reserves
Balance as at 1 January 2009	93,675	330,188	(8,634)	34,712
Investment result	–	–	–	–
Value movements financial derivatives	–	–	(8,418)	–
Total comprehensive income	–	–	*(8,418)*	–
Stock dividend	240	(240)	–	–
Costs of stock dividend	–	(2)	–	–
Final dividend for previous financial year in cash	–	–	–	–
Interim dividend 2009 in cash	–	–	–	(9,955)
Contribution from profit appropriation	–	–	–	(35,817)
Balance as at 31 December 2009	**93,915**	**329,946**	**(17,052)**	**(11,060)**
Investment result	–	–	–	–
Value movements financial derivatives	–	–	(349)	–
Total comprehensive income	–	–	*(349)*	–
Stock dividend	749	(749)	–	–
Costs of stock dividend	–	(10)	–	–
Final dividend for previous financial year in cash	–	–	–	–
Interim dividend 2010 in cash	–	–	–	(7,762)
Contribution from profit appropriation	–	–	–	(60,208)
Balance as at 31 December 2010	**94,664**	**329,187**	**(17,401)**	**(79,030)**

Investment result attributable to VastNed Offices/ Industrial shareholders	Equity VastNed Offices/ Industrial shareholders	Non-controlling interests	Total equity
(15,802)	434,139	134,254	568,393
(42,149)	(42,149)	(241)	(42,390)
–	(8,418)	(1,040)	(9,458)
(42,149)	*(50,567)*	*(1,281)*	*(51,848)*
–	–	–	–
–	(2)	–	(2)
(20,015)	(20,015)	(12,653)	(32,668)
–	(9,955)	–	(9,955)
35,817	–	–	–
(42,149)	**353,600**	**120,320**	**473,920**
(10,945)	(10,945)	8,479	(2,466)
–	(349)	571	222
(10,945)	*(11,294)*	*9,050*	*(2,244)*
–	–	–	–
–	(10)	–	(10)
(18,059)	(18,059)	(13,534)	(31,593)
–	(7,762)	–	(7,762)
60,208	–	–	–
(10,945)	**316,475**	**115,836**	**432,311**

CONSOLIDATED CASH FLOW STATEMENT

(x € 1,000)

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		
Investment result	(2,466)	(42,390)
Adjustments for:		
Value movements investment properties	41,578	85,991
Net result on disposals of investment properties	(1,642)	221
Net financing costs	25,889	23,338
Income tax	(797)	(867)
Cash flow from operating activities before changes in working capital and provisions	**62,562**	**66,293**
Movement current assets	407	(384)
Movement short-term liabilities	8,546	71
	71,515	65,980
Interest paid (on balance)	(24,398)	(20,748)
Income tax paid	(791)	563
Cash flow from operating activities	**46,326**	**45,795**
CASH FLOW FROM INVESTMENT ACTIVITIES		
Acquisition of and capital expenditure on investment properties	(4,242)	(6,871)
Disposal of investment properties	14,754	14,720
Cash flow from investment properties	**10,512**	**7,849**
Movement in tangible fixed assets	7	46
Cash flow from investment activities	**10,519**	**7,895**
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(25,831)	(29,972)
Dividend paid to non-controlling interests	(13,714)	(12,414)
Interest-bearing loans drawn down	98,780	41,915
Interest-bearing loans redeemed	(115,794)	(53,655)
Cash flow from financing activities	**(56,559)**	**(54,126)**
MOVEMENT IN CASH AND CASH EQUIVALENTS	**286**	**(436)**
Cash and cash equivalents as at 1 January	1,430	1,866
Cash and cash equivalents as at 31 December	**1,716**	**1,430**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

1 GENERAL INFORMATION

VastNed Offices/Industrial N.V., ('the Company' or 'VastNed Offices/Industrial'), with its registered office in Rotterdam, is a closed-end property investment company with variable capital that makes long-term investments in a property portfolio with healthy occupancy levels, consisting of offices and semi-industrial properties, exclusively in the euro zone. At year-end 2010, the investments were concentrated in the three core countries: the Netherlands, Belgium and Germany.

VastNed Offices/Industrial is listed on the NYSE Euronext of Amsterdam.
On 20 October, 2006, VastNed Management B.V. was granted the licence by the AFM as referred to in 2:65 sub 1 part a of the Act on Financial Supervision pursuant to which it can act as manager of the Company.

The consolidated annual accounts of the Company comprise the Company and its subsidiaries (jointly referred to as 'the Group') and the interests the Group has in associates and entities over which it exercises joint control.

The company profit and loss account has been shown in abbreviated form pursuant to 2:402 of the Netherlands Civil Code.

2 SIGNIFICANT PRINCIPLES FOR FINANCIAL REPORTING

A STATEMENT OF COMPLIANCE

The consolidated annual accounts of the Company are presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These standards comprise all new and revised Standards and Interpretations as published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), insofar as they apply to the Group's activities and are effective on the financial years starting on or after 1 January 2010.

New or amended Standards and Interpretations that became effective in 2010
A number of amended standards came into effect in 2010. A large proportion of these amendments concerned minor changes as part of the annual IFRS improvement process. The amended Standards and Interpretations that came into effect in 2010 and are relevant for the presentation, notes or financial results of the Group are listed below.

- *IFRS 3 Business Combinations (revised) and IAS 27 Consolidated and Separate Financial Statements (revised)*
  The changes among other things concern the treatment of acquisition-related costs, the realisation of a business combination in different stages, acquired deferred tax assets, the valuation of non-controlling interests, the valuation of contingent payments and transactions with non-controlling interests that do not result in a change of control. The changes in this standard will be applied prospectively and did not impact the equity and investment result of the Group.

The following amended Standards and Interpretations came into effect for the current financial year, but have no effect on the presentation, notes or financial results of the Group:
- IFRS 1 First time adoption of International Financial Reporting Standards (revised);
- IFRS 2 Share-based Payments;
- IAS 39 Financial Instruments: Recognition and Measurement;
- IFRIC 12 Service Concession Arrangements;
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation;
- IFRIC 17 Distributions of Non-cash Assets to Owners, and;
- IFRIC 18 Transfers of Assets from Customers.

New or amended Standards and Interpretations not yet effective

A number of new amendments on Standards and Interpretations had not yet taken effect in 2010, but could be applied in advance. The Group did not make use of this option. This concerns the following Standards and Interpretations:

- Amendments to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters;
- Amendment to IAS 32 Financial Instruments: Presentation: Classification of Right Issues;
- Revised IAS 24 Related Party Disclosures;
- Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement, and;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments.

The Group does not expect these amendments to affect equity and the investment result.

B PRINCIPLES APPLIED IN THE COMPILATION OF THE FINANCIAL REPORTING

The financial statements are presented in euros; amounts are rounded off to thousands of euros, unless stated differently. Investment properties and financial derivatives are valued at fair value. The other items in the financial statements are valued at historical cost, unless stated differently.

Interim financial reports in the form of quarterly reports are presented in compliance with IAS 34 Interim Financial Reporting.

The accounting principles for financial reporting under IFRS set out below have been applied consistently within the Group for all periods presented in these consolidated financial statements.

In the presentation of the annual accounts in compliance with IFRS, the Board of Management has made judgements concerning estimates and assumptions that have an impact on the figures included in the annual accounts. The estimates and underlying assumptions concerning the future are based on past experience and other relevant factors, given the circumstances at the balance sheet date. The actual results may deviate from these estimates.

The estimates and underlying assumptions are evaluated regularly. Any adjustments are recognised in the period in which the estimate was revised, and in future periods as well if the estimate has an impact on these future periods.

The principal estimates and assumptions concerning the future and other important sources of estimate uncertainties at the balance sheet date that have a material impact on the annual accounts and that present a significant risk of material adjustments to book values in the following financial year are included in '27 Accounting Estimates and Judgements'.

C PRINCIPLES FOR CONSOLIDATION

Subsidiaries

Subsidiaries are entities over which the Company has control. Control of an entity entails that the Company has the authority, either directly or indirectly, to determine the financial and operational policies of the entity in order to obtain benefits from the operations of this entity. Potential voting rights that can be exercised or converted are taken into account in assessing whether there is control. The financial statements of the subsidiaries are included in the consolidated statements as from the date at which control is obtained until such time when control ceases. Once control is obtained, all subsequent changes in ownership interests that do not involve the loss of that control will be treated as transactions among shareholders. Goodwill is not recalculated or adjusted. Non-controlling interests are recognised separately in the balance sheet under equity. The share of non-controlling interests in the result of the Group are also recognised separately in the profit and loss account.

Associates

Associates are those entities in which the Group has significant influence on the financial and operating policies, but over which it does not exercise control. The consolidated financial statements comprise the share of the Group in the total result of the associates on the basis of the equity method, from the date on which the Group first has significant influence until the date on which it last has significant influence. When the Group's share in the losses is greater than the value of the interest in an associate, the book value of the entity on the Group's balance sheet is written down to nil and further losses are then no longer recognised, except insofar as the Group has entered into a legally enforceable or actual obligation or made payments on behalf of an associate.

Transactions eliminated on consolidation

Balances within the Group and any unrealised profits and losses on transactions within the Group or income and expenditure from such transactions are eliminated in the presentation of the financial statements. Unrealised profits in respect of transactions with associates and joint ventures are eliminated proportionally to the interest that the Group has in the entity. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Goodwill

All acquisitions of subsidiaries are recognised using the purchase accounting method. The costs of an acquisition are valued at the fair value of the underlying assets, equity instruments issued and debts incurred or taken over at the time of transfer. Costs incurred in realising a business combination (such as consultancy, legal and accountancy fees) are recognised in the profit and loss account. Acquired identifiable assets and (contingent) liabilities are initially recognised at fair value on the acquisition date. Goodwill is the amount by which the cost of an acquired entity at first recognition exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities. Changes in the consideration after the acquisition date do not result in recalculation or adjustment of the goodwill. The value of the assets, liabilities and contingent liabilities of entities acquired before 1 January 2010 is based on the accounting principles applied previously.

After first recognition, the goodwill is valued at cost less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. For associates, the book value of the goodwill is included in the book value of the investment in the associate in question.

Negative goodwill resulting from an acquisition is recognised directly in the profit and loss account.

D INVESTMENT PROPERTIES IN OPERATION AND UNDER RENOVATION

Investment properties are properties held in order to realise rental income, value increases or both. Investment properties are classified as investment properties in operation when they are available for letting.

Acquisitions and disposals of property available for letting are included in the balance sheet as investment properties or designated as sold at the time when the obligation to buy or sell is entered into by means of a signed agreement, at which time the conditions of the transaction can be identified unequivocally and any contingent conditions included in the agreement can no longer be invoked, or the chance that they will be invoked is small. Upon first recognition, the investment properties are recognised at acquisition price plus costs attributable to the acquisition, including transfer tax, property agency fees, due diligence costs, and legal and civil-law notary costs.

Investment properties are classified as investment properties under renovation at such time when it is decided that for continued future use, an existing investment property must first be renovated and as a consequence is no longer available for letting during renovation.

Both investment properties in operation and under renovation are stated at fair value, with an adjustment for any balance sheet items in respect of lease incentives (see under 'O Gross Rental Income'). The fair value is based on market value (costs borne by the buyer), i.e. the estimated value at which an investment property could be traded at the balance sheet date between well-informed and independent parties who are prepared to enter into a transaction, both parties operating prudently and without duress. Account is taken of differences between market rent and contractual rent, operating expenses, vacancy, state of repair and future developments.
All investment properties in operation and under renovation are appraised at least once a year by independent, certified appraisers.

The valuation methodology is based on international appraisal guidelines (RICS Appraisal and Valuation Standards). In order to present the fair value at the relevant balance sheet date in (interim) financial statements as accurately as possible, the following system is used:

- All investment properties in operation and under renovation with an expected individual value exceeding € 4.5 million are appraised externally every quarter. An extensive appraisal report is drawn up by the external appraiser once a year. The schedule for the extensive appraisals ensures an even spread across the quarters. In the other three quarters an update of the most recent extensive report by the external appraiser is considered sufficient.
- External appraisals of investment properties with an expected individual value of € 4.5 million or less are carried out at least once per year, evenly spread across the different quarters. The outcome of these appraisals (approximately 25% each quarter of all the investment properties with an individual value of € 4.5 million or less) is used to determine internally the fair value of the properties not appraised externally in that quarter.
- Reputation, independence and relevant experience with the location and the type of investment property are taken into account when selecting the external appraisers. In principle, the external appraiser for an investment property is changed every three years.

The remuneration of the external appraisers is based on a permillage of the value of the properties to be appraised.

Gains and losses resulting from a change in the fair value of an investment property in operation or under renovation are entered in the profit and loss account under 'Value movements investment properties in operation/under renovation' in the period in which they occur.

Profits or losses resulting from the disposal of an investment property are determined as the difference between the net income from disposal and the most recent published book value of the investment property. They are recognised in the period in which the disposal takes place and entered under 'Net result on disposals of investment properties'.

E INVESTMENT PROPERTIES IN PIPELINE

Investment properties in pipeline concern properties under construction or development for future use as investment properties in operation. During development or construction, all directly attributable costs necessary for preparing the property for letting are recognised as the cost price of the investment property. Overhead costs are not capitalised.

Financing costs directly attributable to the acquisition or construction of the investment property are capitalised as part of the cost price of the investment property. Capitalisation of financing costs starts at the time when the preparations for construction or renovation have started, the expenditure is made and the financing costs are incurred. Capitalisation of financing costs is terminated at the time when construction or development is complete and the investment property in pipeline is recognised as investment property in operation. For the determination of financing costs, a capitalisation percentage is applied to the expenditure. The percentage is equal to the weighted average of the financing costs of the Group's interest-bearing loans that are outstanding during the period concerned, excluding loans specifically taken out in connection with the investment properties in pipeline. Financing costs relating to these loans taken out specifically are capitalised in full.

The property under construction or in development is recognised at fair value as soon as it becomes possible to reliably determine the fair value. A reliable determination of the fair value is considered possible once substantial development risks have been eliminated. Any differences between the fair value and the cost price applicable at that time are recognised in the profit and loss account under 'Value movements investment properties in pipeline'.

F TANGIBLE FIXED ASSETS

Tangible fixed assets mainly comprise assets held by the Group in the context of supporting business operations, such as office furniture, computer equipment and vehicles. Tangible fixed assets are valued at cost less any cumulative depreciation and any cumulative impairment losses. Depreciation is recognised in the profit and loss account using the straight-line method, taking account of the expected useful life and residual value of the assets in question. The expected useful life is estimated as follows:

- Office furniture and such 5 years
- Computer equipment 5 years
- Vehicles 5 years

G FINANCIAL DERIVATIVES

The Group uses financial interest-rate derivatives for hedging interest-rate risks resulting from its operating, financing and investing activities. In accordance with the treasury policy set by the Board of Management and the Supervisory Board, the Group neither holds nor issues derivatives for trading purposes. At first recognition, financial derivatives are valued at cost. After first recognition, financial derivatives are valued at fair value.

The fair value of financial interest-rate derivatives is the amount the Group would expect to receive or to pay if the financial interest-rate derivatives were to be terminated at the balance sheet date, taking into account the actual interest rate and the actual credit risk of the counterparty or counterparties in question at the balance sheet date. The amount is determined on the basis of information from reputable market parties.

A derivative is classified as a current asset or short-term debt if the remaining term of the derivative is less than 12 months or if the derivative is expected to be realised or settled within 12 months.

Hedging

When entering into hedging transactions, the relation between the derivatives and the hedged loan positions is documented and aligned with the objectives in the treasury policy. In addition, both prospective and retrospective analyses are carried out to determine whether the hedging transactions are highly effective in compensating the risk of changes in the fair value of the hedged positions or the hedged risk of attributable cash flows. The recognition of gains and losses depends on the degree of hedging:

- *Derivatives that have not been designated as hedge accounting or do not quality for hedge accounting*
  These derivatives are stated at fair value; the results are recognised in the profit and loss account.
- *Fair value hedging*
  Changes in the fair value of derivatives designated and qualifying as fair value hedges are recognised in the profit and loss account simultaneously with the changes in the fair value of the hedged liabilities associated with the hedged risk. The Group does not currently hold any interest-rate derivatives that qualify as fair value hedges.
- *Cash flow hedging*
  The Group uses interest-rate derivatives to hedge interest-rate risks of floating interest loans. Gains and losses in respect of the effective portion of the derivatives designated and qualifying as cash flow hedges are taken to group equity (after deduction of any deferred tax liabilities) under the item 'Hedging reserve in respect of financial derivatives'. The ineffective part of the financial interest-rate derivatives is recognised in the profit and loss account.

If an interest-rate derivative expires or is sold, terminated or exercised, or if the entity revokes designation of the hedge relationship, but the hedged future transaction is still expected to take place, the cumulative gain or loss at that point remains in equity and is recognised when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss in equity is recognised immediately in the profit and loss account.

H DEBTORS AND OTHER RECEIVABLES

Debtors and other receivables are stated at nominal value less a provision for possible bad debts.

I CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise deposits, call money and bank account credit balances.

J CAPITAL PAID-UP AND CALLED, SHARE PREMIUM RESERVE AND OTHER RESERVES

Ordinary shares and priority shares are classified as equity VastNed Offices/Industrial shareholders. External costs directly attributable to the issue of new shares, such as issuing costs, are deducted from the issue proceeds and consequently recognised in the share premium reserve. In the issue price of shares, account is taken of the estimated investment result for the current financial year attributable to the shareholders of the Company up to the issuing date. The investment result included in the issue price is added to the share premium reserve. The increase in the capital paid-up and called associated with the issue of ordinary shares in respect of the stock dividend is charged to the share premium reserve, as are the costs in respect of the stock dividend.

When repurchasing the Company's own shares, the balance of the amount paid, including directly attributable costs is recognised as a movement in equity.

Dividends in cash to holders of ordinary and priority shares are charged to the other reserves in the period in which the dividends are declared by the Company.

K DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised for income tax to be reclaimed in future periods relating to offsettable temporary differences between the book value of assets and liabilities and their fiscal book value, and for the carry-forward of unused tax losses or unused tax credits. Deferred tax assets are only recognised if it is likely that the temporary differences will be settled in the near future and sufficient taxable profit will be available for compensation.

Deferred tax liabilities are recognised for income tax payable in future periods on taxable temporary differences between the book value of assets and liabilities and their fiscal book value. For the valuation of deferred tax liabilities, the tax rates are taken into account that are expected to apply in the period in which the liability will be settled, based on tax rates (materially) enacted at the balance sheet date. In valuing deferred tax liabilities, account is taken of the tax consequences of the way in which the Group expects to realise or settle the book value of its assets and liabilities on the balance sheet date. Deferred tax liabilities are not discounted.

L OTHER PROVISIONS

Provisions are recognised in the balance sheet if the Group has a legally enforceable or actual obligation resulting from a past event and if it is probable that the settlement of that liability will require an outflow of funds. If the effect is material, provisions are made that are equal to the present value of the expenditure that is expected to be required for the settlement of the liability.

M INTEREST-BEARING DEBTS

Upon first recognition, interest-bearing debts are stated at fair value less the costs associated with taking on the interest-bearing debt. After their first recognition, interest-bearing debts are stated at amortised cost, recognising any difference between the cost price and the debt to be repaid in the profit and loss account for the term of the debt based on the effective interest rate method. Interest-bearing debts with a term of more than one year are recognised under long-term liabilities. Any repayments on interest-bearing debts within one year are recognised under short-term liabilities.

N OTHER LIABILITIES AND ACCRUALS

Other liabilities and accruals are stated at nominal value.

O GROSS RENTAL INCOME

Gross rental income from operational lease contracts is recognised on a time-proportionate basis over the duration of the lease contracts. Rent-free periods, rent discounts and other lease incentives are recognised as an integral part of total gross rental income. The resulting accruals are recognised under 'Accrued assets in respect of lease incentives'. These accruals are part of the fair value of the respective investment properties in operation and under renovation.

P NET SERVICE CHARGE EXPENSES

Service charges relate to costs for energy, doormen, garden maintenance and such, which under the terms of the lease contract can be charged on to the tenant. The part of the service charges that cannot be charged on relates largely to vacant (units in) investment properties. The costs and amounts charged on are not specified in the profit and loss account.

Q OPERATING EXPENSES

Operating expenses concern costs directly connected to the operation of the property, such as maintenance, management costs, insurance, allocation to the provision for doubtful debtors and local taxes. These costs are attributed to the period to which they relate. Costs incurred when concluding operational lease contracts are recognised in the period in which they are incurred.

R NET FINANCING COSTS

Net financing costs consist of interest expenses on loans and debts attributable to the period, calculated on the basis of the effective interest rate method, less capitalised financing costs on investment properties and interest income on outstanding loans and receivables. Net financing costs also include gains and losses resulting from changes in the fair values of the financial derivatives. These gains and losses are recognised immediately in the profit and loss account, unless a derivative qualifies for hedge accounting (see under 'G Financial Derivatives').

S GENERAL EXPENSES

General expenses concern, inter alia, personnel costs, housing costs, IT costs, publicity costs and the costs of external consultants. Costs relating to the internal commercial, technical and administrative management of the property are attributed to operating expenses.

T INCOME TAX

Income tax comprises taxes currently payable and recoverable as attributable to the reporting period and the movements in deferred tax assets and deferred tax liabilities (see under 'K Deferred Tax Assets and Liabilities'). Income tax is recognised in the profit and loss account, except to the extent that it concerns items that are taken directly to equity, in which case the tax is recognised under equity.

The taxes payable and recoverable for the reporting period are the taxes that are expected to be payable on taxable profit in the financial year, calculated on the basis of tax rates and tax legislation enacted or substantively enacted at the balance sheet date, and corrections to taxes payable on previous years. Additional income tax in respect of dividend payments by subsidiaries is recognised at the same time as the obligation to pay out the dividend concerned.

U CASH FLOW STATEMENT

The cash flow statement is presented based on the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Income and expenditure in respect of interest are recognised under the cash flow from operating activities. Expenditure in respect of dividends is recognised under the cash flow from financing activities.

V SEGMENTED INFORMATION

The segmented information is presented on the basis of the countries where the investment properties are located and on the basis of the type of investment property, with a distinction being made between offices and semi-industrial properties. These reporting segments are consistent with the segments used in the internal reports.

3 SEGMENT INFORMATION

GEOGRAPHICAL SEGMENTATION	Netherlands		Belgium		Germany		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Net rental income	25,604	26,097	36,161	39,127	6,351	6,438	68,116	71,662
Value movements investment properties in operation	(24,931)	(44,507)	(9,314)	(29,899)	(6,650)	(11,364)	(40,895)	(85,770)
Value movements investment properties under renovation	(353)	–	–	–	–	–	(353)	–
Value movements investment properties in pipeline	(50)	–	(280)	(221)	–	–	(330)	(221)
Net result on disposals of investment properties	711	(86)	931	–	–	–	1,642	(86)
Total net income from investment properties	**981**	**(18,496)**	**27,498**	**9,007**	**(299)**	**(4,926)**	**28,180**	**(14,415)**
Net financing costs							(25,889)	(23,338)
General expenses							(5,554)	(5,504)
Income tax							797	867
Non-controlling interests							(8,479)	241
Investment result attributable to VastNed Offices/Industrial shareholders							**(10,945)**	**(42,149)**

	Netherlands		Belgium		Germany		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Investment properties in operation								
Balance as at 1 January	443,682	495,456	504,489	534,050	111,770	112,913	1,059,941	1,142,419
– Capital expenditure	2,343	5,756	743	338	(107)	758	2,979	6,852
– Taken into/out of operation	(2,230)	–	–	–	–	9,463	(2,230)	9,463
– Disposals	(3,880)	(13,023)	(6,090)	–	–	–	(9,970)	(13,023)
	439,915	488,189	499,142	534,388	111,663	123,134	1,050,720	1,145,711
– Value movements	(24,931)	(44,507)	(9,314)	(29,899)	(6,650)	(11,364)	(40,895)	(85,770)
Balance as at 31 December	414,984	443,682	489,828	504,489	105,013	111,770	1,009,825	1,059,941
– Accrued assets in respect of lease incentives	8,121	8,397	3,555	2,939	268	206	11,944	11,542
Appraisal value as at 31 December	423,105	452,079	493,383	507,428	105,281	111,976	1,021,769	1,071,483
Investment properties under renovation	3,140	–	–	–	–	–	3,140	–
Investment properties in pipeline	1,450	1,500	3,650	3,930	–	–	5,100	5,430
Investment properties	427,695	453,579	497,033	511,358	105,281	111,976	1,030,009	1,076,913
Other assets	953	4,496	2,078	1,249	3,100	2,113	6,131	7,858
Not allocated to segments							9,869	9,874
Total assets							**1,046,009**	**1,094,645**
Liabilities	26,750	24,662	240,884	246,087	1,128	1,719	268,762	272,468
Not allocated to segments							344,936	348,257
Total liabilities [1]							**613,698**	**620,725**

1 The financing of the Dutch and German property portfolios was done at holding level. It is therefore not relevant to geographically segment this financing.

SEGMENTATION BY TYPE OF PROPERTY

	Offices		Semi-industrial		Total	
	2010	2009	2010	2009	2010	2009
Net rental income	55,227	57,204	12,889	14,458	68,116	71,662
Value movements investment properties in operation	(39,038)	(72,797)	(1,857)	(12,973)	(40,895)	(85,770)
Value movements investment properties under renovation	(353)	–	–	–	(353)	–
Value movements investment properties in pipeline	(330)	(221)	–	–	(330)	(221)
Net result on disposals of investment properties	1,193	85	449	(171)	1,642	(86)
Total net income from investment properties	**16,699**	**(15,729)**	**11,481**	**1,314**	**28,180**	**(14,415)**
Net financing costs					(25,889)	(23,338)
General expenses					(5,554)	(5,504)
Income tax					797	867
Non-controlling interests					(8,479)	241
Investment result attributable to VastNed Offices/Industrial shareholders					**(10,945)**	**(42,149)**

	Offices		Semi-industrial		Total	
	2010	2009	2010	2009	2010	2009
Investment properties in operation						
Balance as at 1 January	866,026	930,004	193,915	212,415	1,059,941	1,142,419
– Capital expenditure	2,335	6,144	644	708	2,979	6,852
– Taken into/out of operation	(2,230)	9,463	–	–	(2,230)	9,463
– Disposals	(7,434)	(6,788)	(2,536)	(6,235)	(9,970)	(13,023)
	858,697	938,823	192,023	206,888	1,050,720	1,145,711
– Value movements	(39,038)	(72,797)	(1,857)	(12,973)	(40,895)	(85,770)
Balance as at 31 December	**819,659**	**866,026**	**190,166**	**193,915**	**1,009,825**	**1,059,941**
– Accrued assets in respect of lease incentives	9,959	10,178	1,985	1,364	11,944	11,542
Appraisal value as at 31 December	**829,618**	**876,204**	**192,151**	**195,279**	**1,021,769**	**1,071,483**
Investment properties under renovation	3,140	–	–	–	3,140	–
Investment properties in pipeline	5,100	5,430	–	–	5,100	5,430
Investment properties	**837,858**	**881,634**	**192,151**	**195,279**	**1,030,009**	**1,076,913**
Other assets	3,741	6,292	259	324	4,000	6,616
Not allocated to segments					12,000	11,116
Total assets	**841,599**	**887,926**	**192,410**	**195,603**	**1,046,009**	**1,094,645**

4 NET RENTAL INCOME

	Gross rental income		Ground rents paid		Net service charge expenses		Operating expenses		Net rental income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Netherlands	32,237	34,496	(231)	(226)	(921)	(1,119)	(5,481)	(7,054)	25,604	26,097
Belgium	39,119	43,174	–	–	(633)	(693)	(2,326)	(3,354)	36,160	39,127
Germany	6,926	7,224	–	–	(170)	(184)	(404)	(602)	6,352	6,438
	78,282	84,894	(231)	(226)	(1,724)	(1,996)	(8,211)	(11,010)	68,116	71,662

GROUND RENTS PAID	2010	2009
Attributable to leased properties	228	221
Attributable to vacant properties	3	5
	231	**226**

NET SERVICE CHARGE EXPENSES	2010	2009
Attributable to leased properties	26	30
Attributable to vacant properties	1,698	1,966
	1,724	**1,996**

OPERATING EXPENSES	2010	2009
Attributable to leased properties	6,806	9,582
Attributable to vacant properties	1,405	1,428
	8,211	**11,010**

OPERATING EXPENSES	2010	2009
Maintenance	2,867	3,237
Administrative and commercial management[1)]	2,348	2,547
Insurance	229	196
Local taxes	1,070	1,283
Letting costs	1,141	1,807
Allocation to the provision for doubtful debtors (on balance)	56	715
Other operating expenses	500	1,225
	8,211	**11,010**

1 3% of gross rental income, consisting of external and general expenses, attributable to operating expenses.

5 VALUE MOVEMENTS INVESTMENT PROPERTIES

	2010			2009		
	Positive	Negative	Total	Positive	Negative	Total
Investment properties in operation	7,094	(47,989)	(40,895)	6,770	(92,540)	(85,770)
Investment properties under renovation	–	(353)	(353)	–	–	–
Investment properties in pipeline	–	(330)	(330)	–	(221)	(221)
	7,094	**(48,672)**	**(41,578)**	**6,770**	**(92,761)**	**(85,991)**

6 NET RESULT ON DISPOSALS OF INVESTMENT PROPERTIES

	2010	2009
Sales price	11,138	13,220
Book value at time of disposal	(9,970)	(13,023)
	1,168	197
Sales costs	(196)	(103)
	972	94
Other	670	(180)
	1,642	**(86)**

7 NET FINANCING COSTS

INTEREST INCOME	2010	2009
Other interest receivable	(131)	(203)
Capitalised financing costs	–	(75)
	(131)	(278)

INTEREST EXPENSE	2010	2009
Long-term interest-bearing loans	26,298	21,233
Short-term credits and cash loans	301	2,108
Interest due to banks	18	–
Other interest payable	58	35
	26,675	23,376
Total interest expense	26,544	23,098
Value movements financial derivatives	(655)	240
	25,889	**23,338**

8 GENERAL EXPENSES

	2010	2009
Personnel costs	4,430	4,302
Remuneration of Supervisory Board	109	107
Consultancy and audit costs	718	1,003
Appraisal costs	345	355
Accommodation and office costs	791	816
Other expenses	1,077	1,010
	7,470	7,593
Attributed to operating expenses	(1,916)	(2,089)
	5,554	**5,504**

Personnel costs

During 2010 an average of 109 (2009: 106) employees (fulltime equivalents) were employed by VastNed Offices/Industrial and VastNed Retail N.V. jointly, of whom 47 in the Netherlands and 62 abroad.
Personnel costs of the employees working in the Netherlands are attributed to VastNed Offices/Industrial based on the actual work done. Individually, VastNed Offices/Industrial has no employees.
In the year under review, VastNed Offices/Industrial accounted for € 3.1 million in wages and salaries (2009: € 3.0 million), € 0.4 million in social security charges (2009: € 0.4 million) and € 0.3 million in pension premiums (2009: € 0.3 million).

Audit costs

The consultancy and audit costs include the costs shown below, which were charged by Deloitte Accountants for work carried out for VastNed Offices/Industrial and its subsidiaries.

	2010	2009
Audit of the financial statements	157	165
Other audit assignments	15	5
Tax consultancy	4	4
	176	**174**

The audit costs include a sum of € 0.1 million (2009: € 0.1 million) for Deloitte Accountants B.V.

Other expenses

Other expenses include publicity costs and IT costs, as well as the costs incurred in 2010 concerning discussions about the merger with Nieuwe Steen Investments N.V. in the amount of € 0.3 million.

9 INCOME TAX

CURRENT INCOME TAX EXPENSE	2010	2009
Current financial year	(219)	(227)
Adjustment to previous financial years	(277)	15
	(496)	**(212)**

MOVEMENT IN DEFERRED TAX ASSETS AND LIABILITIES	2010	2009
In respect of:		
Value movements investment properties	(301)	(655)
Total income tax	**(797)**	**(867)**

RECONCILIATION OF EFFECTIVE TAX RATE

		2010		2009
Investment result before taxes		(3,263)		(43,257)
Income tax at Dutch tax rate	0.0%	–	0.0%	–
Effect of tax rates of subsidiaries operating in other jurisdictions	(16.3%)	(533)	(2.1%)	(924)
Non tax deductible costs	0.4%	13	0.1%	41
Adjustment to previous financial years	(8.5%)	(277)	0.0%	16
	(24.4%)	**(797)**	**(2.0%)**	**(867)**

VastNed Offices/Industrial qualifies as a fiscal investment institution as referred to in Section 28 of the Netherlands 1969 Corporate Income Tax Act. This means that the Company is exempted from the obligation to pay corporate income tax on profits made in the Netherlands provided that it meets specific conditions. These conditions mainly concern the investment requirement, the fiscal financing ratios, the composition of the shareholders' base and the timely cash dividend distribution of the fiscal result.

Most of the properties in Belgium are held by the Bevak Intervest Offices NV. A Bevak (investment company with fixed capital) essentially has a tax-exempt status, so that no tax is payable on its profits in Belgium. The requirements for the Bevak are comparable to those for the Dutch fiscal investment institution. A small proportion of the Belgian properties are held by companies effectively liable for tax. The nominal tax rate is 33.99%. Depreciation, interest and other expenses are deducted from the taxable net rental income realised in these countries.

In Germany, the properties are held by taxable companies. The effective tax rate in Germany is 15.825%. Depreciation and interest are deducted for tax purposes from the taxable net rental income realised in Germany.

10 INVESTMENT RESULT PER SHARE

	2010		2009	
	Basic	Diluted	Basic	Diluted
Investment result	**(10,945)**	**(10,945)**	**(42,149)**	**(42,149)**

AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE

	2010		2009	
	Basic	Diluted	Basic	Diluted
Balance as at 1 January	18,782,879	18,782,879	18,735,053	18,735,053
Effect of stock dividend	94,017	94,017	31,709	31,709
Average number of ordinary shares in issue	**18,876,896**	**18,876,896**	**18,766,762**	**18,766,762**

	2010		2009	
	Basic	Diluted	Basic	Diluted
PER SHARE (x € 1)				
Investment result	**(0.58)**	**(0.58)**	**(2.25)**	**(2.25)**

11 DIVIDEND

VastNed Offices/Industrial's dividend policy is aimed at letting the shareholders dispose fully of the direct investment result[1]. The profit for tax as a minimum must be paid out in cash in order to comply with the fiscal conditions for fiscal investment institutions.

On 17 May 2010, the final dividend for the 2009 financial year was made payable. It consisted of 5% in cash on the priority shares and an optional dividend on the ordinary shares of € 1.05 in cash or € 0.75 in cash and 0.37% in shares charged to the share premium reserve. This dividend payment totalled € 18.1 million.

On 30 August 2010, the interim dividend for the 2010 financial year was made payable. The interim dividend amounted to € 0.41 per share in cash (total payout: € 7.8 million).

The Board of Management proposes the following final dividend for the 2010 financial year:
- 5% in cash on the priority shares;
- an optional dividend on the ordinary shares of:
  - € 0.68 in cash plus a percentage in shares yet to be determined, depending on the share price, to be charged to the share premium reserve, or
  - € 0.91 in cash.

If the General Meeting of Shareholders approves the dividend proposal, the dividend will be made payable to shareholders on 16 May 2011. The dividend to be distributed has not been entered in the balance sheet as a liability.

12 INVESTMENT PROPERTIES

INVESTMENT PROPERTIES IN OPERATION AND UNDER RENOVATION		2010		2009
	In operation	Under renovation	Total	In operation
Balance as at 1 January	1,059,941	–	1,059,941	1,142,419
Capital expenditure	2,979	1,263	4,242	6,852
Taken into operation	–	–	–	9,463
Transferred to investment properties under renovation	(2,230)	2,230	–	–
Disposals	(9,970)	–	(9,970)	(13,023)
	1,050,720	3,493	1,054,213	1,145,711
Value movements	(40,895)	(353)	(41,248)	(85,770)
Balance as at 31 December	1,009,825	3,140	1,012,965	1,059,941
Accrued assets in respect of lease incentives	11,944	–	11,944	11,542
Appraisal value as at 31 December	**1,021,769**	**3,140**	**1,024,909**	**1,071,483**

89% of the investment properties in operation and under renovation were appraised by independent certified appraisers as per 31 December 2010. The remaining investment properties were appraised earlier in the year under review by independent certified appraisers. The fair value of these investment properties on 31 December 2010 was determined internally.

At year-end 2010, investment properties to a value of € 496.8 million (2009: € 530.7 million) served as security for loans contracted (also see '18 Long-term interest-bearing loans').

For further details on the investment properties in operation and under renovation, please refer to the 'Property portfolio 2010' overview included elsewhere in this annual report.

1 The direct investment result consists of net rental income less net financing costs (excluding value movements financial derivatives), general expenses, current income tax expense and the part of this income and expenditure attributable to non-controlling interests.

INVESTMENT PROPERTIES IN PIPELINE

	2010	2009
Balance as at 1 January	5,430	15,020
Acquisitions and development expenditure	-	94
Taken into operation	-	(9,463)
	5,430	5,651
Value movements	(330)	(221)
Balance as at 31 December	**5,100**	**5,430**

As at 31 December 2010, the investment properties in pipeline consist of two landholdings. The landholding Luchthavenlaan in Vilvoorde, Belgium was appraised by an independent certified appraiser. The value of the Cosunpark landholding in Breda, the Netherlands was determined internally.

For further details on the investment properties in pipeline, please refer to the 'Property portfolio 2010' overview included elsewhere in this annual report.

13 DEFERRED TAX ASSETS AND LIABILITIES

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Investment properties	1,695	290	1,255	151
Offsettable losses	1,106	-	519	-
	2,801	290	1,774	151

Deferred tax assets and liabilities are offset if there is a right enforceable by law to set off the tax assets and liabilities against each other and if these deferred tax assets and liabilities are incurred under the same tax regime.

The movements in the deferred tax assets and liabilities were as follows:

	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Balance as at 1 January	1,774	151	737	455
Net credit/charge to the profit and loss account	1,027	139	1,037	(137)
Transferred to income tax (short-term liabilities) in connection with disposal or merger	-	-	-	(167)
Balance as at 31 December	2,801	290	1,774	151

The deferred tax assets and liabilities as per 31 December 2010 concern Germany.

The deferred tax assets consist partly of offsettable losses that are not subject to any time limits. The remaining part of the deferred tax assets, as well as the deferred tax liabilities, are related to the difference between the market value and the fiscal book value of the investment properties.

The calculations of deferred tax assets and liabilities are based on the nominal tax rates as effective on 1 January 2011.

As at the balance sheet date, unused tax losses totalled € 21.1 million. In view of the expectation that, given the present structure, it will not be possible to set off these unused tax losses against taxable profits in the near future, no deferred tax asset has been recognised.

14 DEBTORS AND OTHER RECEIVABLES

	2010	2009
Debtors	2,099	2,647
Provision for doubtful debtors	(987)	(1,438)
	1,112	1,209
Taxes	2,219	2,459
Receivable from disposals	–	3,142
Interest	8	137
Service charges	–	453
Receivables in respect of claims	2,400	2,400
Other receivables and prepayments	4,433	4,450
	10,172	14,250

The receivables include items with a term in excess of one year with a total value of € 1.9 million (2009: € 3.0 million).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents concern deposits, call money and bank account credit balances with a term of less than three months. The cash and cash equivalents are freely available to the Company.

16 CREDIT RISK

VastNed Offices/Industrial's principal financial assets consist of cash and cash equivalents, debtors and other receivables.

The credit risk on cash and cash equivalents is very small, since the cash and cash equivalents are held at reputable banks.

The credit risk is primarily attributable to debtors. This credit risk is limited by prior careful screening of potential tenants. Furthermore, tenants are required to provide securities in the form of guarantee deposits or bank guarantees.

The aging analysis of the debtors as at 31 December was as follows:

	2010		2009	
	Gross amounts	Provision	Gross amounts	Provision
Overdue by less than 30 days	472	3	691	85
Overdue by between 31 and 90 days	178	32	150	–
Overdue by between 91 days and one year	538	119	979	397
Overdue by more than one year	911	833	827	956
	2,099	**987**	**2,647**	**1,438**

Movements in the provision for doubtful debtors were as follows:

	2010	2009
Balance as at 1 January	1,438	1,400
Allocation to the provision	452	756
Write-off for bad debts	(507)	(677)
Release	(396)	(41)
Balance as at 31 December	**987**	**1,438**

Receivables are recognised after deduction of a provision for bad debts.

There is no credit risk concentration since the tenant base consists of a large number of different parties.

17 EQUITY

The authorised share capital is € 400.0 million and is divided into 79,999,900 ordinary shares of € 5 par value and 100 priority shares of € 5 par value.

The equity VastNed Offices/Industrial shareholders was € 16.72 per share as at 31 December 2010 (31 December 2009: € 18.83 per share).

NUMBER OF SHARES IN ISSUE	2010		2009	
	Ordinary shares	Priority shares	Ordinary shares	Priority shares
Balance as at 1 January	18,782,879	100	18,735,053	100
Stock dividend	149,852	–	47,826	–
Balance as at 31 December	**18,932,731**	**100**	**18,782,879**	**100**

The holders of ordinary shares are entitled to receive the dividend declared by the Company and are entitled to cast one vote per share at the shareholders' meetings. In the event of a share buyback by VastNed Offices/Industrial where the shares are not cancelled, these rights are suspended until such time as the shares are reissued.

The Company's articles of association confer special controlling rights on the priority shares. The priority shares have been placed at par value with the Stichting Prioriteit VastNed Offices/Industrial. The objective of this foundation is to acquire ownership of the priority shares in the Company and to exercise all rights vested in such shares, including the voting right, the receipt of dividend and other distributions and all that which is related thereto in the broadest sense. The Board of Management of the Stichting Prioriteit VastNed Offices/Industrial consists of the members of the Board of Management and of the Supervisory Board of VastNed Offices/Industrial. They are the A directors and B directors respectively of the Stichting Prioriteit VastNed Offices/Industrial. A directors are not entitled by the articles of association to cast more votes than B directors.

18 LONG-TERM INTEREST-BEARING LOANS

	2010				2009			
	Remaining term				Remaining term			
	1-5 years	More than 5 years	Total	Average interest rate at year-end	1-5 years	More than 5 years	Total	Average interest rate at year-end
Secured loans:								
fixed interest[1]	249,295	–	249,295	5.60	249,520	–	249,520	5.60
floating interest	78,820	–	78,820	2.87	85,705	–	85,705	2.68
	328,115	**–**	**328,115**	**4.94**	**335,225**	**–**	**335,225**	**4.85**
Unsecured loans:								
fixed interest[1]	147,297	28,650	175,947	4.73	160,714	–	160,714	4.14
floating interest	–	–	–	–	39,250	–	39,250	1.33
	147,297	**28,650**	**175,947**	**4.73**	**199,964**	**–**	**199,964**	**3.59**
Total:								
fixed interest[1]	396,592	28,650	425,242	5.24	410,234	–	410,234	5.03
floating interest	78,820	–	78,820	2.87	124,955	–	124,955	2.25
	475,412	**28,650**	**504,062**	**4.99**	535,189	–	535,189	**4.38**

The partial right of mortgage on investment properties with a value of € 496.8 million (2009: € 530.7 million) has been granted as security for the secured loans.
A positive/negative mortgage covenant was issued for the unsecured loans. In addition, a number of lenders have set conditions regarding the solvency ratio, the loan-to-value ratio and interest coverage ratio, as well as changes in the control of the Company and/or its subsidiaries. VastNed Offices/Industrial met these conditions on 31 December 2010.

The part of the long-term interest-bearing loans due within one year of € 51.0 million (2009: € 26.0 million) is recognised under short-term liabilities.

As at 31 December 2010, the total credit facility of the long-term interest-bearing loans, including the part due within one year, was € 643.0 million (2009: € 568.9 million).
The unused credit facility of the long-term interest-bearing loans as at 31 December 2010 was € 85.9 million (2009: € 7.8 million).

The average term of the long-term interest-bearing loans was 3.1 years (2009: 2.6 years).

The market value of the long-term interest-bearing loans is calculated as the present value of the cash flows based on the swap yield curve and the applicable credit spreads at year-end 2010.

1 Including the part that was fixed by means of interest rate derivatives.

As at 31 December 2010, the market value of the long-term interest-bearing loans, including the part due within one year, was as follows:

	2010		2009	
	Market value	Carrying amount	Market value	Carrying amount
Balance as at 31 December	559,255	555,023	561,240	561,140

The average interest rate in 2010 was 4.68% (2009: 4.22%).

19 PAYABLE TO BANKS

	2010	2009
Credit facility	42,479	57,479
Of which undrawn	(37,054)	(41,215)
Drawn as at 31 December	**5,425**	**16,264**

The item 'Payable to banks' concerns short-term credits and cash loans.
By way of security for the credit facilities, it has been agreed with the lenders that investment properties will only be mortgaged on behalf of third parties subject to the lenders' approval.

The amounts payable to banks are payable at the lenders' request within one year.

The average interest rate in 2010 was 2.11% (2009: 2.48%).

The market value of the amounts payable to banks is deemed to be equal to the balance sheet value.

Where the Company operates a notional cash pooling arrangement, the cash and amounts payable to banks are set off against each other.

20 OTHER LIABILITIES AND ACCRUALS

	2010	2009
Accounts payable	1,566	712
Dividend	455	635
Prepaid rent	14,486	9,114
Interest	5,683	3,666
Operating expenses	3,488	3,660
Other liabilities and accruals	5,738	3,246
	31,416	**21,033**

21 FINANCIAL INSTRUMENTS

A FINANCIAL RISK MANAGEMENT

For the realisation of its objectives and the exercise of its day-to-day activities, VastNed Offices/Industrial has defined a number of financial preconditions aimed at mitigating the financing and refinancing risk, liquidity risk, interest rate risk and currency risk. These preconditions have been laid down inter alia in the financing and interest rate policy memorandum, which is updated annually, and in the treasury regulations. Quarterly reports on these risks are submitted to the audit committee.

A summary is given below of the main preconditions aimed at mitigating these risks.

Financing and refinancing risks

Investing in property is a capital-intensive activity. The property portfolio is financed partly with equity and partly with loan capital.

If loan capital accounts for a large proportion of the financing, there is a risk when returns are less than expected or the property decreases in value that the interest and repayment obligations on the loans and other payment obligations can no longer be met. This would make loan capital or refinancing more difficult to arrange, with a possibility that more unfavourable conditions have to be agreed to. To limit this risk, VastNed Offices/Industrial's guiding principle is to limit loan capital financing to approximately 40-45% of the market value of the investment properties. An option is to have a slightly higher percentage when there is an upturn in the market (to a maximum of 50%) and slightly less loan capital when there is a downturn in the market (a maximum of 30%).

In line with these objectives, solvency ratios, loan-to-value ratios and interest coverage ratios have been agreed in most of the credit agreements with banks.

In addition, VastNed Offices/Industrial aims to secure access to the capital market through transparent information provision, regular contacts with financiers and current and potential shareholders, and by increasing the liquidity of VastNed Offices/Industrial shares. Finally, the aim with regard to long-term financing is to have a balanced spread of refinancing dates and a weighted average term of at least 3.5 years.

VastNed Offices/Industrial refinanced its loan portfolio for the Dutch and German property portfolios in 2009. Various credit facilities are available within this financing arrangement with terms varying from 3.0 to 5.0 years. By making use of an extension option within this credit facility, the expiry date of a portion of this credit facility was extended in 2010 from 30 June 2012 to 30 June 2013.

The main elements of this syndicated financing arrangement are as follows:

- total credit facility of approximately € 370 million, structured as a working capital facility, revolving credit facility and bullet loans;
- a security package consisting of:
  - mortgages on Dutch and German investment properties;
  - pledge of Intervest Offices shares;
- financial covenants in relation to the loan-to-value ratio and interest coverage ratio that are appropriate to the type of facility and VastNed Offices/Industrial's risk profile;
- price structure based on Euribor plus a margin, which is related to the size of the loan-to-value ratio. If the loan-to-value ratio rises above 60%, this will result, based on the margin-grid as defined in the syndicated financial agreement, in an increase in the interest margin by 30 basispoints (approximately € 1 million per year), and;
- hedging of the interest-rate risk for at least two thirds of the total committed facility.

At year-end 2010 the loan-to-value ratio according to the definition of the syndicated credit facility was 59.4%, which is comfortably below the permitted maximum of 70%. This loan-to-value ratio is calculated by dividing the total amount borrowed through the syndicated credit facility by the sum of the appraisal values of the Dutch and German investment properties plus 40% of the value of the interest VastNed Offices/Industrial holds in Intervest Offices NV.

The interest coverage ratios agreed for the syndicated credit facility concern both the Dutch and German investment property portfolios financed through the syndicate and the entire property portfolio of VastNed Offices/Industrial. These ratios are calculated on a quarterly basis. In 2010 VastNed Offices/Industrial complied with the lower limit set in the syndicated credit facility.

The interest coverage ratio for 2010 (calculated by taking net rental income less general expenses and dividing it by net financing costs) was 2.4 (2009: 2.9).

The lenders for the Belgian property portfolio require Intervest Offices NV as a minimum to comply with the statutory financial ratios (particularly the level of indebtedness) for property Bevaks. In addition, interest coverage ratios have been agreed with the lenders. The indebtedness is calculated as the ratio of all liabilities (excluding provisions and accruals), less the negative movement in the fair value of financial derivatives, to total assets. The method of calculating the interest coverage ratio is virtually identical to that for the Dutch and German property portfolios. The indebtedness was 43% and the interest coverage ratio was 3.7; these values comply with the conditions agreed with the lenders.

Given the limited opportunities for renewing loans for periods longer than 3 to 5 years and in view of the syndicated credit facility, the spread in refinancing dates is no longer optimal and there will be a refinancing peak in 2013.

At year-end 2010, the weighted average term of the long-term interest-bearing loans was 3.1 years.

Liquidity risk

VastNed Offices/Industrial must generate sufficient cash flows in order to be able to meet its day-to-day payment obligations. On the one hand, this is realised by taking measures aimed at high occupancy rates and by preventing financial loss due to tenants becoming bankrupt. On the other hand, the aim is to arrange sufficient credit facilities to be able to absorb fluctuations in liquidity needs. Liquidity management is centralised in the Netherlands.

At year-end 2010, VastNed Offices/Industrial had € 42.5 million in short-term credit facilities available, of which it had drawn down € 5.4 million.
The unused credit facility of the long-term interest-bearing loans as at 31 December 2010 was € 85.9 million.

The table below shows the financial liabilities, including the estimated interest payments[1].

	Balance sheet value	Contractual cash flows	Less than 1 year	1–5 years	More than 5 years
Long-term interest-bearing loans[2]	504,062	592,326	26,056	536,306	29,964
Guarantee deposits	1,212	1,212	–	1,212	–
Payable to banks[3]	5,425	5,434	5,434	–	–
Redemption of long-term interest-bearing loans	50,961	51,392	51,392	–	–
Income tax	801	801	801	–	–
Other liabilities and accruals	31,416	31,416	31,416	–	–
	593,877	**682,581**	**115,099**	**537,518**	**29,964**

Interest-rate risk

The interest-rate risk policy aims to mitigate the interest-rate risks arising from the financing of the property portfolio while optimising net interest expenses. This policy translates into a loan portfolio composition in which in principle at least two thirds of the loans have fixed interest rates. There may be temporary.deviations from this principle depending on developments in interest rates. Furthermore, the aim is to have a balanced spread of interest-rate review dates within the long-term loan capital portfolio and a typical minimum interest-rate term of three years. At least once per quarter, a report on the interest-rate and refinancing risks is submitted to the audit committee and the Supervisory Board.

VastNed Offices/Industrial mitigates its interest-rate risk by making use of financial derivatives (interest-rate swaps), swapping the floating interest rate it pays on part of its loans for a fixed interest rate. The interest-rate swaps are designated as cash flow hedges, whereby it has been established that all hedges, except for the interest-rate swaps detailed below, are materially effective. Accordingly, cash flow hedge accounting has been applied for these swaps, which means that value movements in these swaps are recognised directly in equity. Regarding the materially effective cash flow hedges, the interest-rate risk on loans with a nominal value of € 389.3 million was hedged by entering into interest-rate swaps (IRS). To this end, contracts have been concluded with fixed interest rates ranging from 2.55% to 4.61% (excluding margins) and expiry dates ranging from 2011 through to 2015.

The cash flow hedges that are not effective concern IRS's where the interest on an amount of € 20.0 million has been fixed to the beginning of 2014 at a rate of 2.63%. These hedges qualify as not materially effective and consequently their value movements are recognised directly in the profit and loss account.
In addition to this, forward IRS's were concluded for loans with a nominal value of € 76.3 million with fixed interest rates ranging from 2.24% to 3.37% (excluding margins) and expiry dates ranging from 2016 through to 2017.

1 The interest rate for the long-term interest-bearing loans with a floating interest rate is based on the market rates of Euribor in effect on 1 January 2011.
2 Including interest-rate swaps.
3 Including interest up to the next expiry date or interest rate review date.

Most of the (forward) IRS's are settled on a quarterly basis. The floating interest rate is based on the 3 month Euribor rate. The differences between the floating rate and the agreed fixed interest rate are settled at the same time.

The average term of the interest-bearing loans calculated in fixed interest periods was 3.8 years (2009: 3.8 years).

All transactions involving financial derivatives are entered into with reputable banks as counterparties. For this reason, it is thought unlikely that the counterparties will be unable to fulfil their obligations.

Interest-rate sensitivity

As at 31 December 2010 the impact on the investment result of a hypothetical 100 basis points increase in interest rates - all other factors remaining equal - would be a fall of € 0.8 million. Should interest rates decrease by 100 basis points as at this date, the impact on the investment result would be an increase of € 0.8 million. The calculations take account of the financial derivatives entered into.

Currency risk

There was no currency risk at year-end 2010 due to the strategic decision to invest in the euro zone (the Netherlands, Belgium and Germany).

B SUMMARY OF EXPIRY DATES AND FIXED INTEREST RATES ON LONG-TERM INTEREST-BEARING LOANS

			2010			2009
	Contract renewal	Interest review	Average interest rate [1]	Contract renewal	Interest review	Average interest rate [1]
2011	–	12,420	5.12	119,250	120,000	4.07
2012	30,000	–	n/a	270,595	–	n/a
2013	239,586	92,500	5.27	46,140	92,500	5.27
2014	131,501	127,172	5.45	99,204	128,909	5.41
2015	74,325	116,825	5.55	–	42,500	5.89
2016 onwards	28,650	76,325	4.39	–	26,325	5.30
Total long-term interest-bearing loans with a fixed interest rate	504,062	425,242	5.24	535,189	410,234	5.03
Long-term interest-bearing loans with a floating interest rate	–	78,820	2.87	–	124,955	2.25
Total long-term interest-bearing loans	**504,062**	**504,062**	**4.87**	**535,189**	**535,189**	**4.38**

C SUMMARY OF MARKET VALUE OF INTEREST-RATE DERIVATIVES

		2010		2009
	Asset	Liability	Asset	Liability
Interest-rate swaps	–	18,632	–	19,441
Forward interest rate swaps	965	899	–	–
	965	**19,531**	**–**	**19,441**

1 Including interest rate swaps and credit spreads applicable at year-end 2010.

Market value of interest-rate derivatives, compared with the nominal value of the loans for which the interest-rate risk has been hedged.

	2010		2009	
	Market value of interest-rate derivatives	Nominal value of loans	Market value of interest-rate derivatives	Nominal value of loans
Interest-rate swaps < 1 year	(3,321)	146,325	–	–
Interest-rate swaps 1–2 years	–	–	(5,682)	146,325
Interest-rate swaps 2–5 years	(15,311)	262,970	(10,621)	220,650
Interest-rate swaps > 5 years	–	–	(3,138)	42,500
	(18,632)	**409,295**	**(19,441)**	**409,475**
Forward interest rate swaps > 5 years	66	76,325	–	–
	(18,566)	**485,620**	**(19,441)**	**409,475**

For the purposes of the valuation method the interest-rate derivatives are classed under 'level 2', which means the valuation is based on calculations by financial institutions.

22 RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

There is a long-term partnership agreement between VastNed Offices/Industrial, VastNed Retail N.V. and VastNed Management B.V., as well as a long-term agreement for the allocation of costs, in which mutual rights and obligations are laid down. These agreements at the earliest terminate on 31 December 2015 with a 2-year term of notice prior to this date. In case of notice on the part of VastNed Offices/Industrial or VastNed Retail N.V. the party terminating the agreement will owe an amount equal to two times the applicable share of the costs incurred related to the common account during the second year of the period of notice.
A further agreement contains specific change-of-control clauses, including the stipulation that if a public offer for VastNed Retail N.V. is honoured, VastNed Offices/Industrial will be compensated for the consequences of the early termination of these contracts, and vice versa. At the end of 2007, certain points in this agreement were clarified by VastNed Offices/Industrial, VastNed Retail N.V. and VastNed Management B.V. As part of this, the compensation to be paid by VastNed Retail N.V. or VastNed Offices/Industrial was estimated at between € 10 million and € 25 million.

The Dutch tax authorities have served VastNed Offices/Industrial with retrospective assessments for property transfer tax and additional tax assessments for corporate income tax. The assessments concern alleged tax liabilities of property companies acquired by VastNed Offices/Industrial in the past. In the fourth quarter of 2007 a settlement was reached with the tax authorities for an amount of € 4.2 million in total. VastNed Offices/Industrial has attempted to recover this amount from the seller and a guarantor and is currently still engaged in a lawsuit against the seller. In a lawsuit against the guarantor concerning the property transfer tax, the court awarded the claim of VastNed Offices/Industrial totalling € 3.3 million in full in December 2008. It is unclear whether VastNed Offices/Industrial will succeed in collecting the amount awarded. The Board of Management of VastNed Offices/Industrial expects that the outcome of legal proceedings against the seller will be positive for VastNed Offices/Industrial.

In 2001, VastNed Offices/Industrial sold a property portfolio. The buyer claims to have suffered damages of € 2.5 million through this transaction and has started legal proceedings. In November 2007, the court delivered an interlocutory decision in which it put a number of questions to the parties. Both the buyer and VastNed Offices/Industrial answered these questions. In January 2009, the court delivered another interlocutory decision. The court decided among other things that the buyer would have to prove that VastNed Offices/Industrial had promised to compensate the buyer, either conditionally or unconditionally, for the alleged damages by means of future transactions. The buyer has decided not to provide this proof. The court will now pronounce judgement. VastNed Offices/Industrial has provided a bank guarantee of € 2.6 million for the buyer. The Board of Management of VastNed Offices/Industrial expects the court to rule in its favour and therefore deems it unnecessary to make a provision.

The Belgian subsidiary Intervest Offices NV has a difference of opinion with the Belgian tax authorities regarding tax assessments imposed for the so-called 'exit tax' and totalling € 4.0 million. The difference of opinion relates to whether the so-called securitisation premiums are subject to the exit tax. Intervest Offices NV disputes this. Moreover, some previous owners have provided guarantees. The Belgian tax authorities are withholding a mortgage of approximately € 3.0 million on one of Intervest Offices NV's properties and tax refunds totalling more than € 1.0 million. In a similar procedure in 2010, the ruling was in favour of the taxpayer. VastNed Offices/Industrial and its advisers believe that it is highly likely that the final decision will be in Intervest Offices NV's favour as well and therefore deem it unnecessary to make a provision for these tax claims.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET AS AT 31 DECEMBER 2009 AND SETTLED IN 2010

None

23 OPERATING LEASES

VastNed Offices/Industrial leases its property investments in the form of non-cancellable operating leases.

The future minimum income from non-cancellable operating leases is as follows:

	2010	2009
Within one year	72,713	78,261
One to five years	159,675	174,835
More than five years	26,707	22,446
	259,095	**275,542**

In the Netherlands, most leases are concluded for a period of five years, tenants having an option to extend the lease by five years. Annual rent increases are based on the cost-of-living index.
In Belgium, leases are normally concluded for a period of nine years, with termination options on both sides after three and six years. Annual rent increases are based on the cost-of-living index.
In Germany, most leases are concluded for a period of five or ten years, tenants having options in certain cases to extend the lease by periods ranging from one to five years. Rent increases are based on the cost-of-living index. In certain cases, this indexation is subject to mitigation rates and/or thresholds.

24 EVENTS AFTER THE BALANCE SHEET DATE

In December 2010, VastNed Offices/Industrial was approached by Nieuwe Steen Investments N.V. (NSI), about a possible merger. To this end, discussions were held with NSI during the period December 2010 up to mid February 2011. NSI halted the negotiations on 13 February 2011. This process involved significant costs that in part are recognised in the 2010 investment result (€ 0.3 million). The remainder will be recognised in 2011. The costs to be recognised in the 2011 investment result are estimated at approximately € 0.6 million.

At the end of February 2011, the Supervisory Boards of VastNed Offices/Industrial and VastNed Retail N.V. in consultation with the Board of Management have resolved, subject to approval from the General Meetings of Shareholders, to end the collaboration at 1 January 2012. After termination, VastNed Offices/Industrial will have an independent Board of Management and management organisation. The future composition of the Board of Management will be determined as soon as possible. The costs of the termination – budgeted at € 2.3 million for VastNed Offices/Industrial – will be charged to the 2011 financial year.

25 RELATED PARTIES TRANSACTIONS

The following are designated related parties: controlling shareholders, subsidiaries and participations, Supervisory Board members and members of the Board of Management.

To the Company's best knowledge, no property transactions were effected during the year under review involving persons or institutions that might be regarded as related parties.

INTERESTS OF MAJOR INVESTORS

As at year-end 2010, the AFM had received the following reports of shareholders with an interest in the Company exceeding five percent:

Fortis Investment Management SA	5.57%
Stichting Pensioenfonds ABP	5.34%
Commonwealth Bank of Australia	5.05%

SUBSIDIARIES AND PARTICIPATIONS

Please refer to '26 Subsidiaries and participations' and the 'Management and corporate governance' chapter included elsewhere in this annual report for an overview of the major subsidiaries and participations.

Transactions as well as internal balances and income and expenditure between the Company and its subsidiaries are eliminated in the consolidation and are not commented upon.

The participation VastNed Management B.V. has a cost allocation agreement with VastNed Offices/Industrial and VastNed Retail N.V. Costs relating directly to the Company or the investment properties of the Company or its subsidiaries are recognised directly there. Other costs that cannot be allocated directly are borne by VastNed Management B.V. and charged on to VastNed Offices/Industrial and VastNed Retail N.V. in line with the actual work done without any mark-up for profit.

SUPERVISORY BOARD MEMBERS AND MEMBERS OF THE BOARD OF MANAGEMENT

During the 2010 financial year, none of the members of the Supervisory Board or the Board of Management of VastNed Offices/Industrial had a personal interest in the investments of the Company.

REMUNERATION OF THE SUPERVISORY BOARD AND SHAREHOLDING

	Remuneration 2010	Shares held at year-end 2010
W.M. Steenstra Toussaint	30	–
H.W. Breukink	27	–
D. van den Bos (until 21 April 2010)	8	–
R.K. Jacobson	25	–
H.R. Porte (as from 21 April 2010)	19	–
	109	–

REMUNERATION OF THE BOARD OF MANAGEMENT AND SHAREHOLDING

	Salaries (including social security charges)	Bonus for 2009 paid in 2010	Pension premiums	Total	Shares held at year-end 2010
R.A. van Gerrevink	470	25	62	557	6,809
T.M. de Witte	262	13	32	307	1,470
T.T.J. de Groot (from 1 September 2010)	102	–	14	116	–
	834	38	108	980	8,279
Of which allocated to VastNed Retail N.V.	(450)	(38)	(58)	(546)	
	384	–	**50**	**434**	

No option rights have been granted to the members of the Board of Management nor to the Supervisory Board members.
Moreover, no loans or advances have been made to them or guarantees have been provided on their behalf.

The VastNed Offices/Industrial shares shown above as being held by the members of the Supervisory Board and Board of Management have all been acquired at their own expense.

For further details of the remuneration, please refer to the 'VastNed Management Remuneration Report 2010' chapter included elsewhere in this annual report.

26 SUBSIDIARIES AND PARTICIPATIONS

The most important subsidiaries and participations are:

	Established in	Interest and voting rights in %
VastNed Industrial B.V.	Netherlands	100
VastProduct C.V.	Netherlands	100
VastNed Offices Monumenten B.V.	Netherlands	100
- De Rode Olifant B.V.	Netherlands	100
Intervest Offices NV	Belgium	55
VastNed Offices Belgium NV	Belgium	100
- Cocoon Office Park NV	Belgium	100
Kaistrasse B.V.	Netherlands	100
- Grundstücksgesellschaft Kaistraße 16-18 N.V. & Co K.G.	Germany	94
Rheinoffice B.V.	Netherlands	100
Hortus Duitsland B.V.	Netherlands	100
Mainzer Landstrasse B.V.	Netherlands	100
Hans-Böckler-Straße GmbH & Co K.G.	Germany	95
Hans-Böckler-Straße S.àr.L.	Luxembourg	95
VastNed Management B.V.	Netherlands	33
VastNed Management Deutschland GmbH	Germany	100

27 ACCOUNTING ESTIMATES AND JUDGEMENTS

In consultation with the audit committee, the Board of Management has applied the following essential estimates and judgements that have a material effect on the amounts included in the financial statements.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Assumptions concerning pending legal proceedings

The most important pending legal proceedings are set out under '22 Rights and obligations not recorded in the balance sheet'. If the outcome of these legal proceedings should differ from what is presented there, this might have a negative impact on the investment result.

CRITICAL ASSUMPTIONS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Assumptions concerning investment properties in operation

As described in '2 Significant principles for financial reporting', all investment properties in operation are valued at least once a year by independent certified appraisers. These appraisals are based on assumptions including the estimated rental value of the investment property, net rental income, future capital expenditure and the net market yield of the investment property. The appraisers also make reference to market data on transaction prices for comparable investment properties. The investment market has become less liquid due to the current economic situation while price levels can be volatile because of enforced sales. As a consequence, the resulting more limited numbers of transactions are being subjected to thorough analyses by the appraisers. Appraisers are consequently increasingly considering the property's quality and the terms of the leases. Furthermore, appraisers are focusing on other instruments, such as discounted cash flow parameters, in their appraisal of properties.

Assumptions concerning investment properties in pipeline

The investment properties in pipeline are valued internally as well as externally. The appraisals are based on assumptions such as the estimated rental value of the investment property in pipeline, future capital expenditure and the net market yield for the property. The actual outcome may differ from the assumptions, and this can have a positive or negative effect on the value of the investment properties in pipeline and as a consequence on the investment result.

Deferred tax assets and liabilities

If it is possible to realise the disposal of investment properties through the disposal of shares in a company (subject to the usual tax rules) which has ownership of the investment properties in question, no income tax is payable on the disposal. The transfer of the deferred tax liability to the purchaser will in that case normally take place through a reduction in the sale price of the shares, whereby (generally) a deferred tax liability of 50% of the nominal tax rate is taken into account. The Board of Management of VastNed Offices/Industrial is of the opinion that in these cases the deferred tax liabilities should be valued at 50% of the nominal tax rate. The Board of Management of VastNed Offices/Industrial has applied this valuation method to the deferred tax assets and liabilities in respect of the German investment properties. If these deferred tax assets and liabilities were valued at 100% of the nominal tax rate, the effect on equity as at 31 December 2010 would be a positive amount of € 1.4 million.

Deferred tax liabilities in Belgium

Most of the Belgian investment properties are held by Bevak Intervest Offices NV, which is listed on NYSE Euronext Brussels and has a tax-exempt status. If VastNed Offices/Industrial acquires Belgian investment properties by taking over taxable companies with the intention of eventually merging them with Intervest Offices NV, the deferred tax liabilities are valued at the exit tax rate, which is 16.995%. As at 31 December 2010, there are no deferred tax liabilities in Belgium.

28 TOTAL EXPENSE RATIO

The total expense ratio for 2010 was 4.12% (2009: 4.29%).

The total expense ratio is calculated by dividing the total costs for the reporting period by the average equity of VastNed Offices/Industrial shareholders. The total costs include ground rents paid, net service charge expenses, operating expenses, general expenses and income tax. These costs are adjusted to allow for the share of these costs attributable to non-controlling interests.

29 APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

The consolidated annual accounts were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 3 March 2011.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

(x € 1,000)

	2010	2009
ASSETS		
Investment properties in operation	323,011	342,593
Investment properties under renovation	3,140	-
Accrued assets in respect of lease incentives	7,027	7,670
	333,178	350,263
Investment properties in pipeline	1,450	1,500
Total investment properties	334,628	351,763
Participations in group companies	270,572	282,919
Total fixed assets	**605,200**	**634,682**
Group companies	82,176	83,682
Debtors and other receivables	4,444	7,677
Cash and cash equivalents	55	5
Total current assets	**86,675**	**91,364**
Total assets	**691,875**	**726,046**
EQUITY AND LIABILITIES		
Capital paid-up and called	94,664	93,915
Share premium reserve	329,187	329,946
Hedging reserve in respect of financial derivatives	(17,401)	(17,052)
Revaluation reserve	38,644	42,643
Other reserves	(117,674)	(53,703)
Investment result attributable to VastNed Offices/Industrial shareholders	(10,945)	(42,149)
Equity VastNed Offices/Industrial shareholders	**316,475**	**353,600**
Long-term interest-bearing loans	328,115	333,712
Financial derivatives	14,993	14,455
Guarantee deposits	292	271
Total long-term liabilities	**343,400**	**348,438**
Payable to banks	16,312	9,214
Redemption of long-term interest-bearing liabilities	200	200
Financial derivatives	501	-
Group companies	1,426	1,357
Income tax	9	411
Other liabilities and accruals	13,552	12,826
Total short-term liabilities	**32,000**	**24,008**
Total equity and liabilities	**691,875**	**726,046**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)

	2010	2009
Company result	(14,222)	(24,715)
Result from participations in group companies	3,277	(17,434)
Investment result	**(10,945)**	**(42,149)**

NOTES TO THE COMPANY ANNUAL ACCOUNTS

GENERAL

The company profit and loss account has been shown in abbreviated form pursuant to 2:402 of the Netherlands Civil Code.
The company annual accounts are part of the 2010 annual accounts, which also include the consolidated annual accounts.
The Company has availed itself of the provisions of 2:379 sub 5 of the Netherlands Civil Code. The list as referred to in this Article has been filed with the offices of the Commercial Register in Rotterdam.
The Company has issued certificates of guarantee for a number of group companies in accordance with 2:403 of the Netherlands Civil Code.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The company annual accounts have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code.
In the preparation of the company annual accounts, the provisions of 2:362 sub 8 of the Netherlands Civil Code have been used.
The valuation principles for assets and liabilities and the method of determining the result are identical to those used in the consolidated annual accounts. Reference is therefore made to the notes to those accounts.
The participations in group companies have been stated at net asset value.

RIGHTS AND OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

The Company heads a group tax entity for the purposes of Dutch corporate income tax and a group tax entity for the purposes of Dutch value added tax and is consequently jointly and severally liable for the tax liabilities of the group tax entities as a whole.

INVESTMENT PROPERTIES

	2010				2009		
	In operation	Under renovation	In pipeline	Total	In operation	In pipeline	Total
Balance as at 1 January	342,593	–	1,500	344,093	374,169	1,500	375,669
Capital expenditure	1,827	1,263	–	3,090	4,516	–	4,516
Transferred to investment properties under renovation	(2,230)	2,230	–	–	–	–	–
Disposals	–	–	–	–	(5,522)	–	(5,522)
	342,190	3,493	1,500	347,183	373,163	1,500	374,663
Value movements	(19,179)	(353)	(50)	(19,582)	(30,570)	–	(30,570)
Balance as at 31 December	323,011	3,140	1,450	327,601	342,593	1,500	344,093
Accrued assets in respect of lease incentives	7,027	–	–	7,027	7,670	–	7,670
Appraisal value as at 31 December	**330,038**	**3,140**	**1,450**	**334,628**	**350,263**	**1,500**	**351,763**

PARTICIPATIONS IN GROUP COMPANIES

	2010	2009
Balance as at 1 January	282,919	295,406
Acquisition and expansion of interest	–	20,695
Share in investment result	3,277	(17,434)
Share in other comprehensive income	689	(497)
Payments received	(16,313)	(15,251)
Balance as at 31 December	**270,572**	**282,919**

As at 31 December 2010 VastNed Offices/Industrial together with its subsidiaries held 7,612,260 Intervest Offices NV shares (31 December 2009: 7,612,260 shares). The net asset value per share on 31 December 2010 was € 18.00 (31 December 2009: € 18.74). The share price of Intervest Offices NV shares on 31 December 2010 was € 23.49 (31 December 2009: € 21.90 per share).

EQUITY

	Capital paid-up and called	Share premium reserve	Hedging reserve in respect of financial derivatives	Revaluation reserve	Other reserves	Investment result attributable to VastNed Offices/ Industrial shareholders	Equity VastNed Offices/ Industrial shareholders
Balance as at 1 January 2009	93,675	330,188	(8,634)	65,731	(31,019)	(15,802)	434,139
Investment result	–	–	–	–	–	(42,149)	(42,149)
Value movements financial derivatives	–	–	(8,418)	–	–	–	(8,418)
Stock dividend	240	(240)	–	–	–	–	–
Costs of stock dividend	–	(2)	–	–	–	–	(2)
Final dividend for previous financial year in cash	–	–	–	–	–	(20,015)	(20,015)
Interim dividend 2009 in cash	–	–	–	–	(9,955)	–	(9,955)
Contribution from profit appropriation	–	–	–	–	(35,817)	35,817	–
Allocation to revaluation reserve	–	–	–	(23,088)	23,088	–	–
Balance as at 31 December 2009	93,915	329,946	(17,052)	42,643	(53,703)	(42,149)	353,600
Investment result	–	–	–	–	–	(10,945)	(10,945)
Value movements financial derivatives	–	–	(349)	–	–	–	(349)
Stock dividend	749	(749)	–	–	–	–	–
Costs of stock dividend	–	(10)	–	–	–	–	(10)
Final dividend previous financial year in cash	–	–	–	–	–	(18,059)	(18,059)
Interim dividend 2010 in cash	–	–	–	–	(7,762)	–	(7,762)
Contribution from profit appropriation	–	–	–	–	(60,208)	60,208	–
Allocation to revaluation reserve	–	–	–	(3,999)	3,999	–	–
Balance as at 31 December 2010	**94,664**	**329,187**	**(17,401)**	**38,644**	**(117,674)**	**(10,945)**	**316,475**

The authorised share capital is € 400.0 million and is divided into 79,999,900 ordinary shares of € 5 par value and 100 priority shares of € 5 par value.

The legal reserves comprise the Hedging reserve in respect of financial derivatives and the Revaluation reserve.

APPROVAL OF THE COMPANY ANNUAL ACCOUNTS

The company annual accounts were drawn up by the Board of Management and authorised for publication by the Supervisory Board on 3 March 2011.

OTHER INFORMATION

SPECIAL CONTROLLING RIGHTS

The Company's articles of association confer special controlling rights on the priority shares. The priority shares have been placed at par value with the Stichting Prioriteit VastNed Offices/Industrial. The objective of this foundation is to acquire ownership of the priority shares in the Company and to exercise all rights vested in such shares, including the voting right, the receipt of dividend and other distributions and all that which is related thereto in the broadest sense.
The Board of Management of the Stichting Prioriteit VastNed Offices/Industrial consists of the members of the Board of Management and of the Supervisory Board of VastNed Offices/Industrial. They are the A directors and B directors respectively of the Stichting Prioriteit VastNed Offices/Industrial. A directors are not entitled by the articles of association to cast more votes than B directors.

PROFIT DISTRIBUTION

The Company's articles of association stipulate that a dividend is paid out on the priority shares of 5% of the nominal amount. The remaining profit is then placed at the disposal of the General Meeting of Shareholders. The Company may only make distributions to shareholders insofar as VastNed Offices/Industrial shareholders' equity exceeds the sum of the paid-up and called capital augmented by the reserves required by law to be maintained. In order to retain its fiscal status as an investment institution, the Company must distribute the taxable profit, after making permitted reservations, within eight months of the end of the year under review.

PROFIT APPROPRIATION

The Board of Management proposes to distribute the investment result as follows (x € 1,000):

Investment result attributable to VastNed Offices/Industrial shareholders	(10,945)
To be charged to the reserves	35,940
Available for dividend payment	24,995
Distributed earlier as interim dividend	(7,762)
Available for final dividend payment	**17,233**

The Board of Management proposes to distribute the final dividend as follows:

- 5% in cash on the priority shares;
- an optional dividend on the ordinary shares of:
  - € 0.68 in cash plus a percentage in shares yet to be determined, depending on the share price, charged to the share premium reserve, or
  - € 0.91 in cash;

and to add the remainder of the distributable profit to the other reserves. Shareholders opting for distribution in cash plus shares must ensure that this is effected prior to 14 May 2011. As from this date, they can only claim the cash dividend within the parameters as laid down in the articles of association.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of VastNed Offices/Industrial N.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2010 of VastNed Offices/Industrial N.V., Rotterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated statements of comprehensive income, the consolidated movements in equity and the consolidated cashflow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2010 the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the board of management in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BASIS FOR QUALIFIED OPINION

During 2010 the company has received a cancellation fee for the violation of a rental agreement from a former tenant. The company has deferred this income in the income statement over the original duration of the agreement. In our opinion part of this fee, for which no conditions apply, should be recorded as income in fiscal year 2010 in accordance with IAS 18.
In our opinion the Other liabilities and accruals are overstated, the Total equity, Other income and Total comprehensive income are understated for € 2.5 million in the consolidated financial statements.
In the company financial statements the Participations in group companies, Equity VastNed Offices/Industrial shareholders, Result from participations in group companies and Investment result are understated for € 1.3 million.

QUALIFIED OPINION WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of VastNed Offices/ Industrial N.V. as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

QUALIFIED OPINION WITH RESPECT TO THE COMPANY FINANCIAL STATEMENTS

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the company financial statements give a true and fair view of the financial position of VastNed Offices/Industrial N.V. as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the board of management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the report of the board of management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam 21 March 2011
Deloitte Accountants B.V.

H.H.H. Wieleman

MANAGEMENT AND CORPORATE GOVERNANCE

INTRODUCTION

Sustained revenues can only be generated through balanced decisions by sound management and clear rules on how the Company should be governed. Good corporate governance consequently forms the basis of trust between the Company and its shareholders. With a view to the transparency that is an essential part of corporate governance, VastNed Offices/Industrial N.V. is continuing its practice of reporting extensively on how its corporate governance operates and the extent to which the company complies with the Dutch Corporate Governance Code ('the Code'). This chapter also provides information about the organisation, the legal structure of VastNed Offices/Industrial N.V. and its subsidiaries, and the people responsible for the company. VastNed Offices/Industrial N.V.'s management structure is also described in detail.

VASTNED GROUP'S ORGANISATIONAL STRUCTURE

VastNed Offices/Industrial N.V. is a public limited liability company founded under Dutch law, vested in the Netherlands and listed on the NYSE Euronext Amsterdam ('VastNed Offices/Industrial'). VastNed Offices/ Industrial is part of the VastNed Group. The VastNed Group, which is not itself a legal entity, consists of VastNed Offices/Industrial, VastNed Retail and their respective subsidiaries. The Board of Management is in the hands of VastNed Management B.V. ('VastNed Management'). The shares in VastNed Management are held by VastNed Offices/Industrial and VastNed Retail. This joint management realises cost benefits as well as synergy due to the exchange of knowledge.

LEGAL STRUCTURE

VastNed Offices/Industrial has the status of an investment company with variable capital pursuant to 2:76 sub a of the Netherlands Civil Code. An investment company with variable capital is a public limited company:

- the only aim of which is to invest its capital in such a way that the risks are spread, in order to let its shareholders share in the profits;
- the Board of Management of which has the authority under the articles of association to issue, acquire and dispose of shares in its capital (share issues and share repurchase programmes);
- for which a manager has been granted a license as referred to in the Act on Financial Supervision for the placement of its shares, and;
- the articles of association of which stipulate that the company is an investment company with variable capital.

VASTNED OFFICES/INDUSTRIAL AND ITS SUBSIDIARIES

The legal structure of VastNed Offices/Industrial and its major subsidiaries is presented below:

VastNed Offices/Industrial

VastNed Offices/Industrial acts as a national and international holding and finance company that holds almost all of the Dutch offices. In the Netherlands, VastNed Offices/Industrial has the status of a fiscal investment institution.

VastNed Management

VastNed Management is the sole Director under the articles of association of VastNed Offices/Industrial. VastNed Management has three statutory directors and a Supervisory Board consisting of the chairmen and vice-chairmen of the Supervisory Boards of VastNed Retail and VastNed Offices/Industrial. One of the key tasks of this Supervisory Board is to create the management structure for the selection, appointment and dismissal of members of the Board of Management and the remuneration of these members. VastNed Management does not have a profit objective on its own behalf. Consequently, it has entered into a partnership agreement with VastNed Retail and VastNed Offices/Industrial as well as an agreement with them regarding the allocation of its costs (cost allocation agreement). VastNed Management carries out asset management activities for the entire property portfolio and all property management for the Dutch property portfolio.

VastNed Management does not have a profit objective on its own behalf. Consequently, it has entered into a partnership agreement with VastNed Offices/Industrial and VastNed Retail as well as an agreement with them regarding the allocation of its costs (cost allocation agreement). VastNed Management carries out asset management activities for the entire property portfolio and all property management for the Dutch property portfolio.

VastNed Management has a licence within the meaning of 2.65 sub 1 part a of the Act on Financial Supervision. This licence authorises VastNed Management to carry out the management of VastNed Offices/Industrial and VastNed Retail N.V.

Costs relating directly to VastNed Offices/Industrial or VastNed Retail N.V. or to the property of these Companies or its subsidiaries are recognised directly by the Company in question. Other costs that cannot be allocated directly are borne by VastNed Management and charged on to VastNed Offices/Industrial and VastNed Retail N.V. in line with the actual work done. This is assessed on an annual basis; the ratio in 2010 was 46% to 54%. One third of the shares in VastNed Management is held by VastNed Offices/Industrial and two thirds by VastNed Retail. This ratio has its origins in the size of the property portfolios at the time of the conclusion of the cost allocation agreement in January 1996; it does not affect the results or the equity position of the two shareholders. The agreement has a term of 10 years and is renewed each time for periods of five years with due observance of a notice period of two years; the next expiry date is 31 December 2015. A further agreement (to the partnership agreement and the cost allocation agreement) includes specific change of control clauses that ensure that VastNed Offices/Industrial's performance is not affected in the event of a public bid, among other things, for VastNed Retail N.V. and vice versa.

VastNed Industrial

This private limited company holds the Dutch semi-industrial property investments. VastNed Industrial B.V. is part of the VastNed Offices/Industrial fiscal unity and also has the status of a fiscal investment institution.

VastProduct

VastNed Offices/Industrial has a 90% interest in the limited partnership VastProduct C.V. The remaining 10% is held by VastNed Industrial B.V. Due to the transparent fiscal structure of this limited partnership, the income and expenses from this interest are subject to the regime of the fiscal investment institution.

VastNed Offices Monumenten

This private limited company among others indirectly holds the property De Rode Olifant on Zuid-Hollandlaan 7 in The Hague. This property is listed as a historic building. VastNed Offices Monumenten B.V. and its subsidiary are part of the VastNed Offices/Industrial fiscal unity and also have the status of a fiscal investment institution.

Intervest Offices

As at 31 December 2010, VastNed Offices/Industrial has had a 54.7% interest in the Bevak Intervest Offices, which is listed on NYSE Euronext Brussels. A Belgian Bevak essentially has a tax-exempt status and as such is comparable to a Dutch fiscal investment institution. VastNed Offices/Industrial consolidates this subsidiary fully and recognises the non-controlling interest under consolidated equity. Intervest Offices carries out its own asset and property management. All Belgian employees have employment contracts with Intervest Offices without there being a shared management company acting as intermediary. Some Directors and members of the Board of Management of Intervest Offices carry out their work through the intermediary of their own company.

VastNed Offices Belgium

An office and a site at the Luchthavenlaan in Vilvoorde are held by VastNed Offices Belgium, a 100% subsidiary of VastNed Offices/Industrial. This company does not have the Bevak status, so any profits it makes are subject to income tax.

Kaistrasse

This private limited company which is part of the VastNed Offices/Industrial fiscal unity, holds the property on the Kaistraße 16-18 in Düsseldorf indirectly through a 94% interest in a German Kommanditgesellschaft (limited partnership).

Rheinoffice

This private limited company, which is part of the VastNed Offices/Industrial fiscal unity, holds the property at Emanuel-Leutze-Straße 11 in Düsseldorf.

Hortus Duitsland

This private limited company, which is part of the VastNed Offices/Industrial fiscal unity, holds the property at Insterburgerstraße 16 in Frankfurt.

Mainzer Landstrasse

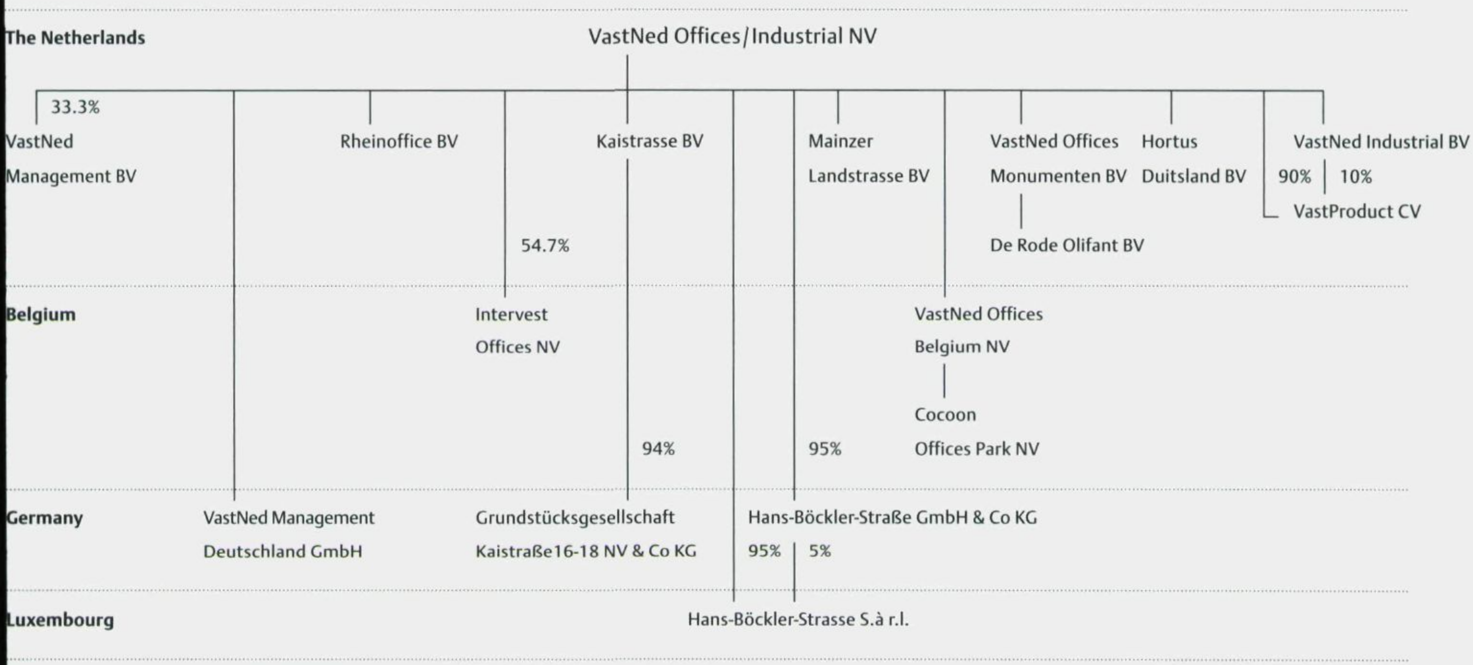
This private limited company, which is part of the VastNed Offices/Industrial fiscal unity, holds the property at Mainzer Landstraße 33A in Frankfurt.

Hans-Böckler-Straße

This Luxembourg company holds the property at Hans-Böckler-Straße 36 in Dusseldorf.

VastNed Management Deutschland

This German company takes care of the day-to-day property management of the German property portfolio.



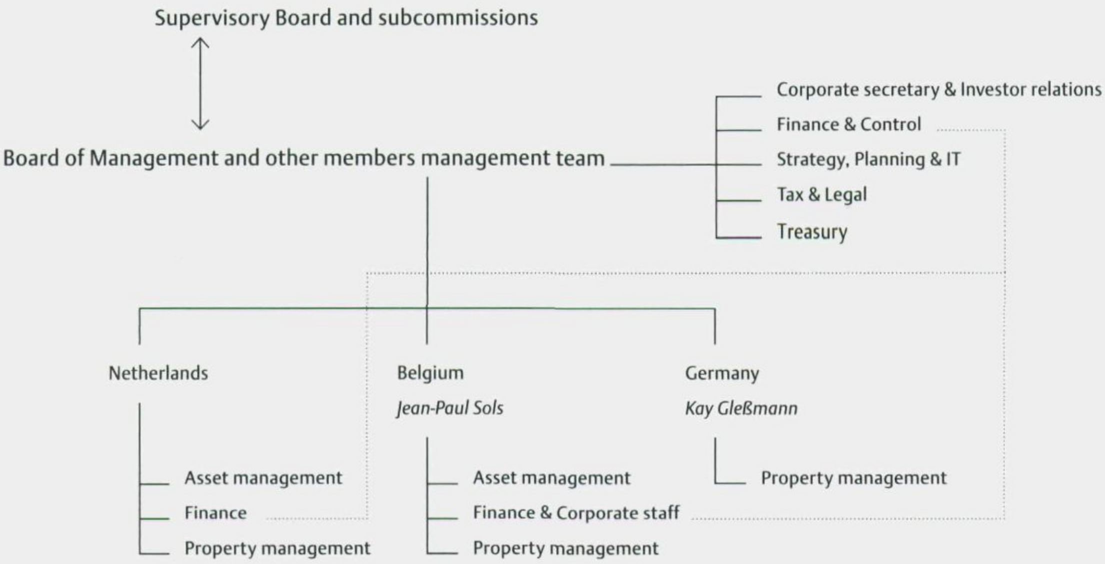
COMPANY STRUCTURE

THE PEOPLE BEHIND THE COMPANY

Directors under the articles of association ('Board of Management') and other management team members

VastNed Management is the sole Managing Director under the articles of association of VastNed Offices/Industrial and is in charge of day-to-day management. Its responsibilities include the realisation of the Company's targets, the strategy and associated risk profile, developments in the results and aspects of corporate social responsibility relevant to the Company. The Board of Management carries out its tasks within a framework set together with the Supervisory Board and submits the operational and financial targets, the strategy and the boundary conditions to be observed to the Supervisory Board for approval. VastNed Offices/Industrial's articles of association stipulate that the number of Directors should be fixed by the Supervisory Board.

The Board of Management is responsible for having full and correct information at its disposal. The Board of Management and two directors of VastNed Management not mandated under the articles of association together make up the management team. This team generally meets every fortnight. VastNed Offices/Industrial's Board of Management is appointed by the General Meeting of Shareholders. If one or more directors are to be appointed, the holder of the priority shares (the Priority Shareholder) will make a binding nomination. However, the General Meeting of Shareholders can remove the binding nature of the nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If that is not the case but there has been a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination and these votes represent less than one third of the issued capital, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting. The Director(s) can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes if the proposal for the suspension or dismissal was made by the Priority Shareholder. Without such a proposal by the Priority Shareholder, Directors can be suspended or dismissed at any time by the General Meeting of Shareholders by a resolution passed by an absolute majority of the votes provided that majority represents at least one third of the issued capital. A Director can also be suspended by a resolution of the Supervisory Board.



CURRICULA VITAE BOARD OF MANAGEMENT AND OTHER MEMBERS MANAGEMENT TEAM

Reinier A. van Gerrevink (3 March 1950)

Nationality: Dutch
Position: Managing Director, CEO
Joined the company: 1 July 2002
Appointment to present position: 1 September 2002
Previous positions: various management positions with:

- Robeco (Weiss Peck & Greer);
- Rodamco, and;
- ABN AMRO.

Other positions: Member of the Supervisory Board of the Stadsherstel Rotterdam Foundation.
Education: Dutch law, Utrecht University, the Netherlands.

Tom M. de Witte (7 September 1966)

Nationality: Dutch
Position: Managing Director, CFO
Joined the company: 16 June 2003
Appointment to present position: 16 June 2003
Previous positions: Accountant with Deloitte
Education: Business economics, Dutch law and Accountancy, Erasmus University Rotterdam, the Netherlands.

Taco T.J. de Groot MRE MRICS (20 February 1963)

Nationality: Dutch
Position: Managing Director, CIO
Joined the company: 1 September 2010
Appointment to present position: 1 September 2010
Previous positions:

- Letting and Investment Property Agent with DTZ Zadelhoff;
- CEO Cortona Holdings;
- Founder and CIO of GPT Halverton, and;
- Partner Fund Manager MSeven Real Estate.

Other positions: Member of the Supervisory Board of seniors' housing specialist Hobion, Houten.
Education: Dutch Law, Utrecht University, and Real Estate Economics, University of Amsterdam, the Netherlands.

Arnaud G.H. du Pont (25 May 1966)

Nationality: Dutch

Position: General Counsel/Director Investor Relations

Joined the company: 1 January 2000

Previous positions:

- Tax Consultant with BDO, and;
- Tax Consultant with PricewaterhouseCoopers.

Education: Tax Law, Erasmus University Rotterdam, the Netherlands.

Wim Fieggen (3 November 1957)

Nationality: Dutch

Position: Director

Joined the company: 15 February 2003

Previous positions:

- various positions with Robeco, Rodamco, Roproperty and Altera Vastgoed, and;
- worked as an independent consultant.

Education: Economics, Erasmus University Rotterdam, the Netherlands.

The managing Directors and other members of the management team have reported all other positions of any significance held by them. None of them are members of the Supervisory Board of another listed company. Acceptance of such a position would require approval from this Company's Supervisory Board.

REMUNERATION MEMBERS BOARD OF MANAGEMENT

Please refer to the separate remuneration report elsewhere in this annual report.

SHAREOWNERSHIP OF THE MEMBERS OF THE BOARD OF MANAGEMENT

Summary of the shares held by the Board of Management

	R.A. van Gerrevink	T.M. de Witte	T.T.J. de Groot
Number of shares as at 1 January 2010	6,809	1,470	–
Movements	–	–	–
Number of shares as at 31December 2010	6,809	1,470	–

VastNed Offices/Industrial has not provided any guarantees with regard to the shares held by the Board of Management. The above share ownership was reported to the AFM at the time of acquisition and can be viewed at *www.afm.nl*. VastNed Offices/Industrial has drawn up regulations as referred to in 5:65 of the Act on Financial Supervision. These regulations determine the periods during which members of the Supervisory Board, members of the Board of Management and employees of VastNed Offices/Industrial and its subsidiaries, including VastNed Management, may trade in VastNed Offices/Industrial shares (the open periods). The periods preceding the publication of financial reports are closed periods, during which trading is not permitted. The full text can be consulted on *www.vastned.nl*.

COUNTRY TEAMS

Netherlands

In addition to the management team, which is in charge of the central management and coordination of the various country portfolios from its base in the Netherlands, there is a Dutch team of eight property specialists, which after the departure of the Dutch country manager, is managed directly by Mr Taco de Groot (CIO). These activities are carried out from the Rotterdam head office.

Belgium

The Belgian activities are almost entirely handled by Intervest Offices NV in Antwerp. The day-to-day management is in the hands of Mr Jean-Paul Sols (CEO) and Ms Inge Tas (CFO). The Belgian team of property specialists consists of six employees. There are two members of the Board of Management of VastNed Management representing VastNed Offices/Industrial on the Board of Management of Intervest Offices. On 31 December 2010 this board consisted of Mr Reinier van Gerrevink and Mr Tom de Witte, representing VastNed Offices/Industrial, Mr Hubert Roovers, a former employee of VastNed Management, and a number of independent members, namely Mr Jean Pierre Blumberg, Mr Nick van Ommen and Mr Chris Peeters.

Germany

Our German organisation, VastNed Management Deutschland GmbH in Frankfurt, is managed by Mr Kay Gleßmann. Mr Gleßmann, who acts as an adviser to the asset management team based in the Netherlands, is the only employee of VastNed Management Deutschland GmbH. Key decisions are made by the Board of Management of VastNed Offices/Industrial.

SUPERVISORY BOARD

VastNed Offices/Industrial has a Supervisory Board in addition to its Board of Management. The members of the Supervisory Board are appointed by the General Meeting of Shareholders. If one or more members of the Supervisory Board are to be appointed, the Priority Shareholder will make a binding nomination. However, the General Meeting of Shareholders can remove the binding nature of the nomination if a resolution to that effect is passed by an absolute majority of the votes cast representing at least one third of the issued capital. If that is not the case but there has been a vote with an absolute majority voting in favour of the resolution to remove the binding nature of the nomination and these votes represent less than one third of the issued capital, a new meeting is called in which the resolution can be adopted irrespective of the proportion of capital represented at this meeting.
The members of the Supervisory Board can be suspended or dismissed at any time by a resolution adopted by the General Meeting of Shareholders by an absolute majority of the votes if the proposal for the suspension or dismissal was made by the Priority Shareholder. Without such a proposal by the Priority Shareholder, Supervisory Board members can be suspended or dismissed at any time by the General Meeting of Shareholders by a resolution passed by an absolute majority of the votes provided that majority represents at least one third of the issued capital. Supervisory Board members step down at the latest in the fourth financial year following the financial year in which they were appointed. A Supervisory Board member who is stepping down can be reappointed forthwith, with the proviso that members can only serve on the Supervisory Board for a maximum of three four-year terms.

COMPOSITION OF THE SUPERVISORY BOARD

- Willem M. Steenstra Toussaint, chairman
- Henk W. Breukink, vice-chairman
- Robert K. Jacobson
- Henk R. Porte MRE

CURRICULA VITAE SUPERVISORY BOARD MEMBERS

Willem M. Steenstra Toussaint (26 March 1951)

Nationality: Dutch
Position: Independent Consultant
Appointment: 4 April 2006 as a member and 3 April 2007 as chairman
Previous positions:
- various management and board positions with MeesPierson/Fortis Bank (1978–2000), most recently as Chief Operating Officer of Fortis Bank Asia;
- Consultant to the Firm with PricewaterhouseCoopers Corporate Finance Netherlands (2001–2006), and;
- member of the Supervisory Board of Scala Business Solutions N.V. (2002–2004).

Other positions include:
- Secretary of the Audit Committee of STMicroelectronics N.V.

Education: Dutch Law, Leiden University, the Netherlands.

Henk W. Breukink (5 June 1950)

Nationality: Dutch

Position: professional supervisory board member and coach

Appointment: 3 April 2007 as member and as vice-chairman

Previous positions:

- Managing Director of F&C Asset Management plc;
- Country Head and Director of F&C Netherlands;
- Associate of Boer & Croon Executive Managers (1996–2002), and;
- various management and board positions with Royal Shell (1977–1996).

Other positions:

- Member of the Supervisory Board of ING Group, Amsterdam, the Netherlands;
- Non-executive Director of the F&C Hedge Funds (listed in Ireland);
- Vice-chairman of the Supervisory Board of Haag Wonen, The Hague, the Netherlands;
- Member of the Supervisory Board of Heembouw Holding, Roelofarendsveen, the Netherlands;
- Member of the Advisory Board of INSID, The Hague, the Netherlands;
- Chairman of the Supervisory Board of Omring (healthcare institution), Hoorn, the Netherlands, and;
- Member of the Supervisory Board of Brink Groep, Leidschendam, the Netherlands.

Education: Business Economics, University of Groningen, the Netherlands.

Robert K. Jacobson (2 October 1946)

Nationality: Dutch

Position: retired

Appointment: 6 April 2004

Previous positions:

- various management positions with Unilever, including Senior Vice-president Finance East Asia & Pacific and most recently Senior Vice-president Chairman's Office Unilever.

Other positions:

- Member of the Supervisory Board of Onderlinge Levensverzekering-Maatschappij, 's-Gravenhage U.A.

Education: Business Economics and Accountancy, Erasmus University Rotterdam, the Netherlands.

Henk R. Porte MRE (14 December 1960)

Nationality: Dutch

Position: Interim Manager

Appointment: 21 April 2010

Previous positions:

- Director Asset Management and member of management team of Vermogensbeheer, MN Services, Rijswijk, the Netherlands;
- Senior Asset Manager, ING Real Estate Investment Management, The Hague, the Netherlands;
- Head Agency Department, Valuer and Investment Property Consultant, CB Richard Ellis, Amsterdam, the Netherlands, and;
- Property acquisition and divestment officer, Real Estate Department of the City of Utrecht, the Netherlands.

Other positions:

- Advisor to the Board of Management of Van der Vorm Vastgoed, Rotterdam, the Netherlands, and;
- non-executive board member Angelo Gordon, New York, USA.

Education:

- Master of Business Administration (MBA), Business School Nederland (BSN), the Netherlands;
- Member of the Royal Institution of Chartered Surveyors (MRICS), London, United Kingdom;
- Master of Real Estate (MRE), University of Amsterdam, the Netherlands;
- Commercial property training programme, Dutch Association of Real Estate Brokers and Real Estate Experts (NVM), and;
- Dutch Law, Utrecht University, the Netherlands.

RETIREMENT ROSTER

Henk W. Breukink 2011 (eligible for re-election)

Robert K. Jacobson 2012 (eligible for re-election)

Henk R. Porte 2014 (eligible for re-election)

Willem M. Steenstra Toussaint 2014 (eligible for re-election)

TASKS SUPERVISORY BOARD

The Supervisory Board supervises the day-to-day policy of the Board of Management and assists the Board of Management with advice. In carrying out its tasks, the Supervisory Board considers the interests of VastNed Offices/Industrial and its associated companies, in doing so weighing up the relevant interests of all stakeholders (including the shareholders). The Supervisory Board is itself responsible for the quality of its performance. VastNed Offices/Industrial provides the Supervisory Board with the necessary resources for the execution of its tasks. Members of the Supervisory Board will resign before the end of their term if they show inadequate performance or in the event of structural incompatibility of interests or similar problems. The tasks of the Supervisory Board include:

- supervision of, monitoring and advising the Board of Management regarding:
  - the achievement of the Company's targets;
  - the strategy and the risks associated with the business operations;
  - the setup and operation of the internal risk management and control systems;
  - the financial reporting process and compliance with legislation and regulations;
  - disclosure of, compliance with and enforcement of the Company's corporate governance structure;
  - the relationship with shareholders, and;
  - aspects of corporate social responsibility, where relevant for the Company;
- approving the financial statements as well as approving the annual budget and major acquisitions and divestments by the Company;
- selecting and proposing the Company's external auditor;
- selecting the Board of Management, including the members of the Board of Management of VastNed Management, proposing the remuneration policy governing the members of the Board of Management for adoption by the General Meeting of Shareholders, and determining the remuneration (with due observance of the aforementioned remuneration policy) and the contractual employment conditions of the members of the Board of Management;
- selecting the members of the Supervisory Board and proposing the remuneration of its members for adoption by the General Meeting of Shareholders;
- evaluating and appraising the performance of the Board of Management and the Supervisory Board as well as their individual members (including an assessment of the job profile for the Supervisory Board and the induction, education and training programme);
- dealing with and making decisions about reports of potential conflicts of interest between VastNed Offices/Industrial on the one hand and members of the Board of Management, the external auditor and the controlling shareholder(s) on the other hand, and;
- dealing with and making decisions about reports of alleged irregularities in the performance of members of the Board of Management.

Each year after the close of the financial year, the Supervisory Board will draw up and publish a report of the performance and activities of the Supervisory Board and its committees during the financial year in question.

For a full list of the Supervisory Board's tasks, please see the regulations drawn up by the Supervisory Board. They can be found on the website *www.vastned.nl*.

CHAIRMAN OF THE SUPERVISORY BOARD

The chairman of the Supervisory Board has a coordinating task. The chairman ensures compliance with the requirements of the best practice provisions detailed in III.4.1 of the Code. He is assisted in this by the General Counsel (Company Secretary). The chairman is neither a former member of the Board of Management nor an employee of VastNed Offices/Industrial or any of its subsidiaries.

PROFILE SUPERVISORY BOARD

The profile of the Supervisory Board is included in the regulations of the Supervisory Board and may be consulted on *www.vastned.nl*.

AUDIT COMMITTEE

Tasks

The audit committee is charged with supervising the financial affairs of VastNed Offices/Industrial in the broadest sense of the word. Please refer to *www.vastned.nl* for an extensive overview of its tasks.

Procedural tasks

Four times a year, the audit committee draws up a report of its deliberations and findings. The committee reports on the developments in the relationship with the external auditor at least once a year. A thorough assessment is carried out of the external auditor's performance once every four years. The external auditor is sent the financial information on which the quarterly, semi-annual and annual figures are based and given the opportunity to make comments. The audit committee is the first point of contact for the external auditor if any irregularities are encountered. The committee decides whether members of the Board of Management or the external auditor are to attend its meetings. The committee meets at least once a year with the external auditor in the absence of the members of the Board of Management.

Composition

The audit committee consists of two independent members. Mr Jacobson is chairman; Mr Porte is a member. Mr Jacobson is a financial expert.

REMUNERATION COMMITTEE

Tasks

The remuneration committee is charged with advising the Supervisory Board on the remuneration policy in the broadest sense of the word. Please refer to *www.vastned.nl* for an extensive overview of its tasks. They include submitting a proposal to the Supervisory Board regarding the remuneration policy to be pursued for the members of the Board of Management.

Procedural tasks

In addition, the remuneration committee draws up the remuneration report for adoption by the Supervisory Board. The Supervisory Board's remuneration report is included in this annual report and placed on the Company's website. It contains the information stipulated in the Code.

Composition

In view of the fact that the Director under the articles of association constitutes the Board of Management of VastNed Offices/Industrial as well as of VastNed Retail N.V., the remuneration committee consists of the members of the Supervisory Board of VastNed Management. This board has four independent members, none of whom are members of the Board of Management of another Dutch listed company. Mr N. J. Westdijk is the chairman and Mr W.J. Kolff is a member of the remuneration committee (both are members of the Supervisory Board of VastNed Retail). Mr W.M. Steenstra Toussaint and Mr H.W. Breukink are members of the remuneration committee representing VastNed Offices/Industrial.

NOMINATION COMMITTEE

Tasks

The tasks of the nomination committee include drawing up selection and appointment criteria, periodically assessing the size and composition of the Supervisory Board and the Board of Management, as well as evaluating the performance of the members of the Supervisory Board and the Board of Management, supervising the Board of Management in the matter of senior management appointments and taking concrete decisions with regard to selection and appointments.

Composition

In view of the fact that the Director under the articles of association constitutes the Board of Management of VastNed Offices/Industrial as well as of VastNed Retail N.V., the nomination committee consists of the members of the Supervisory Board of VastNed Management. This board has four independent members, none of whom are members of the Board of Management of another Dutch listed company. Mr W.J. Kolff is the chairman and Mr N.J. Westdijk is a member of the nomination committee (both are members of the Supervisory Board of VastNed Retail). Mr W.M. Steenstra Toussaint and Mr H.W. Breukink are members of the nomination committee representing VastNed Offices/Industrial.

The Supervisory Board receives reports of the meetings of the three committees.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The members of the Supervisory Board receive a payment of € 21,000 per annum. The chairman receives an annual payment of € 27,000 and the vice-chairman receives € 24,000. In view of the labour-intensive nature of their duties, members of the audit committee receive an additional € 4,000 per annum. The members of the remuneration committee receive an additional € 3,000 per annum. The members of the remuneration committee are all members of the Supervisory Board of VastNed Management. No additional remuneration is paid for the membership of the Supervisory Board of VastNed Management.

The above referenced remuneration for members of the Supervisory Board applies to going concern situations. This assumes eight annual meetings (four meetings related to financial reporting, one meeting for (and participation in) the General Meeting of Shareholders, one budget and strategy meeting and two additional meetings). On the presumption that the activities of the Supervisory Board and its members in exceptional circumstances can be significantly more time consuming than in the going concern situation, the General Meeting of Shareholders on 8 April 2008 adopted the resolution that in situations that are beyond the going concern situation, additional remuneration in the amount of € 2,000 per day would be paid to the relevant members of the Supervisory Board. Apart from the aforementioned payments, the members do not receive any further compensation other than reimbursements of actually incurred expenses.

STATEMENT OF SHARE OWNERSHIP (PRINCIPLE)

Members of the Supervisory Board shall only hold shares in VastNed Offices/Industrial as a long-term investment and shall purchase these shares at their own cost. When purchasing and selling shares, they act in accordance with the regulations adopted by the Company as referred to in 5:65 of the Act on Financial Supervision. Transactions are also reported to the AFM *(www.afm.nl)* in accordance with the relevant rules. As at 31 December 2010, none of the members of the Supervisory Board held any shares in VastNed Offices/Industrial.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

Introduction

VastNed Offices/Industrial acknowledges the importance of proper corporate governance as the basis of trust between the Company and its shareholders. With a view to the transparency that is an essential part of corporate governance, VastNed Offices/Industrial is continuing its practice of reporting extensively in this annual report on how its corporate governance operates and the extent to which the Company complies with the Code.

Statement of compliance and deviations from the Code

VastNed Offices/Industrial subscribes to the Code and its principles and currently complies with virtually all the best practice provisions of the Code. At present, VastNed Offices/Industrial deviates from the principles and best practice provisions as formulated in the Code in three respects. They are:

- The appointment of members of the Board of Management for a period of four years:
  - Members of the Board of Management are appointed for a period of four years (like at the recent appointment of Mr. Taco T.J. de Groot). This is in line with the Code. An exception to this is the employment contracts of Mr Van Gerrevink and Mr De Witte, since they joined the Company prior to the publication of the Code.
- Limitation of any severance payment to a maximum of one year's salary:
  - The severance payment of the members of the Board of Management is limited to a maximum of one year's salary. This is in line with the Code. An exception to this is the employment contracts of Mr Van Gerrevink and Mr De Witte, since they joined the Company prior to the publication of the Code. When their contracts were concluded, severance arrangements were agreed that also took account of the years of service with previous employers. These arrangements may result in compensation of more than one year's salary.
- The objective of striving for diversity in the composition of the Supervisory Board linked to concrete targets:
  - The Supervisory Board supports the importance of diversity in the composition of the Supervisory Board, but considers it undesirable to formulate concrete goals in this area. The candidate's competence must always remain the overriding factor in appointments to the Supervisory Board.

Availability of corporate governance documents

The documents that define the corporate governance structure, such as the articles of association, the regulations of the Supervisory Board and the registration document as required by the Act on Financial Supervision, have been made available by the Company on its website *www.vastned.nl*.

Independence

None of the members of the Supervisory Board is a member of the Board of Management or an employee of VastNed Offices/Industrial or of any company associated with it. Neither have any of the said members received any remuneration other than for membership of the Supervisory Board, nor have they had significant business relations with VastNed Offices/Industrial or any associated company during the year prior to their appointment. None of the members of the Board of Management is a shareholder, member of the Board of Management or Supervisory Board member of any company that holds 10% or more of the shares in VastNed Offices/Industrial. This is also the case for the immediate family of the members in question.

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR THE BOARD OF MANAGEMENT

Transactions with members of the Board of Management

VastNed Offices/Industrial has not entered into any transactions with any of the members of the Board of Management other than those arising from their employment contracts.

Conflicts of interest involving members of the Board of Management

None of the members of the Board of Management is in competition with VastNed Offices/Industrial in any way. No payments have been made by VastNed Offices/Industrial to the members of the Board of Management or members of their families, no member of the Board of Management has granted any third parties an unjustified advantage or arranged for himself or his family to gain from commercial opportunities provided by VastNed Offices/Industrial. In view of the corporate governance pursued by VastNed Offices/Industrial, the members of the Board of Management declare that they comply with the Code in all of the above-mentioned cases. In the event of a conflict of interest, the member of the Board of Management involved will report that conflict of interest to the chairman of the Supervisory Board. The member in question will not participate in any discussions and decision making where he has a conflict of interest. In addition, the usual industry sector conditions will apply to transactions where there is a conflict of interest.

Loans to members of the Board of Management

VastNed Offices/Industrial has not made loans to any members of its Board of Management, nor have any members of the Board of Management made loans to VastNed Offices/Industrial.

SPECIFIC CORPORATE GOVERNANCE REQUIREMENTS FOR THE SUPERVISORY BOARD

Principle

None of the members of the Supervisory Board of VastNed Offices/Industrial is also on the Supervisory Board of VastNed Retail N.V. The chairman and the vice-chairman are also members of the Supervisory Board of VastNed Management. This system means the members of the Supervisory Board have a considerable degree of independence. The Supervisory Board has four members.

Conflicts of interest involving members of the Supervisory Board

Members of the Supervisory Board report any material conflicts of interest to the chairman of the Supervisory Board. In line with the corporate governance pursued by VastNed Offices/Industrial, the members of the Supervisory Board declare that they will comply with the Code in such cases. Any member with a conflict of interest will refrain from participating in discussions and decision making regarding that matter. In addition, the usual industry sector conditions will apply to transactions where there is a conflict of interest. Decisions to enter into transactions with controlling shareholders, defined here as shareholders holding more than 10% of the share capital in issue, must be approved by the Supervisory Board and are subject to the usual industry sector conditions. VastNed Offices/Industrial currently has no delegated supervisory director. The Supervisory Board will act in accordance with the best practice provisions III.6.6 and III.6.7 where applicable.

Loans to members of the Supervisory Board

VastNed Offices/Industrial has not made loans to any member of the Supervisory Board, nor has any member of the Supervisory Board made loans to VastNed Offices/Industrial.

GENERAL MEETING OF SHAREHOLDERS AND VOTING RIGHTS

The regular General Meeting of Shareholders must be held within six months of the close of the financial year. The General Meeting of Shareholders is called in the manner laid down in the legislation and regulations applicable to VastNed Offices/Industrial. One or more shareholders that together represent at least 10% of the share capital in issue can ask the Board of Management to call a General Meeting of Shareholders. One or more shareholders that together represent at least 1% of the share capital in issue, or alternatively hold shares worth at least € 50 million, can ask for items to be placed on the agenda of the General Meeting of Shareholders, provided they do so at least 60 days before the meeting.
In the General Meeting of Shareholders of VastNed Offices/Industrial an explanation is given of matters such as the strategy and course of business. Furthermore, the General Meeting of Shareholders is asked to give its approval on matters as defined by law and the articles of association.

Subjects for discussion

Generally, the following subjects are discussed at the General Meeting of Shareholders (without being subjected to a vote): the minutes of the most recent General Meeting of Shareholders, the report by the Board of Management on the most recent financial year, the dividend and reservation policy, corporate governance and the remuneration report.

The General Meeting of Shareholders is asked to vote on the following subjects: the adoption of the financial statements for the most recent financial year, the determination of the (final) dividend for the most recent financial year, major changes to the strategy and material changes to the corporate governance structure, discharging the members of the Board of Management for their management during the most recent financial year, discharging the Supervisory Board members for their supervision of the Board of Management during the most recent financial year and the appointment or reappointment of members of the Company's Supervisory Board or Board of Management. Every share gives the right to one vote in the General Meeting of Shareholders. No vote can be cast for shares held by VastNed Offices/Industrial itself or by or on behalf of a subsidiary unless those shares are encumbered by usufruct or pledge.

Special controlling rights

The requirement for most resolutions by VastNed Offices/Industrial's General Meeting of Shareholders is an absolute majority (half of the votes cast plus 1). There are a number of specific resolutions where the Priority Shareholder usually submits a proposal.
If a member of the Board of Management or Supervisory Board is to be appointed or reappointed, the Priority Shareholder makes a binding nomination such that there is a choice between at least two individuals. The General Meeting of Shareholders can remove the binding nature if the condition of an absolute majority of the votes is met, with the votes cast in favour representing at least one third of the issued capital. If there is an absolute majority but less than one third of the issued capital is represented, a new General Meeting of Shareholders will be called. The binding nature of the nomination can be removed in that meeting by an absolute majority of the votes cast without there being a quorum requirement. The same rules apply to the dismissal and suspension of members of the Board of Management or Supervisory Board. For more information, please refer to articles 14 and 18 of the articles of association *(www.vastned.nl)*.

Furthermore, the Priority Shareholder has rights with regard to the following subjects: proposals for changes to the articles of association, for the liquidation of the Company or to file a petition for liquidation or suspension of payments. If the request is made by the Priority Shareholder, such proposals can be adopted by the General Meeting of Shareholders if passed by an absolute majority of the votes. If such proposals are not made by the Priority Shareholder, a supermajority requirement applies (more than two-thirds of the votes cast with a quorum of three quarters of the issued capital). For more information, please refer to article 25 of the articles of association *(www.vastned.nl)*.

The Board of Management and the Supervisory Board supply the General Meeting of Shareholders with all information required unless there is a substantial interest in not doing so. VastNed Offices/Industrial announces the meetings in line with the stipulations in the applicable legislation and regulations. The agenda and shareholders' circular can be obtained at the offices of VastNed Offices/Industrial in Rotterdam and via www.vastned.nl. These publications include among other things the registration date for exercising voting rights attached to shares. The minutes of the General Meeting of Shareholders will be made available after the meeting in accordance with best practice provision IV.3.8.

CAPITAL STRUCTURE

VastNed Offices/Industrial's authorised share capital amounts to € 400,000,000. It is made up of 100 priority shares and 79,999,900 ordinary shares, all with a nominal value of € 5. As at 31 December 2010, a total of 18,932,731 ordinary shares and 100 priority shares were in issue.

Issuing and repurchasing shares

VastNed Offices/Industrial is a public limited liability company with the status of an investment company with variable capital pursuant to 2:76 sub a of the Netherlands Civil Code. The decision to issue shares is taken by the Board of Management, taking into account the limits and conditions set by the Supervisory Board. The Board of Management can also acquire shares in its own capital at times and under conditions determined by the Board of Management, taking into account the limits and conditions set by the Supervisory Board, provided that the Company's capital minus the shares it holds itself amounts to at least 10% of the authorised capital.

STICHTING PRIORITEIT VASTNED OFFICES/INDUSTRIAL AND ANTI-TAKEOVER MEASURES

The Stichting Prioriteit VastNed Offices/Industrial holds all 100 priority shares. The members of the Supervisory Board and the members of the Board of Management of VastNed Management sit on the board of the Stichting Prioriteit VastNed Offices/Industrial.

FINANCIAL REPORTING AND THE EXTERNAL AUDITOR

Financial reports are drawn up in accordance with internal procedures. The Board of Management is responsible for ensuring that the financial reports are accurate, complete and produced on time. The external auditor is also involved in the content and publication of the semi-annual figures, the financial statements and the associated press releases. The external auditor attends the General Meeting of Shareholders and may be asked to comment on his opinion concerning the fairness of the financial statements. The external auditor attends at the very least the meetings of the Supervisory Board and/or the audit committee in which the financial statements are discussed.

CODE OF CONDUCT AND WHISTLEBLOWER'S CODE

VastNed Offices/Industrial has drawn up a code of conduct that applies to all employees, including the Board of Management. A whistleblower's code also applies. It allows employees and members of the Board of Management to report abuses within the Company without endangering their own employment relationship. The texts of these codes have been published on *www.vastned.nl*.

ARTICLE 10 OF THE EU TAKEOVER DIRECTIVE

Under Article 10 of the Takeover Directive, VastNed Offices/Industrial must, among other things, include information in its annual report concerning the following: the capital structure, significant participations in VastNed Offices/Industrial where there is a disclosure obligation under 5.3 of the Act on Financial Supervision, limitations to voting rights and the issue of depositary receipts for shares with the concurrence of the Company, stipulations in the articles of association regarding the appointment and dismissal of members of VastNed Offices/Industrial's Board of Management or Supervisory Board, the Board of Management powers (in particular regarding the issue of shares), any significant agreements in which VastNed Offices/Industrial is a party and which take effect, are altered or terminated under the condition of a change of control following a takeover bid, and any agreements between VastNed Offices/Industrial and any members of the Board of Management or employees that arrange for a payment in the event of employment being terminated due to a takeover bid.

The information provided under Article 10 of the Takeover Directive is included in this section or elsewhere in this annual report.

VASTNED MANAGEMENT REMUNERATION REPORT 2010

INTRODUCTION

VastNed Offices/Industrial and VastNed Retail ('the funds') have a single Managing Director under the Articles of Association, VastNed Management, a joint subsidiary of both funds and the management company of both VastNed Offices/Industrial and VastNed Retail. This remuneration report outlines the remuneration of the Managing Directors of VastNed Management ('the Board of Management'), the private individuals who actually manage the funds. All Directors work for both funds. VastNed Management's costs are passed on to the individual funds based on the source of the costs in accordance with a cost allocation agreement.

MAIN POINTS OF THE REMUNERATION POLICY

VastNed Management's remuneration policy was approved by the shareholders of both funds in the General Meetings of Shareholders of VastNed Offices/Industrial and VastNed Retail on 6 April 2004 and is based on the following principles:

a The level and structure of the total remuneration should enable VastNed Management to attract and retain qualified Directors with the necessary expertise.
b The relationship between the fixed and variable salary components in the remuneration structure must be such that it furthers the interests of the funds in the medium and long term.

Based on these principles, the following criteria have been formulated for the various elements in the remuneration policy for the next few years:

a The chairman of the Board of Management (CEO) is awarded a fixed annual salary that is in line with the fixed annual salaries of the chairmen of the Boards of Management of the VastNed Group's fellow investment funds. This peer group comprises the property investment funds Corio, Eurocommercial Properties, Unibail-Rodamco and Wereldhave.
b The other members of the Board of Management are awarded a fixed annual salary of between 40% and 70% of the CEO's fixed salary, depending on performance, experience and how demanding their duties are.
c Only part of the annual salary is designated as pensionable income in order to keep pension costs down. The pensionable income is limited to 75% to 90% of the fixed annual salary, whereby the higher the fixed annual salary, the lower this percentage.
d In addition to the fixed annual salary, a bonus of a maximum of € 200,000 to the CEO and € 100,000 to any other member of the Board of Management may be awarded for their activities for the two funds. No more than 50% of the aforementioned amounts may be awarded per fund.

BONUS SYSTEM

INTRODUCTION

The bonus to be awarded is divided into two parts: the direct investment result-related bonus (75%) and the personal bonus (25%). The direct investment result-related bonus creates alignment between Managing Directors and shareholders both in the short term and in the long term, since an increase in the direct investment result per share benefits both the Directors and the shareholders. The conditional nature of the direct investment result-related bonus safeguards the long-term interests and the risk profile (best practice provision II.2.12). The personal bonus promotes the realisation of key targets that do not necessarily lead to an increase in the direct investment result per share in the short term. The bonuses are not part of the pensionable income. Various scenarios are assessed prior to the formulation of the remuneration policy. This means that no bonus is paid if none of the targets are achieved, whereas, if all of the targets for both funds are achieved, a maximum of € 200,000 is paid to the CEO and € 100,000 is paid to every other member of the Board of Management. This maximum is less than 50% of the fixed salary for all members of the Board of Management.

DIRECT INVESTMENT RESULT-RELATED BONUS

Basic principles

This part of the bonus, with a maximum value set at € 150,000 and € 75,000 respectively, is directly related to the development in the direct investment result per share, as evidenced by the financial statements approved by the external auditor and corrected for subsequent changes to the funds' accounting system (like-for-like).

System

The bonus system provides for a bonus of € 5,000 for the CEO and € 2,500 for the other members of the Board of Management for every increase of 10 basis points in the direct investment result per share above the weighted inflation in the countries in which the funds invest (calculated using the average value of properties in the respective countries). The direct investment result-related bonus has a maximum per fund of € 75,000 for the CEO and € 37,500 for the other members of the Board of Management. A percentage decrease in one fund's direct investment result is not set off against any percentage increase there might be in the other fund's result. The costs of the direct investment result-related bonus will be charged to the fund to which the percentage increase in question refers.

Payment in shares

The direct investment result-related bonus is awarded conditionally in the form of shares in the relevant fund at the first ex-dividend share price after the Annual General Meeting of Shareholders. The award is made on a condition precedent, whereby the award becomes unconditional after two years provided that the direct investment result per share in the previous financial year is not lower than the direct investment result per share for the financial year preceding the conditional grant of the bonus.

Lock-up

Once a member of the Board of Management becomes unconditionally entitled to the shares, he is allowed to sell a maximum of 50% of the shares awarded unconditionally. The proceeds may be used for settling the wage withholding tax which becomes payable on the value of the shares that are then awarded unconditionally. The other shares must then be held for a period of at least three years or until the end of the employment of the Director in question, if earlier.

Dividend entitlement

The shares are entitled to dividend from the moment when they are awarded conditionally. The cash equivalent of the dividends on the shares awarded will not be paid out until the award has become unconditional.

PERSONAL BONUS

A personal bonus for both funds not exceeding € 50,000 for the CEO and € 25,000 for each of the other members of the Board of Management is awarded on the basis of an assessment by VastNed Management's Supervisory Board of the degree to which the Director in question achieved pre-defined qualitative and/or quantitative targets during that financial year. This bonus is paid out in cash. The costs of this bonus are shared by the two funds in accordance with the source of the costs.

PENSIONS

The pension plans in operation are non-contributory. Mr Van Gerrevink's pension is based on a final-pay formula, the pension plan of Mr De Witte is based on the career-average system and Mr De Groot's pension plan is a defined contribution plan. Mr Van Gerrevink's expected retirement age is 63, while the retirement age for Mr De Witte and Mr De Groot is 65.

EXPENSE ALLOWANCES

The customary arrangements for company cars and reimbursement of business expenses are in place for all Directors.

DURATION AND TERMINATION CONDITIONS IN EMPLOYMENT CONTRACTS

Basic principles

The employment contracts with the members of the Board of Management are concluded for a determinate period of time and the maximum severance payment is limited to no more than one year's fixed salary. However, the employment contracts with two of the three current members of the Board of Management (Mr Van Gerrevink and Mr De Witte) were concluded before the Code came into effect. These employment contracts were concluded for an indefinite period of time and contain a severance payment arrangement with a minimum compensation amount in the case of termination by VastNed Management that exceeds the compensation of one year's fixed salary as referred to in the Code. These agreed upon termination arrangements were necessary at the time to persuade the members of the Board of Management to give up their positions elsewhere and take up employment with VastNed Management. These current arrangements will be honoured. The employment contract concluded by VastNed Management with Mr De Groot in 2010 is fully in line with the Code. VastNed Management intends to apply the provisions of the Code in this respect to any employment contracts concluded in the future as well. If termination of the employment contract is the consequence of a takeover or merger, or happens within a certain period of a takeover or merger taking place, a higher minimum severance payment may apply in certain cases.

Mr R.A. van Gerrevink

Mr Van Gerrevink is entitled to compensation of at least € 600,000 in the event of dismissal by the General Meeting of Shareholders of VastNed Management.

If the work for one of the funds is terminated due to a merger or takeover of one of the funds, compensation of at least € 400,000 per fund will be paid. If a share price is realised for shareholders that exceeds 105% of the net asset value, an additional bonus is awarded of 2% of the excess per share, multiplied by the number of shares in issue. This additional bonus has a maximum of € 750,000 per fund. These arrangements were negotiated when the employment contract was concluded. The arrangements in the event of a merger or take over are no longer applicable, as agreed with Mr Van Gerrevink.

Mr T.M. de Witte

In the event of dismissal by the General Meeting of Shareholders of VastNed Management, Mr De Witte is entitled to compensation to be determined in line with the method used in the Dutch subdistrict court formula, taking into account 12 years of service at the time of appointment. This arrangement was negotiated when the employment contract was concluded. If the employment contract is terminated as a result of a merger or take-over of one of the funds on the initiative of VastNed Management, compensation is paid of at least 15 months salary.

Mr T.T.J. De Groot

The term of the employment contract concluded with Mr De Groot is four years. If the employment contract is terminated as a result of a merger or take-over of one of the funds on the initiative of VastNed Management, compensation is paid of at most 12 months salary. The employment contract concluded with Mr De Groot complies with the Code.

Terms of notice

The terms of notice for the members of the Board of Management are as follows:

	Employer	Employee
Mr R.A. van Gerrevink	6 months	3 months
Mr T.M. de Witte	6 months	3 months
Mr T.T.J. de Groot	6 months	3 months

REMUNERATION OF THE BOARD OF MANAGEMENT IN 2010

FIXED SALARY AND PERSONAL BONUS

Their income in 2010 is shown below (the personal bonus is the payment in cash made in 2010 as a bonus for the financial year 2009).

	Years of service	Fixed salary (excl. social security contributions)	Pensionable part	Personal bonus*
Mr R.A. van Gerrevink	9	465,000	348,000	8,750
Mr T.M. de Witte	8	255,000	215,000	8,125
Mr T.T.J. de Groot2)	1	100,000	83,333	n/a
Total		**820,000**	**646,333**	**16,875**1)

1 VastNed Retail share € 3,750
VastNed Offices/Industrial share € 13,125
2 Mr De Groot commenced employment on 1 September 2010. The amounts specified consequently relate to a period of four months.

In 2010, VastNed Management paid the following pension contributions on behalf of its Directors: Mr Van Gerrevink € 62,050, Mr De Witte € 32,449 and Mr De Groot € 14,167.

DIRECT INVESTMENT RESULT-RELATED BONUS FOR 2010

VastNed Offices/Industrial will not be paying the direct investment result-related bonus for the financial year 2010, since the direct investment result per share was € 3.68 in 2010. This represents a decrease of 16.5% compared with 2009, which is 18.0 percent points below the average weighted inflation of 1.5% in 2010 in the countries where VastNed Offices/Industrial has operations.

DIRECT INVESTMENT RESULT-RELATED BONUS AWARDED IN 2009 WILL BECOME UNCONDITIONAL

No conditionally awarded shares were awarded as a direct investment result-related bonus in 2009. Consequently, no shares will become unconditional in 2011 or will be taken back.

PERSONAL BONUS FOR 2010

The personal bonus for 2010 to be paid to Mr Van Gerrevink and Mr De Witte amounts to € 8,750 and € 4,375 respectively as the predefined targets for VastNed Offices/Industrial concerning occupancy rates, disposals, the term of loans and sustainability were partially achieved.

REMUNERATION OF THE BOARD OF MANAGEMENT IN 2011

The present remuneration policy, adopted in 2004, will not be changed. Mr Van Gerrevink's fixed salary and pensionable component will remain unchanged at € 465,000 and € 348,000 respectively. Mr De Witte's fixed salary will be raised to € 265,000. The pensionable component will be raised to € 225,000. Mr De Groot's fixed salary will be raised to € 310,000. The pensionable component will remain unchanged at € 250,000.

SHARE OWNERSHIP OF THE BOARD OF MANAGEMENT

An overview is given below of the share ownership of the statutory Board of Management as at 31 December 2010.

Overview of VastNed Offices/Industrial shares held by the statutory Board of Management

	R.A. van Gerrevink	T.M. de Witte	T.T.J. de Groot
Number of shares as at 1 January 2010	6,809	1,470	–
Movements	–	–	–
Number of shares as at 31 December 2010	6,809	1,470	–

RISK MANAGEMENT

The risk management and control system at VastNed Offices/Industrial is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) Risk Management framework. It aims to guarantee with a reasonable degree of certainty that the risks the Company is exposed to have been adequately identified and are being managed within a limited risk profile. The following summary shows the key categories of risks that apply to VastNed Offices/Industrial. The potential impact of each of the risk categories is indicated, along with the way in which VastNed Offices/Industrial tries to manage the risk.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES

STRATEGIC RISKS
Impact of external factors as a consequence of investment and financial policy choices.
	- The choice of investment country, investment type, relative size and timing of investments can have a major impact on the dependence on inflation, currency fluctuations, employment, rent legislation and permit policies on expected rent developments and demand for office locations, and consequently the investment value trends, and;
	- The degree of leverage and the interest rate policy to a significant extent affect (volatility of) the financing expenses and the refinancing risk.
		A strategic choice has been made for:
		- investing primarily in the euro zone, where the political and economic climate is relatively stable (namely the Netherlands, Belgium and Germany). For further details about the rental regulations in these countries, please refer to page 155;
		- investing in large, liquid office markets (see the chapter on Profile and strategy);
		- keeping a spread across a range of locations and tenants (please refer to the key figures). The gross rental income from the largest property and largest tenant were 6.2% and 4.5% respectively of the total gross rental income at year-end 2010;
		- a large number of properties with a relatively limited investment in each of them. The average investment volume per property was € 6.6 million at year-end 2010;
		- opportunistic investments in semi-industrial real estate;
		- a critical mass for each country/region to guarantee sufficient local expertise and proper research;
		- speculation on the office market cycle:
		  - extending the duration of lease agreements when the cycle is on the rise to help bridge the periods when it is falling;
		  - bring the loan-to-value ratio back to 45% before the cycle's downturn using disposals in order to create a buffer for the drop in value when the cycle is falling, and;
		- a conservative financing policy (for more detail, please refer to 'Financing Risks').
		
		Decisions on strategy and changes in strategy are first approved by the Supervisory Board before being implemented.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
FINANCIAL REPORTING RISKS The impact of incorrect, incomplete or late provision of information on decision-making (internal or by external parties, including shareholders, banks and regulators).	- Incorrect estimate of risk-return profile in investment decisions, and; - Reputation damage and claims due to having made misleading statements to stakeholders.	A sound system of internal control measures and administrative and organisational measures has been implemented and laid down in various places such as the Administrative Organisation manual, the code of conduct, the whistleblower code and the rules of procedure of the Board of Management. They provide important checks and balances with regard to financial reports, for example: - involvement of different disciplines in the preparation of reports and proposals for investments and divestments; - budgeting, quarterly updated forecasts and quantitative analyses; - valuation procedures (independent external appraisers who are regularly replaced, internal IRR analyses and internationally accepted valuation guidelines); - regular business report meetings in which reports are used as the basis for discussing operational activities in detail with the country managers; - group instructions on accounting principles and reporting data, as well as internal training in IFRS matters and the like, and; - regular meetings of the Board of Management and discussion of the results of external audits with the audit committee and the Supervisory Board.
OPERATIONAL RISKS Risks arising from daily transactions and (external) events.		
Investment and divestment risks Investment or divestment analyses performed incorrectly.	- Incorrect estimation of the risk-return profile, and/or - Investment or divestment made too late; - Negative effect on (future) net rental income; - Unanticipated negative value movements, and; - Direct and indirect investment result lower than expected.	Careful acquisition and selling procedures, consisting of: - using a checklist when carrying out due diligence to assess financial, legal, construction and fiscal aspects; - involvement of different disciplines in acquisitions and sales; - standard format for investment and divestment proposals, and; - internal authorisation procedures (investment and divestments exceeding € 25 million require approval by the Supervisory Board).

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Leasing and debtor risks The risk that a property cannot be let at the anticipated rent (resulting in a vacant property) or the rent cannot be collected, due to its nature and location and/or the quality of the tenant.	- Decrease in rental income and rise in net service charge expenses that cannot be passed on due to vacant properties; - Decrease in value of investment properties due to vacancy; - Write-off of overdue receivables, and; - Lower (than expected) direct and indirect investment result.	Internal procedures aimed at: - very frequent evaluation of local factors and the investment property itself by portfolio and technical managers, plus research; - extensive annual forward-looking yield analysis, including ten-year forecast; - aiming for a spread of expiry dates of lease contracts that suits the office market cycle, in accordance with current rental legislation and regulations; - aiming for the optimum tenant mix and setting a maximum exposure to any individual tenant (the overall rental income from our largest tenant is less than 6% of the total gross rental income); - regular reports on the occupancy rate and rent arrears in the property portfolio, listing the resulting actions; - screening tenants when concluding leases; - interim evaluations of the financial positions and payment behaviour of tenants by holding regular meetings with them and by consulting external sources on this subject, and; - securing bank guarantees and/or payment of guarantee deposits from tenants.
Cost control risks The risk of unexpected increases in operating expenses and general expenses, and of having to make unanticipated further investments.	- Incorrect estimation of the risk-return profile, and; - Lower direct and indirect investment result.	- Budgeting procedures and maintenance forecasts; - Authorisation procedures for entering into maintenance and investment commitments; - Regular reporting (on realisation-versus-budget analyses), and; - Benchmarking costs against those of other funds.
Pipeline risks Risks associated with acquired investment properties in pipeline.	- Delays in delivery; - Deviations from agreed (technical) specifications or lease conditions; - Inability to rent out fully or only at lower than previously estimated rental levels, and; - Lower direct and indirect investment result.	- The pipeline risk is for a large part generally transferred to contracted reputable and reliable project developers and building contractors. Early involvement in the design of the property and the composition of the tenant mix may limit leasing risks, although caution is exercised due to the more cyclical nature of the office market; - Regular progress reporting (on realisation-versus-budget analyses), and; - Continuous involvement of in-house commercial and technical experts to monitor progress. There were no committed investment properties in pipeline at year-end 2010.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Legal and tax risks Risks associated with amendments to tax law and corporate law, and risks arising from the incorrect assessment of contractual stipulations or tax exposure.	- Legal and tax claims resulting in fines, loss of income or additional costs; - Loss of tax status; - Reputation damage, and; - Lower direct and indirect investment result.	Internal procedures, comprising: - mandatory evaluation of contractual commitments by internal and (where necessary) external lawyers and tax experts; - ensuring that employees receive relevant professional training; - continuous monitoring of the conditions imposed on the application of the tax regime (including financing ratios, mandatory dividend payments and the composition of the shareholder base) by internal and external tax experts, and; - careful analysis of the tax risks involved in acquisitions and disposals (value added tax, transfer tax, deferred tax liabilities and similar).
IT-related risks Risks associated with malfunctions or security issues related to the internal IT infrastructure.	- Being unable to issue internal or external reports correctly or on time; - Loss of relevant information; - Unauthorised access to information by third parties, and; - Reputation damage.	Internal procedures aimed at: - access security; - backup and recovery procedures. Backups are collected daily by an external company; - regular checks by external experts; - digitisation of key documents, and; - hiring in external know-how and experience to keep up to date on IT developments. The IT network between the different countries is centralised in Rotterdam, with the individual countries connected to the company Wide Area Network over fixed lines hired from professional network providers.
FINANCIAL RISKS		
Financing and Refinancing risks The risk that insufficient equity and (long-term) loan capital can be raised, or only on unfavourable terms, or of agreed bank covenants not being met.	- Insufficient financing facilities for investments; - Enforced sale of investment properties; - Higher financing costs; - Lower direct and indirect investment result, and; - Reputation damage.	- Regular contact with existing and potential shareholders and with loan capital providers through road shows, transparent financial reporting and analysts' meetings; - Limiting loan capital financing to about 40% to 45% of the market value of the investment properties in a falling office market cycle. In an upward market cycle, a maximum of 55% of the market value of the investment properties is financed by loan capital. At year-end 2010, this value was 54.4%; - Limiting the proportion of short-term loans to a maximum of 25% of the loan portfolio. At year-end 2010, this proportion was 10.1%; - Efforts are made to achieve a spread in the refinancing dates (see table on page 73); - Efforts are made to achieve a weighted average term of at least 3.0 years for the long-term loan portfolio. At year-end 2010, this term was 3.1 years; - Internal monitoring based on periodic financial reports detailing sensitivity analyses, financing ratios, changes in bank covenants and financing facilities, and; - Regular board meetings on the subject and discussion of these reports with the audit committee and the Supervisory Board.

DESCRIPTION OF RISK CATEGORY	POTENTIAL IMPACT	CONTROL MEASURES
Liquidity risk The risk that insufficient resources will be available for day-to-day payment obligations.	– Reputation damage; – Extra financing costs, and; – Lower direct investment result.	– Procedures aimed at reducing operational risks that may result in loss of cash flow (see above); – Attracting sufficient credit facilities, aimed at ensuring sufficient borrowing capacity. At year-end 2010, this unused capacity was € 122,9 million; – Drawing up daily cash-flow prognoses, and; – Internal monitoring of the credit facilities and conditions, based on periodic internal financial reports.
Interest-rate risk Risks resulting from interest rate fluctuations.	– Rising financing costs, and; – Lower direct investment result.	– In principle, no more than one third of the loan portfolio has variable interest rates; – Rate fixing by taking out interest-rate derivatives contracts with national and international banks; – Efforts are made to obtain an even spread of interest rate review dates; – Efforts are made to achieve a typical interest-rate term of at least 3.0 years for the long-term loan portfolio. At year-end 2010, this term was 3.8 years; – Internal monitoring of interest-rate risks based on periodic internal financial reports, and; – Regular board meetings on the subject and discussion of these reports with the Board of Management, the audit committee and the Supervisory Board.
EXCHANGE-RATE RISK Risks resulting from exchange-rate fluctuations.	– Falling income, and; – Lower direct and indirect investment result.	– Investing exclusively in the euro zone means that there is no exchange-rate risk.
COMPLIANCE RISKS Risks associated with non-compliance or inadequate compliance with legislation and regulations, or risks associated with not acting with integrity.	– Reputation damage; – Claims and legal procedures, and; – Lower direct investment result.	– Internal procedures and training aimed at keeping knowledge of legislation and regulations up to date; – Internal code of conduct and whistleblower code; – Compliance with the code of conduct is discussed with employees at least once a year; – Procedures aimed at hiring staff who will act with integrity (including references, et cetera), and; – Having the country managers sign an internal Letter of Representation at least once a year.

As can be seen above, VastNed Offices/Industrial pays a great deal of attention to risk management. A relatively small number of people work at VastNed Offices/Industrial, who, moreover, are spread across the various country organisations. Activities in the areas of financing, cash management, tax, legal affairs, IT, research, budgeting and budgetary control are carried out at group level in Rotterdam, which also benefits the local country organisations. VastNed Offices/Industrial does not have a separate internal audit department. In view of the limited complexity of the day-to-day transactions and the short internal communication lines, the absence of a separate internal audit department is deemed to be acceptable from the perspective of risk management.

PROPERTY PORTFOLIO 2010

INVESTMENT PROPERTIES IN OPERATION

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
THE NETHERLANDS							
ALMERE							
Antennestraat 2-26	Office	1995	1990	4,894	9	82	386
Beemsterweg 19	Semi-industrial	1998	98/03	10,926	1	103	718
AMERSFOORT							
Beeldschermweg 3	Office	1998	1991	1,843	1	68	135
Hardwareweg 15	Semi-industrial	1998	1991	5,860	1	68	496
AMSTERDAM							
Anthony Fokkerweg 1	Office	1997	1990	5,416	13	46	847
Burg. Stramanweg 102-108	Office	2007	1989	11,321	31	223	1,849
De Lairessestraat 129[1]	Office	2007	1920	429	2	-	145
Herengracht 105-107	Office	1997	1952	1,221	2	-	229
Herengracht 499	Office	2007	1667	1,016	3	-	262
Hettenheuvelweg 12[1]	Office	1997	1988	2,347	1	70	354
Hettenheuvelweg 14[1]	Office	1997	1988	2,360	5	80	337
Hettenheuvelweg 37-39[1]	Office	1997	1987	2,438	3	78	346
Hettenheuvelweg 41-43[1]	Office	1997	1988	2,511	2	74	351
Hogehilweg 12[1]	Office	1997	1985	3,128	1	62	585
Karel du Jardinstraat 65	Office	1997	1900	5,869	1	28	1,120
Koningin Wilhelminaplein 18[1]	Office	1997	1995	5,474	1	25	800
Leidsegracht 101-107	Office	1997	1900	1,992	3	15	424
Osdorperban 1-33 [1]	Office	1997	1990	3,462	14	105	548
Oudezijds Voorburgwal 282	Office	1997	1980	990	1	-	206
Paasheuvelweg 15[1]	Office	1989	1989	1,929	8	37	286
Strekkerweg 79[1]	Office	1998	1990	1,255	1	32	222
Tijnmuiden 5 and 73[1]	Semi-industrial	1999	1977	1,833	1	5	199
ARNHEM							
Mr. E.N. van Kleffensstraat 10	Office	1997	1997	2,856	1	70	388
BARENDRECHT							
Zuideinde 10	Semi-industrial	1995	1986	1,439	1	16	119
BREDA							
Cosunpark 1-5	Office	2000	1975	5,171	5	88	658
Cosunpark 20-24	Office	2002	2002	2,244	1	48	343
Franse Akker 15	Semi-industrial	1995	1983	1,228	1	6	53
Lage Mosten 1-11	Office	2000	2000	3,187	3	52	447
Lage Mosten 13-23	Office	2000	2000	3,831	2	59	553
Zinkstraat 1-11	Office	1992	1999	4,010	5	84	301
CAPELLE A/D IJSSEL							
Hoofdweg 22-26	Office	1991	1990	4,186	2	77	361
Rivium Boulevard 41 / Rivium Westlaan 42	Office	1997	1992	4,820	2	40	590
DEVENTER							
Roermondstraat 37001-37003/Deventerweg	Semi-industrial	1997	1970	6,730	10	-	358
EINDHOVEN							
Fellenoord 310-370	Office	1996	1987	4,113	4	75	625
Larixplein 5-7	Office	1997	1997	3,900	5	71	592
Luchthavenweg 34	Office	1999	1991	1,972	1	78	300

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
Parklaan 81	Office	1988	1930	807	1	24	117
ENSCHEDE							
Hoedemakerplein 2	Office	1991	1991	2,160	4	15	292
GOES							
Stationsplein 21	Office	1998	1992	5,282	1	91	853
GOUDA							
Hanzeweg 5	Office	1997	1992	5,965	1	132	804
HEEMSTEDE							
Herenweg 103a	Office	1989	1989	1,039	6	20	153
HEERLEN							
Geerstraat 105-111	Office	1994	1992	3,049	3	48	418
'S-HERTOGENBOSCH							
Europalaan 28	Office	1997	1990	7,530	5	184	1,133
HOOFDDORP							
Antareslaan 10-26	Office	1998	1998	3,449	2	93	628
Antareslaan 65-81	Office	1998	1998	3,418	1	63	614
Kruisweg 765 and 765a	Semi-industrial	1989	1989	1,690	2	15	126
Neptunusstraat 15-37	Office	1991	1991	4,789	14	57	804
Wegalaan 2-8	Office	2006	1997	2,960	1	62	536
HOUTEN							
De Molen 82-92	Office	1992	1992	2,415	4	72	323
Kokermolen 10-16	Office	1997	1991	2,623	–	55	336
IJSSELSTEIN							
Anthonie van Leeuwenhoekweg 5	Semi-industrial	1998	1991	5,354	1	34	250
LEIDEN							
Archimedesweg 17[1]	Office	2001	2001	2,515	3	65	444
Schipholweg 68	Office	1998	1991	2,405	4	41	378
LEUSDEN							
Plesmanstraat 2	Office	1999	1997	1,372	4	22	186
MAASTRICHT							
Adelbert van Scharnlaan 170-180	Office	1997	1977	3,951	8	38	502
NIEUWEGEIN							
Archimedesbaan 10	Semi-industrial	1990	1990	1,095	1	12	66
Groningenhaven 18-20	Office	1998	1993	5,276	2	75	357
Krijtwal 1-15	Office	1990	1990	3,960	2	17	467
Marconibaan 42-42o	Semi-industrial	1998	1990	4,790	10	70	364
Ravenswade 134	Semi-industrial	1988	1979	1,801	2	12	63
RIDDERKERK							
Touwslagerstraat 17	Office	1991	1991	1,711	1	25	233
RIJSWIJK							
Volmerlaan 7	Office	1996	1982	5,642	1	72	698
ROSMALEN							
Graafsebaan 109-111/Eikenburglaan 3-11	Semi-industrial	1997	88/02	6,031	13	38	379
ROTTERDAM							
Albert Plesmanweg 161[1]	Office	1997	1991	2,058	1	62	273
Cairostraat 2-4[1]	Semi-industrial	1991	1991	2,550	2	18	182
K.P. van der Mandelelaan 41-43a[1]	Office	2006	1989	7,367	1	162	1,375
Max Euwelaan 1[1]	Office	2000	1988	2,653	1	63	528
Max Euwelaan 31-49[1]	Office	2006	1988	2,243	4	73	396
Veerhaven 16-18	Office	1996	1990	1,667	1	9	302

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
SCHIPHOL-RIJK							
Cessnalaan 1-33	Semi-industrial	1999	1991	6,732	1	65	689
THE HAGUE							
Bezuidenhoutseweg 2	Office	1996	1986	1,895	2	18	210
Laan Copes van Cattenburch 48-52	Office	1996	1989	1,705	3	20	290
Neuhuyskade 92-94	Office	2008	1928	2,637	2	35	480
Parkstraat 101-109	Office	2007	1920	2,956	1	41	556
Zuid-Hollandlaan 7	Office	2007	1924	10,410	–	78	2,282
TILBURG							
Dr. Hub van Doorneweg 81, 85 and 89	Office	1997	1978	2,761	2	88	375
UTRECHT							
Arthur van Schendelstraat 650-698 and 700-748 1)	Office	2006	1995	9,169	3	46	1,850
Weg der Verenigde Naties 1 1)	Office	2007	1991	3,092	2	68	656
VELP							
Arnhemsestraatweg 348	Office	1988	1995	2,156	1	69	250
VENLO							
Prinsessesingel 20-26	Office	1998	1994	1,474	2	30	207
Prinsessesingel 30	Office	1998	1994	2,167	1	35	249
WEESP							
Pampuslaan 141-145	Semi-industrial	1997	1970	2,400	1	24	118
Van Houten Industriepark 23	Office	1988	1989	1,359	1	30	175
WOERDEN							
Pelmolenlaan 1	Office	1998	1992	2,304	5	58	262
Zaagmolenlaan 12	Office	1988	1985	1,662	2	40	175
ZEIST							
Montaubanstraat 1 / Utrechtseweg 135	Office	1989	1989	1,536	3	28	200
ZOETERMEER							
Eleanor Rooseveltlaan 3-25	Office	1997	1991	3,856	1	75	527
Eleanor Rooseveltlaan 29-51	Office	1997	1992	3,845	1	75	650
Europaweg 205	Office	1997	1991	7,172	1	112	981
Koraalrood 50	Office	1998	2002	2,439	1	47	323
Plein van de Verenigde Naties 11, 15	Office	1991	1990	3,919	1	51	562
Total investment properties in operation the Netherlands				**317,464**	**292**	**4,937**	**43,180**

BELGIUM 2)

Country / City / Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
AARTSELAAR							
Dijkstraat 1a	Semi-industrial	2002	1994	8,062	1	–	387
Kontichsesteenweg 54	Office	2001	2000	4,000	2	100	544
ANTWERP							
Brusselstraat 59	Office	2001	93/94	11,318	7	155	1,551
Kaaien 218-220	Semi-industrial	2002	1997	5,500	1	–	160
Uitbreidingstraat 66	Office	2001	1988	5,700	12	101	774
BOOM							
Industrieweg 18	Semi-industrial	2002	2000	24,363	1	–	1,074
DIEGEM							
Berkenlaan 6	Office	2001	1990	3,664	1	79	462
Berkenlaan 8a	Office	2001	2000	7,787	1	190	1,396
Berkenlaan 8b	Office	2002	2001	8,729	1	181	1,545
Woluwelaan 148-150	Office	2001	2000	8,903	6	167	1,135

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
DILBEEK							
Pontbeekstraat 2	Office	2001	2000	3,468	8	56	467
Pontbeekstraat 4	Office	2001	2000	3,401	4	64	455
DUFFEL							
Stocletlaan 23	Semi-industrial	2002	1998	23,675	3	–	1,113
Walemstraat 94	Semi-industrial	2002	1995	9,111	1	–	510
EDEGEM							
Prins Boudewijnlaan 45	Office	2001	1997	1,918	1	39	260
Prins Boudewijnlaan 47	Office	2001	1997	2,766	1	59	380
Prins Boudewijnlaan 49	Office	2001	1997	2,740	3	55	363
HERENTALS							
Atealaan 34b	Semi-industrial	2007	1977	41,268	3	47	526
Atealaan 34c	Semi-industrial	2008	2008	25,510	–	–	986
HOEILAART							
Terhulpsesteenweg 6a	Office	2001	1994	2,801	5	80	444
KORTENBERG							
Jan-Baptist Vinkstraat 2	Semi-industrial	2001	2001	10,952	1	10	1,051
MECHELEN							
Blarenberglaan 2c	Office	2001	2001	12,917	1	391	2,424
Dellingstraat 57	Semi-industrial	2002	1998	6,011	1	20	381
Generaal de Wittelaan 9/3-4	Office	2000	93/00	1,851	6	43	142
Generaal de Wittelaan 9/5-8	Office	2000	93/00	1,677	7	38	129
Generaal de Wittelaan 9/9-17	Office	2000	93/00	3,595	14	83	415
Generaal de Wittelaan 11a	Office	2000	93/00	7,807	5	184	927
Generaal de Wittelaan 11b	Office	2000	93/00	4,747	1	115	637
Generaal de Wittelaan 15	Office	2000	93/00	1,820	1	18	125
Generaal de Wittelaan 17	Office	2000	93/00	10,007	18	281	1,105
Generaal de Wittelaan 19	Office	2000	93/00	8,313	12	240	925
Generaal de Wittelaan 21	Office	2000	93/00	2,295	1	47	905
Oude Baan 12	Semi-industrial	2002	1999	15,252	1	–	669
Schaliënhoevedreef 20a	Office	2002	02/04	4,378	10	146	646
Schaliënhoevedreef 20b	Office	2002	02/04	3,994	9	147	560
Schaliënhoevedreef 20c	Office	2002	02/04	5,365	12	134	693
Schaliënhoevedreef 20d	Office	2002	02/04	5,289	13	176	724
Schaliënhoevedreef 20e	Office	2002	02/04	4,763	14	137	674
Schaliënhoevedreef 20f	Office	2002	02/04	2,950	3	113	427
Schaliënhoevedreef 20g	Office	2002	02/04	5,446	12	158	618
Schaliënhoevedreef 20h	Office	2002	02/04	4,959	12	113	651
Schaliënhoevedreef 20i	Office	2002	02/04	5,297	13	112	730
Schaliënhoevedreef 20j	Office	2002	02/04	4,793	13	135	549
Schaliënhoevedreef 20t	Office	2002	02/04	13,534	10	230	1,764
MEER							
Riyadhstraat 21/23	Semi-industrial	2002	1990	7,619	1	–	221
MERCHTEM							
Preenakker 20	Semi-industrial	2002	1992	7,285	1	–	511
PUURS							
Veurtstraat 91	Semi-industrial	2002	2001	43,490	1	–	2,012
SCHELLE							
Molenberglei 8	Semi-industrial	2002	1993	8,000	6	–	408
SINT-AGATHA-BERCHEM							
Technologiestraat 11, 15, 51, 55, 61 and 65	Semi-industrial	2002	1992	6,463	5	84	589

Country City Location	Type of property	Year of acquisition	Year of construction/ renovation	Lettable floor space (sqm)	Number of tenants	Number of parking spaces	Theoretical rental income (x € 1,000)
SINT-NIKLAAS							
Eigenlostraat 23-27a	Semi-industrial	2002	1992	7,863	7	–	345
STROMBEEK-BEVER							
Nijverheidslaan 1	Office	2003	2000	5,454	4	103	727
Nijverheidslaan 3	Office	2001	1999	4,889	4	103	723
VILVOORDE							
Luchthavenlaan 1-3 [3]	Office	2001	2001	2,338	2	26	334
Luchthavenlaan 25a	Office	2000	1998	6,357	1	168	1,016
Luchthavenlaan 25b	Office	2000	1998	2,400	5	64	292
WILRIJK							
Boomsesteenweg 801-803, Kernenergiestraat 70/ Geleenweg 1-7	Semi-industrial	2002	86/89	29,168	3	–	1,259
WOLUWE							
Woluwedal 18-22	Office	2001	2000	25,074	1	923	4,217
WOMMELGEM							
Koralenhoeve 25	Semi-industrial	2002	1998	24,719	1	–	1,208
ZELLIK							
Zuiderlaan 91	Office	2007	2002	3,943	4	69	657
Total investment properties in operation Belgium				**537,758**	**298**	**5,984**	**46,922**
GERMANY							
DUSSELDORF							
Emanuel-Leutze-Straße 11	Office	2007	1977	8,640	13	106	1,143
Hans-Böckler-Straße 36	Office	2008	1991	7,898	1	122	2,118
Kaistraße 16-18 [4]	Office	2007	1997	9,374	17	53	2,141
FRANKFURT							
Insterburgerstraße 16	Office	2007	2003	13,404	8	160	2,236
Mainzer Landstraße 33a	Office	2008	1991	3,274	–	41	706
Total investment properties in operation Germany				**42,590**	**39**	**482**	**8,344**
Total investment properties in operation				**897,812**	**629**	**11,403**	**98,446**

1 Land on long lease.
2 At year-end 2010, VastNed Offices/Industrial had a 54.7% interest in Intervest Offices.
3 This property is held by intervention of the wholly-owned susidiary VastNed Offices Belgium.
4 At year-end 2010, VastNed Offices/Industrial effectively held a 94% interest in this property.

NOTES TO THE PROPERTY PORTFOLIO IN OPERATION

The theoretical rental income as at 31 December 2010 concerns rent in the case of full occupancy.

- In the Netherlands, most leases are concluded for a term of five years in which the tenant has an option to extend the lease by five years. Annual rent increases are based on the cost of living index. Insofar as ground rents that have not been bought out apply, these rents are paid on an annual basis;
- In Belgium, leases are usually concluded for a term of nine years with a mutual option of termination after three and six years. Annual rent increases are based on the cost of living index, and;
- In Germany, most leases are concluded for a term of five or ten years in which, in certain cases, tenants have the option of extending the lease for terms ranging from one to five years. Rent increases are based on the cost of living index. In certain cases, mitigation percentages and/or thresholds apply to this indexation.

In uncertain economic times, the number of leases with irregular terms increases.

Appraisers
- CBRE in Amsterdam
- Cushman & Wakefield in Brussels
- Jones Lang LaSalle in Amsterdam and Brussels
- DTZ Zadelhoff Taxaties in Amsterdam and Utrecht

OTHER INVESTMENT PROPERTIES

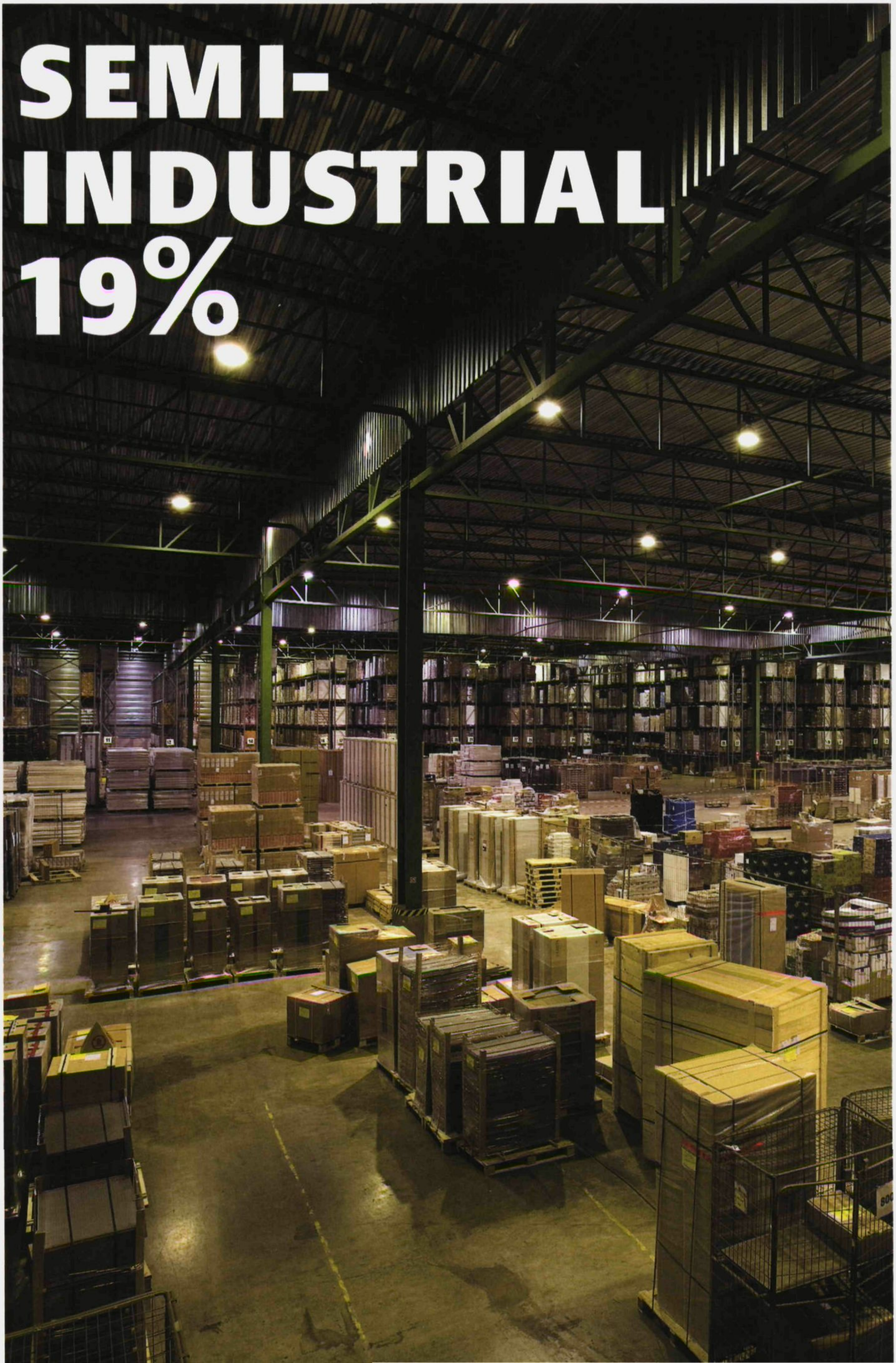
Country / City / Location	Type of property
INVESTMENT PROPERTIES IN RENOVATION	
THE NETHERLANDS	
HAARLEM	
Leidsevaart 574	In renovation
INVESTMENT PROPERTIES IN PIPELINE	
THE NETHERLANDS	
BREDA	
Cosunpark 4	Site
Cosunpark 5	Site
BELGIUM	
VILVOORDE	
Luchthavenlaan	Site

KEY FIGURES PROPERTY PORTFOLIO (in operation)

	The Netherlands			Belgium			Germany	Total
	Offices	Semi-industrial	Total	Offices	Semi-industrial	Total	Total	
Number of tenants	244	48	292	260	38	298	39	629
Theoretical annual rental income (x € 1 million)[1]	39.0	4.2	43.2	33.5	13.4	46.9	8.3	98.4
Market rent (x € 1 million)	37.8	4.0	41.8	31.1	13.1	44.2	7.7	93.7
(Over)/underrent (in %)	(3.2)	(5.0)	(3.3)	(7.7)	(1.5)	(6.1)	(7.8)	(5.0)
Average occupancy rate (in %)	–	–	80.8	–	–	84.8	83.9	83.0
Occupancy rate at year-end (in %)	80.3	95.6	81.8	85.0	84.0	84.7	81.1	83.1
Number of properties	76	15	91	41	18	59	5	155
Investment properties in operation (x € 1 million)	383	40	423	341	152	493	105	1,021
Investment properties in operation (in %)	38	4	42	33	15	48	10	100
Average size per property (x € 1 million)	5.0	2.7	4.6	8.3	8.5	8.4	21.1	6.6
Gross yield (in %)	10.2	10.5	10.2	9.8	8.8	9.5	7.9	9.6
Net yield (in %)	–	–	8.9	–	–	9.1	7.5	8.9
Lettable floor area (x 1,000 sqm)	257	60	317	233	304	537	43	897
Lettable floor area (in %)	29	6	35	26	34	60	5	100
Average rent per sqm (x € 1)								
Super cities	170	87	165	–	–	–	196	177
Large cities	159	63	145	137	41	72	–	118
Medium-sized cities	137	66	120	136	49	123	–	121
Small cities	132	74	111	153	44	76	–	79
Regional spread (in %)								
Super cities	30	9	28	–	–	–	100	21
Large cities	30	18	29	7	10	8	–	16
Medium-sized cities	30	44	32	47	8	36	–	31
Small cities	10	29	11	46	82	56	–	32
Brancheverdeling (in %)								
Financial services	–	–	16	–	–	4	41	14
Business services	–	–	48	–	–	59	30	51
Technology, media, telecom	–	–	9	–	–	21	18	14
Government services	–	–	12	–	–	4	–	8
Other	–	–	15	–	–	12	11	13
Occupancy rate at year-end (in %)								
Super cities	81.8	100.0	82.4	n/a	n/a	n/a	81.1	81.9
Large cities	75.3	100.0	76.8	91.4	62.5	80.5	n/a	77.7
Medium-sized cities	83.0	90.0	84.0	78.2	62.8	77.2	n/a	80.2
Small cities	82.8	100.0	87.0	91.0	88.9	90.1	n/a	89.6

1 Parking spaces included in rent.

SEMI-INDUSTRIAL 19%



SECTOR SPREAD TOTAL PROPERTY PORT