

Duits Woningfonds IV B.V.  
Annual Report 2010





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### GENERAL INFORMATION

Duits Woningfonds IV BV ("the Fund") is a limited liability company (Besloten Vennootschap), founded under the laws of the Netherlands on 28 February 2008. It is registered in the commercial register of Amsterdam under number 34296605. The articles of association were amended on 3 June 2008.

### ADVISORY BOARD

C.W. van Bommel  
J. Ekelmans (chairman)  
G.J.M.M. Uphoff

### MANAGEMENT BOARD

IBUS Fondsen Beheer B.V.  
Represented by R.P. Morshuis, M.R. Berkelder, S.B.M. Gales, J. Brokken

### MANAGEMENT GERMANY

IBUS Asset Management B.V.

### PROPERTY MANAGEMENT GERMANY

KUBON Immobilien GmbH  
A.-C. Hapke Immobilien-Verwaltung

### AUDITOR

The Netherlands: Mazars Paardekooper Hoffman N.V.

### FISCAL ADVISOR

The Netherlands: PricewaterhouseCoopers Belastingadviseurs N.V.  
Germany: RöverBrönner KG

### ADDRESS

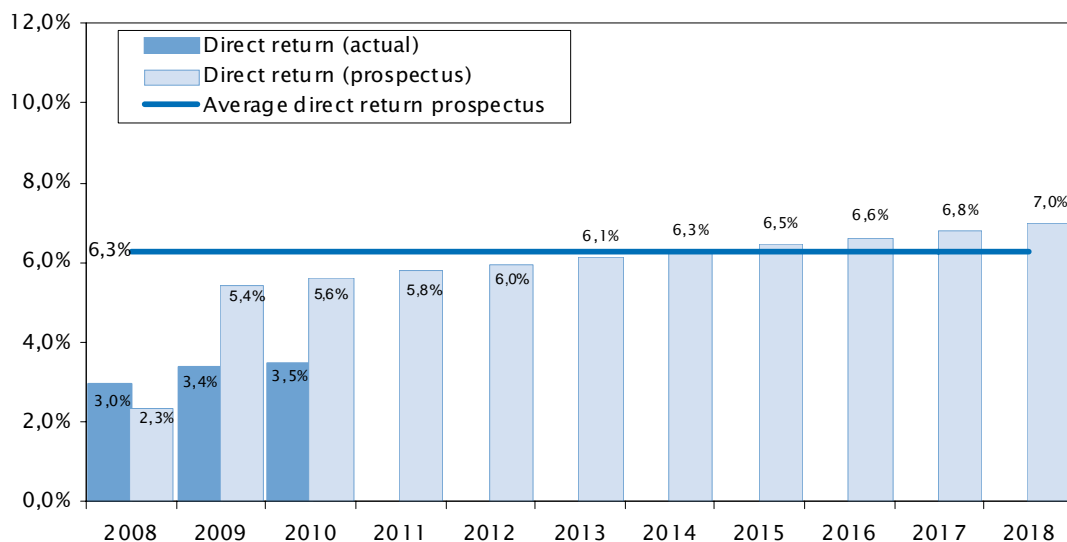
Krijgsman 6 - 1186 DM Amstelveen  
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### KEY FIGURES

(in Euro)

	<u>2010</u> actual	<u>2010</u> prospectus	<u>2009</u> actual
<b>Results</b>			
Gross rental income	<b>815.884</b>	801.721	785.952
Net rental income	<b>624.628</b>	667.637	640.140
Net income/(loss)	<b>130.746</b>	210.312	126.711
<b>Returns*</b>			
1. Gross rental return	<b>7,7%</b>	7,7%	7,5%
2. Net rental return	<b>5,9%</b>	6,4%	6,1%
3. Direct return	<b>3,5%</b>	5,6%	3,4%
4. Dividend return	<b>1,4%</b>	5,6%	2,0%
<b>Balance Sheet</b>			
Investments	<b>10.577.349</b>	10.465.594	10.465.594
Loans and borrowings	<b>6.400.000</b>	6.400.000	6.400.000
Shareholders equity	<b>3.932.307</b>	3.750.000	3.910.192
Invested capital	<b>3.750.000</b>	3.750.000	3.750.000
<b>Per share</b>			
Number of shares	<b>150</b>	150	150
Invested capital	<b>25.000</b>	25.000	25.000
Shareholders equity**	<b>26.215</b>	25.000	25.344
Net income/(loss)	<b>872</b>	1.402	845

**Graph 1: Direct return on equity Duits Woningfonds IV B.V.**



\* Definitions

1. Gross rental income divided by investments
2. Net rental income divided by investments
3. Net return corrected for income and expenses related to sales divided by invested capital
4. Dividend divided by (remaining) invested capital

\*\*Total Shareholders equity 2009 per share calculation excludes EUR 108.631 in other reserves which is allocated profit from 2008 to the period before placement of the Fund at December 18, 2008. Including this reserve, the equity per share would be EUR 26.068 at the end of 2009. In 2010 this profit right before placement is reclassified from Shareholders equity and allocated under current liabilities as accounts payable.

**RECOMMENDATION OF THE ADVISORY BOARD**

To all participants,

We are pleased to present the annual report drawn up by the Management Board of Duits Woningfonds IV BV.

The accounts have been audited by Mazars Paardekooper Hoffman N.V. The auditors have issued an unqualified report on the financial statements, which is enclosed.

We recommend that you adopt the financial statements as presented in this report and grant the Management Board full discharge of its responsibility in respect of its management during the financial year ending on 31 December 2010.

**Amstelveen, March 30<sup>th</sup> 2011**

C.W. van Bommel

J. Ekelmans (chairman)

G.J.M.M. Uphoff

### MANAGEMENT REPORT

#### GENERAL

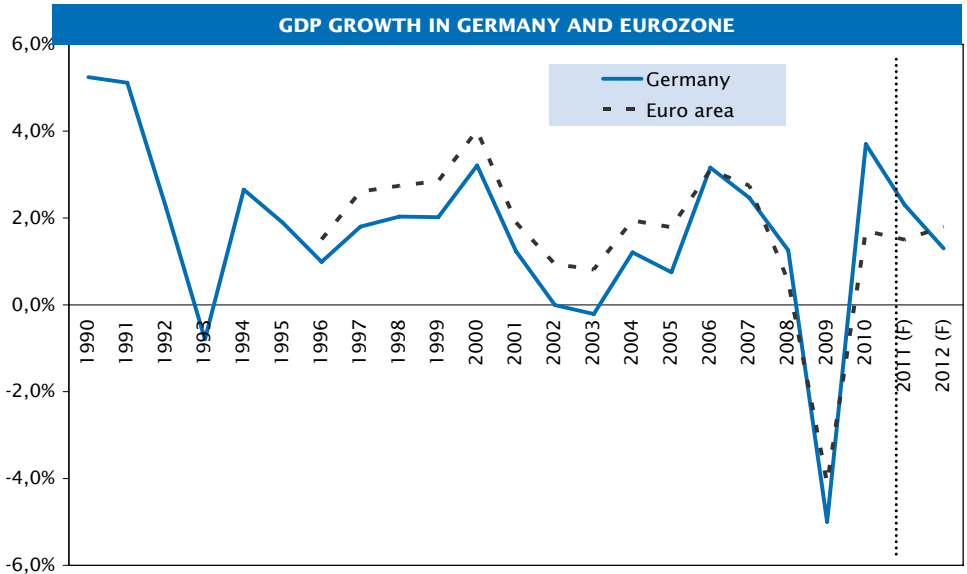
The Fund invests in 173 apartments, 10 retail units and 177 parking lots in the Goslar area and Oldenburg. Gross rental income amounted to EUR 815.884 which is EUR 14.163 (1,7%) higher than prospectus and 3,8% higher than in 2009 (EUR 785.952). The net income of the Fund amounted to EUR 130.746 in 2010 compared to EUR 126.711 in 2009. The administrative costs declined significantly in 2010 from EUR 55.612 to EUR 30.743 in 2009 due to improved efficiency. The direct return was 3,5% in 2010 and therefore slightly higher than in 2009 (3,4%). The major difference between the direct return lower than prospectus (5,6%), mainly due to higher operating expenses and deferred taxes.



Rosentorstraße, Goslar

#### GERMAN ECONOMY

The German economy grew strongly in 2010. The price-adjusted gross domestic product (GDP) grew by 3,6%. This was the largest increase since German reunification. The economic recovery occurred mainly in spring and summer of 2010. Germany experienced the most serious recession since World War II in 2009 when the price-adjusted GDP slumped heavily by 4,7%.



The economic performance in 2010 was achieved with an annual average of about 40,5 million people in employment. That was an increase of 212.000 people or 0,5% compared to 2009, putting the number of people in employment at a new all-time high. The number of unemployed people declined by 297.000 (-9,2%). Although the total number of people in employment within the economic territory recorded an increase, significant staff cuts occurred again in industry. In trade, transport and communications, the number of people in employment declined slightly in 2010 (-0,2%). However, the other service sectors and construction recorded a strong personnel growth. A rather significant proportion of that personnel growth was observed in business services which include temporary staffing agencies. The development of GDP in 2010 was mainly characterised by the effects of catching up after the economic

crisis. Those effects had a positive impact in nearly all economic sectors. Because the Government had to finance this growth, the final consumption expenditure was higher than a year earlier, too. Both government final consumption expenditure (+2,2%) and households' consumption expenditure (+0,5%) recorded a price-adjusted increase. The current monetary conditions in Germany are extremely favourable for domestic demand to pick up and drive the economy further towards its production potential. Households' disposable income increased by 2,6% in 2010 to EUR 1.595 billion. The increase in households' final consumption expenditure at current prices in 2010 (+2,4%) was slightly lower than that for disposable income.

The German government borrowed EUR 88,6 billion in 2010, which is a new record. When set against GDP at current prices, this translates to a deficit ratio of 3,5% for the government. Following a slightly positive balance in 2007 (+0,3%) and 2008 (+0,1%) and a deficit ratio of 3% in 2009, the reference value of 3% for the ratio between public deficit and gross domestic product as mentioned in the Maastricht Treaty would thus be exceeded in 2010 for the first time in five years.

### GERMAN ECONOMIC OUTLOOK

The recovery is expected to continue in the next two years, although at a significantly weaker pace than this year's production dynamics. Expansionary forces will be reduced by weaker growth perspectives for the export sector in 2011, due to a slowdown in production at many of Germany's trading partners. Any form of financial turmoil might therefore abruptly interrupt this process. It is too early to declare the global financial crisis as being over.

### GERMAN RESIDENTIAL MARKET

There are no visible signs of crisis on Germany's residential market. Unlike many of the other residential markets in Europe, Germany's residential market remains stable without any governmental support. In fact, following a phase of heightened caution in the wake of the Lehman collapse, there are more and more positive signs. Over the course of the crisis, owner-occupied property began to appear as an alternative and quasi no-risk asset class; with growing concerns about inflation, very low interest rates and the weakness of many of the other asset classes, it even gained in attraction<sup>1</sup>.



In 2010 the prices of existing houses in the major German cities increased by around 2,5%. The prices of new builds grew even faster, by over 3,5% on the year-earlier level. The increase was much less pronounced for owner-occupied homes, at about 1,5%; but prices for these units also rose more rapidly than in the preceding years. The outlook for the near future remains favourable, too, for four reasons: first, German GDP growth is set to return to its pre-crisis level as early as in 2011. Second, financing conditions are still very attractive in a long-term comparison. Third, private investors in particular are eager to find lower-risk investment opportunities offering adequate returns. For this reason, houses in good to excellent locations are especially in great demand at present. Fourth, over the past few years there were comparatively few new housing completions in Germany. This suggests that there are hardly any threats on the supply side.

Despite the undeniably positive overall outlook for the German housing market, it needs to be qualified in two respects. The first is that regional differences became more pronounced in the course of 2010. In the larger part of the country housing prices stayed completely flat, while prices for existing houses in the smaller part fell noticeably. The second point is that the short to medium-term positive outlook must not be allowed to mask the fact that demographic trends will curb demand in Germany's housing markets. Population changes are among the key parameters that shape real estate prices.

Contrary to expectations, the number of transactions in Germany's major cities also went up in 2010. Tangible assets became more attractive in an uncertain macroeconomic environment. The total real estate investment volume in Germany in 2010 increased by 15% to EUR 46,4 billion. Residential investments amounted to EUR 22 billion (EUR 21 billion in 2009). According to many brokers, the problem is not on the demand side, but is rather the continuing lack of supply of larger residential portfolios. As a result, yields continued to decline, on average by 18bps to 7%. Gross initial yields varied as a consequence of a differentiated supply and demand relationship per area. Capitalisation factors in markets characterised by an investor demand overhang are correspondingly high. In Frankfurt, Hamburg, Cologne and Munich, for instance, gross initial yields were between 5,0% and 6,25%. Yields in cities like Berlin, Leipzig and Magdeburg are rather widespread. Depending on the micro location, yields might vary from 5,5% in sought-after residential areas, to 8% in neighbourhoods characterised by a weak social structure or an oversupply of apartments<sup>1</sup>. Due to relatively secure cash flows, German residential real estate is still high on the agenda of many investors.

### REVIEW OF OPERATIONS

#### **Goslar area and Oldenburg (173 apartments, 10 retail units, 177 parking lots)**

The occupancy rate based on square meters of the residential part of the portfolio dropped from 97% to 91% (in total minus 560m<sup>2</sup>). The vacancy is mainly concentrated in Claustal-Zellerfeld (Goslar Area), where 14 apartments were vacant in the student residence. 10 of these were vacated in Q4 2010 of which 5 leased again in Q1 2011. Periodical vacancy is not uncommon given the semester schedule of the university. But compared to 2009 when no units were vacant at year end, the drop is significant but is temporary. The rental level of these student units remain relatively high at EUR 7,39/m<sup>2</sup>. In financial terms, the impact of this vacancy is limited.

In Oldenburg two units were vacant at year-end (4%), but were leased in Q1 2011. Rents have been raised to market level in Oldenburg in the 2<sup>nd</sup> half of 2010. New leases in 2010 in Oldenburg averaged at EUR 5,97/m<sup>2</sup> (Average Oldenburg portfolio is EUR 5,59/m<sup>2</sup>. In Q1 2011 the retail unit in the Cloppenburger Straße in Oldenburg was vacated by the 81 year old tenant who carried out a used goods discount shop in the 198m<sup>2</sup> retail space. Per June 2011 a new tenant will occupy the space for EUR 9,00/m<sup>2</sup>, a rise of 4% compared to the EUR 8,59/m<sup>2</sup> from the former tenant. More importantly, the new tenant 'Sunsleep Wassenbettenstudio' signed a contract for 15 years and will

<sup>1</sup> Aengevelt-Research: *Der Deutsche Markt für Immobilien-Investments: Rückblick 2010 – Trends 2010*



Bäckerstraße, Goslar (after renovation)

pay for the tenant improvements. The Fund will only pay for some technical and structural changes up to about EUR 8.000 since the unit needs to be revitalized.

The total investments in the portfolio amounted to EUR 111.755. EUR 59.000 was spent on modernizing ten apartments (Oldenburg EUR 18.000, Goslar EUR 41.000). Balconies were refurbished in Oldenburg (EUR 12.000) and in Goslar two large glass brick windows were renewed (EUR 20.000). Due to the worst winter conditions for 15 years in the Harz area (more than 1 meter of snow) the snow plough broke down and the Fund had to invest in a new device (EUR 6.000) in February 2010. All retail units were leased, except the one in Hahnenklee (76m<sup>2</sup>). At its own expense, the Sparkasse carried out some small-scale refurbishment in Hahnenklee and Langelsheim. Furthermore two rental contracts of retail units were renewed, both located in the high street of Goslar. The rent of the clothing store "Rita Schöner" (55m<sup>2</sup>) rose from EUR 18,18/m<sup>2</sup> per month to EUR 22,73/m<sup>2</sup> per month, and the rent of Schuhhaus Rheingold (312m<sup>2</sup>) was renewed as of July 1<sup>st</sup>. The average rent goes from EUR 18,50/m<sup>2</sup> to EUR 18,89/m<sup>2</sup> per month.

The severe winter conditions in Goslar caused water damage in the student residence. During spring 2010 it turned out that water infiltrated the walls of several units and caused about EUR 16.000 in damage and also some vacancy loss on the abandoned units. Several options to prevent this were analyzed. Heating the water spouts and gutters to prevent ice building up inside is the most economic solution to keep the water flowing down from the roof to prevent refreezing and thawing above the protective lead strips. Since the winter came early in Q4 2010 the works were postponed till spring 2011. No leakage and damage has been reported in 2011. Jack Wolfskin (Germany), the Funds retailer in Goslar won the International Market for Retail Real Estate (MAPIC) award for best international retailer on November 18<sup>th</sup> 2010. MAPIC recognizes excellence and innovation in retail. The lawsuit against Dr. Hille, the former property manager of the student residence at the Altenauerstraße in Clausthal-Zellerfeld (area of Goslar) is still pending. The Fund remains of the opinion that the claims are unjustified. The discussion about this claim has taken longer than expected as the counterparty did not produce its administrative files until Q4 2010. Since the Fund's view is unchanged with regard to this claim, no provision has been formed. Since January 2010 the leasing and maintenance of all objects in the Goslar area are in the hands of one local property manager, which increased efficiency.



Cloppenburg Straße, Oldenburg  
Retail

### OVERVIEW OF PORTFOLIO

OVERVIEW OLDENBURG PORTFOLIO YEAR END 2010						
City	Total units (#)	Vacant units (#)	Total units (m <sup>2</sup> )	Vacant units (m <sup>2</sup> )	Rent (€/m <sup>2</sup> )	
Goslar	122	17	5.514	702	5,49	
Oldenburg	51	2	3.230	117	5,59	
<b>Apartments</b>	<b>173</b>	<b>19</b>	<b>8.744</b>	<b>819</b>	<b>5,53</b>	
Goslar	9	1	1.407	76	13,28	
Oldenburg	1	0	198	0	8,59	
<b>Retail</b>	<b>10</b>	<b>1</b>	<b>1.605</b>	<b>76</b>	<b>12,67</b>	

### FINANCIAL INFORMATION

#### Income statement

Gross rental income amounted to EUR 815.884 compared to EUR 785.952 in 2009. Operating expenses amounted to EUR 179.080 which is a considerable increase from the EUR 135.631 in 2009. Property management costs were up by EUR 21.548 mainly due to more lease commissions than in 2009. EUR 7.828 was paid as commission for the new leases of two retail units in Goslar and EUR 13.720 was paid as commission on 25 leases and investment oversight in 2010. Administrative costs were down EUR 24.869 compared to last year due to improved efficiency. The net interest expenses of EUR 361.196 were in line with prospectus. The deferred tax of EUR 31.284 results in higher tax expenses than prospectus. Being a non cash item it was not taken into account in the prospectus.

#### Balance sheet

Investments relate to substantial and sustainable improvements of the assets, to extend the usable capacity or useful life. These costs, including construction management costs, are capitalized according to German tax law. Capital improvements are recognized when it is probable that the future economic benefits associated with the asset will flow to the Fund and the costs of the asset can be measured reliably. Costs relating to maintaining the original condition of the asset are not recognized as capital improvements and will therefore not be capitalized. The fixed assets increased by EUR 111.755, all related to capitalized investments. In the annual report of 2009, an amount of EUR 108.631 was incorporated in the shareholders equity as other reserves that is related to the profit 2008 before placement of the Fund at December 18 2008. This profit right is now labelled under current liabilities and is expected to be paid in 2010 and 2011. The current loan-to-value ratio is 60,5% (maximum ratio 70%) and the current debt coverage ratio is 1,69, which is above the required ratio of 1,25.



Cloppenburger Straße, Oldenburg  
Balconies before renovation

#### Cash flow statement

The cash position of the Fund has increased by EUR 25.744 to EUR 215.815. This is mainly caused by the operating profit of EUR 130.746 that was not distributed in 2010 and investments of EUR 109.690 that were needed to maintain a steady rental cash flow.

### PROFIT DISTRIBUTION

The distribution to participants is defined in article 10 of the articles of association. The net result of EUR 130.746 can be distributed together with the deferred taxes of EUR 31.284. The Fund will withhold EUR 109.680 from the distribution, which was needed for necessary investments (modernization, balconies and windows) in 2010. In 2010 (over H2 2009 and H1 2010) no dividends were distributed. The profit right of EUR 108.631 regarding the distribution of the profit before placement is unchanged. IBUS has decided to align its interests with that of the investors as in H2 2009 and H1 2010 no dividends were distributed. Therefore the payment of the profit right has been postponed until dividend distribution to participants has been reinstated. The next profit distribution to participants will be in April 2011, when the final dividend 2010 will be paid. The distribution to participants in April 2011 amounts to EUR 52.350 (or



Altenauerstraße, Goslar (Clausthal-Zellerfeld)

EUR 349 per share) resulting in a dividend return of 1,4%. In April 2011 half of the remaining profit right (around EUR 54.000) will be paid.

PROFIT DISTRIBUTION PERIOD 1 JAN - 31 DECEMBER 2010						
	total 2010		interim 2010		final 2010	
	total	per share	total	per share	total	per share
Net result	130.746	872	87.602	584	43.144	288
Deferred tax liability	31.284	209	13.538	90	17.746	118
Retained earnings	(109.680)	(731)	(101.140)	(674)	(8.540)	(57)
<b>Profit distribution</b>	<b>52.350</b>	<b>349</b>	-	-	<b>52.350</b>	<b>349</b>

### TAX

German Tax Law regarding the 'Regelungen zur Gesellschafter-Fremdfinanzierung' was modified as of 2008, as was announced in previous annual reports. The most relevant changes for the Fund are:

- the corporate tax rate was lowered from 26,375% to 15,825% (including solidarity tax)
- the introduction of the earnings stripping rule initially limited the Fund's ability to deduct interest expenses when the net interest costs of an entity exceeded EUR 1 million. The German government increased this threshold to EUR 3 million by the end of 2009 and it will now not influence the tax burden of the Fund, as the interest costs of DWF IV remain well below the EUR 3 million barrier. Corporate investors will benefit from the lower corporate tax rate.

### OUTLOOK

The gross rental income for 2011 is expected to grow modestly. The Fund will focus on further lowering administrative expenses. Moreover, there will be a tight control on operational costs. Necessary investments will remain as these underpin cash flows and long-term value of the portfolio. When necessary investments are done, these will influence dividends to participants. The dividend return (September 2011 and April 2012) is expected to be around 3,5%. The direct return after tax for 2011 is expected to be about 4,0%. The outcome of the claim of the former property manager could impact the result of 2011, reducing the return with about 1% in the most negative scenario.

Amstelveen, March 30<sup>th</sup> 2011

The Management Board

**IBUS Fondsen Beheer B.V.**



# Duits Woningfonds IV B.V.

Annual Report 2010

## Duits Woningfonds IV B.V.

Annual Accounts 2010

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2010**

*(before profit distribution)*

(in EUR)

		<u>31 December 2010</u>	31 December 2009
<b>Assets</b>			
Investment property	1	<b>10.577.349</b>	10.465.594
<b>Total fixed assets</b>		<b>10.577.349</b>	10.465.594
Trade and other receivables	2	<b>170.435</b>	184.039
Cash and cash equivalents	3	<b>215.815</b>	190.071
<b>Total current assets</b>		<b>386.250</b>	374.110
<b>TOTAL ASSETS</b>		<b><u>10.963.599</u></b>	<u>10.839.704</u>
<b>Equity and liabilities</b>			
<b>Group equity</b>	4		
Shareholder's equity		<b>3.932.307</b>	3.910.192
Minority interest	5	<b><u>223.415</u></b>	<u>215.354</u>
		<b>4.155.722</b>	4.125.546
<b>Long term liabilities</b>			
Loans and borrowings	6	<b>6.400.000</b>	6.400.000
<b>Current liabilities</b>	7	<b>407.877</b>	314.158
<b>TOTAL LIABILITIES</b>		<b><u>10.963.599</u></b>	<u>10.839.704</u>

**CONSOLIDATED INCOME STATEMENT 2010**

(in EUR)

		<u>2010</u>	<u>2009</u>
<b>Rental income:</b>			
Gross rental income	8	<b>815.884</b>	785.952
Property operating expenses	9	<b>(179.080)</b>	(135.631)
Service charges due to vacancy		<u><b>(12.176)</b></u>	<u>(10.181)</u>
<b>Net rental income</b>		<b>624.628</b>	640.140
Administrative costs	10	<b>30.743</b>	55.612
Management fee		<u><b>62.598</b></u>	<u>62.130</u>
<b>Total of other expenses</b>		<u><b>93.341</b></u>	<u>117.742</u>
<b>Net income (loss) from operations</b>		<b>531.287</b>	522.398
<b>Financial income (expenses)</b>			
Finance Income	11	<b>220</b>	5.974
Finance expenses	12	<u><b>(361.416)</b></u>	<u>(365.438)</u>
<b>Net financial expense</b>		<u><b>(361.196)</b></u>	<u>(359.464)</u>
<b>Result from ordinary activities before taxation</b>		<b>170.091</b>	16
Tax expense	13	<u><b>(31.284)</b></u>	<u>(28.275)</u>
<b>Result from ordinary activities after taxation</b>		<b>138.807</b>	134.659
Minority interest		<u><b>(8.061)</b></u>	<u>(7.948)</u>
<b>Net income (loss)</b>		<u><b>130.746</b></u>	<u>126.711</u>

**CASH FLOW STATEMENT 2010**

(in EUR)

	<u>2010</u>	<u>2009</u>
<b>Operating activities</b>		
Net (loss) profit	531.287	522.398
<b>Modifications for:</b>		
Movements in minority interest	<u>8.061</u>	<u>3.622</u>
	<b>8.061</b>	3.622
<b>Change in:</b>		
Trade and other receivables	13.604	158.693
Current liabilities (exclusive of banks)	<u>93.719</u>	<u>(415.840)</u>
	<u>107.323</u>	<u>(257.147)</u>
<b>Cash generated from operations</b>	<b>646.671</b>	268.873
Financial income and expenses	(361.196)	(359.464)
Tax expense	(31.284)	(28.275)
Minority interest	<u>(8.061)</u>	<u>(7.948)</u>
	<u>(400.541)</u>	<u>(395.687)</u>
<b>Cash flow from operating activities</b>	<b>246.130</b>	(126.814)
<b>Investing activities</b>		
Investments in property	<u>(111.755)</u>	<u>(193.582)</u>
<b>Cash flow from investment activities</b>	<b>(111.755)</b>	(193.582)
<b>Financing activities</b>		
Interim dividend	-	(81.000)
Final payment result 2008 IAM XIX B.V. before fund placement	<u>(108.631)</u>	<u>-</u>
<b>Cash flow from financing activities</b>	<u>(108.631)</u>	<u>(81.000)</u>
Net movements in cash and cash equivalents	<u>25.744</u>	<u>(401.396)</u>
<b>Cash and cash equivalents as at 1 January</b>	<b>190.071</b>	591.467
Movement for the year	<u>25.744</u>	<u>(401.396)</u>
<b>Cash and cash equivalents as at 31 December</b>	<u>215.815</u>	<u>190.071</u>

## NOTES TO THE CONSOLIDATED ACCOUNTS

### GENERAL

#### General

The funds accounting principles and policies are consistent with Dutch Law (Book 2, Title 9 of the Civil Code) and Dutch GAAP.

Duits Woningfonds IV B.V. ("Company"), which was established in Haarlemmermeer and located in Amstelveen, has been founded on February 28, 2008. The limited partnership's main goal is to participate in other entities and partnerships.

#### Principles of consolidation

The consolidated balance sheet and profit and loss statement are of the Company and its affiliates. Affiliates are entities where Duits Woningfonds IV B.V. has a controlling stake in it. The results of these entities are consolidated. In a full consolidation, minority shares are used in order to present a result due to the ownership percentage of the Company in the Limited Partnerships. The minority share is a 5,28 % of IBUS Asset Management XIX B.V.

### ACCOUNTING PRINCIPLES FOR THE BALANCE SHEET

#### General

The financial statements are denominated in Euro. Assets and liabilities are stated at cost, unless indicated otherwise.

#### Investment property

The investment is valued at fair value, without annual depreciations.

#### Trade and other receivables

Debtors are stated at face value net of provisions for doubtful debts where necessary.

#### Non-current liabilities

Long term debt is valued at nominal values.

#### Current liabilities

Short term liabilities have a maturity of one year.

## ACCOUNTING PRINCIPLES FOR THE INCOME STATEMENT

### Result

The profit or loss is the balance of gross rental income on the one hand and on the other the costs and other expenses for the year. Profits on transactions are recognized in the year they are realized; losses are recognized when foreseen.

### Gross rental income

Gross rental income represents rents charged within the period this report relates to. Including adjustments of the provision for uncollectible rent.

### Property operating expenses

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain. Operating expenses include: property tax, service charges, maintenance, insurance, and management costs which can not be charged to the tenant.

### Other operating expenses

Expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

### Administrative fees

Administrative fees, which are attributable to the period this report relates to, include accounting fees, legal and tax advice.

### Management fees

Management fees represent allocated compensation that IBUS receives for the management of the Company and its Limited Partner during the accounting period.

### Financial income and expense

Interest costs include interest on the mortgage loan as well as interest on cash and cash equivalents, attributable to the reporting period.

### Tax expense

Corporate income taxes (C.I.T.) are recognized against the applicable C.I.T. rate. For temporary differences, a deferred tax asset or liability is recognized against the C.I.T. rate against which realization of the asset/liability is to be expected.

## PRINCIPLES OF THE CASH FLOW SUMMARY

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist of cash at bank and in hand and current account debt at the bank.

NOTES TO THE CONSOLIDATED BALANCE SHEET

	<u>2010</u>	<u>2009</u>
<b>1 INVESTMENT PROPERTY</b>		
Investment property	<u><b>10.577.349</b></u>	<u>10.465.594</u>

The movements in investment property are listed below:

	<u>Investment property</u>
Actual cost investments 1 January 2010	10.465.594
Investment	111.755
Depreciation of tangible fixed assets	-
<b>Balance as at 31 December 2010</b>	<u><b>10.577.349</b></u>

Investment property relates to buildings, land, costs made for acquisition of real estate, refinancing and structuring. The buildings are valued at fair value and are issued as security for mortgage financing. The value of the investment property has been assessed by The IBUS Company based on market information from external advisors.

	<u>2010</u>	<u>2009</u>
<b>2 TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	118.113	89.582
Receivables from affiliated companies	224	211
Tax	-	4.442
Other debtors, prepayments and accrued income	<u>52.098</u>	<u>89.804</u>
	<u>170.435</u>	<u>184.039</u>
<b>TAX</b>		
Value added tax	<u>-</u>	<u>4.442</u>
<b>OTHER DEBTORS, PREPAYMENTS AND ACCRUED INCOME</b>		
Prepaid service charges	-	79.699
Security deposits	22.617	10.105
Other receivables	<u>29.481</u>	<u>-</u>
	<u>52.098</u>	<u>89.804</u>

### 3 CASH AND CASH EQUIVALENTS

An amount of EUR 58.332 concerns the deposits of tenants in Oldenburg and Goslar. Other resources are non-restricted. The cash is on Dutch and German interest-bearing bank accounts.

### 4 GROUP EQUITY

As at 31 December 2010 the share capital comprised 30.000 fully paid shares.

#### Issued capital:

The authorized capital comprises 100.000 shares with a nominal value of EUR 1 each. As at 31 December 2010, 30.000 shares were issued.

#### Share premium:

The share premium consists of capital paid on shares in excess of the nominal value. Share premium can in certain circumstances be distributed tax free.

#### Other reserves:

During the year 2010 the Fund reclassified EUR 108.631, concerning the result for 2008 before placement in Duits Woningfonds IV B.V. from other reserves to current liabilities as a payable to IBUS Asset Management Europe B.V.

### 5 MINORITY INTEREST

Duits Woningfonds IV B.V. has an interest of 94,72% in IBUS Asset Management XIX B.V. & Co. Oldenburg K.G. The minority interest relates to a stake of 5,28% of IBUS Asset Management XIX B.V. in IBUS Asset Management XIX B.V. & Co. Oldenburg K.G.

### 6 LOANS AND BORROWINGS

	<u>2010</u>	<u>2009</u>
Mortgage	<u>6.400.000</u>	<u>6.400.000</u>
<i>Specification mortgage</i>		
Principal amount	6.400.000	6.400.000
Repaid until 31 December	-	-
Outstanding principal amounts as at 1 January	<u>6.400.000</u>	<u>6.400.000</u>
Repayments	<u>-</u>	<u>-</u>
Long-term portion 31 December	<u>6.400.000</u>	<u>6.400.000</u>

The loan consist of two tranches; one tranche amounts to EUR 4.830.000 and the other amount to EUR 1.570.000. To secure the mortgage loan, the land and buildings of Oldenburg KG are included as collateral. The duration of the loan is 10 years. The loan expires at 30 April 2018. The loan is non recourse. DWF IV B.V. has covered the interest risk on the mortgage which is funded based on a 3 months EURIBOR by means of an interest swap. Due to this financing instrument the interest charges on both tranches are fixed for a period of 10 years (ending 30 April 2018) at a percentage of 4,52%. Due to the margin of 105 bps. on the IRS loan the effective rate for the fund is 5,6%.

	<u>2010</u>	<u>2009</u>
<b>7 CURRENT LIABILITIES</b>		
Creditors	<b>72.604</b>	67.696
Taxes	<b>86.003</b>	46.568
Trade and other payables	<b>249.270</b>	199.894
	<b><u>407.877</u></b>	<b><u>314.158</u></b>
<b>TAXES</b>		
Value added tax	<b>8.151</b>	-
Deferred tax liability	<b>77.852</b>	46.568
	<b><u>86.003</u></b>	<b><u>46.568</u></b>
<b>TRADE AND OTHER PAYABLES</b>		
Payable result 2008 IAM XIX B.V. before placement	<b>108.631</b>	-
Interest payable	<b>39.812</b>	38.881
Tenant deposits	<b>58.332</b>	45.327
Rent received in advance	<b>24.527</b>	52.503
Prepaid service charges	<b>3.930</b>	-
Other payables	<b>14.038</b>	63.183
	<b><u>249.270</u></b>	<b><u>199.894</u></b>

**NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<u>2010</u>	<u>2009</u>
<b>8 GROSS RENTAL INCOME</b>		
Gross rental income	<u>815.884</u>	<u>785.952</u>
<b>9 PROPERTY OPERATING EXPENSES</b>		
Maintenance	<b>97.042</b>	66.441
Administration and property management fees	<b>72.336</b>	50.788
Property cost	<b>9.547</b>	17.110
Other	<b>155</b>	1.292
	<u>179.080</u>	<u>135.631</u>
<b>OTHER OPERATING EXPENSES</b>		
<b>10 ADMINISTRATIVE COSTS</b>		
Administrative and auditing costs	<b>20.607</b>	45.041
Fiscal advice	<b>5.490</b>	5.070
Other	<b>4.646</b>	5.501
	<u>30.743</u>	<u>55.612</u>
<b>NET FINANCIAL EXPENSE</b>		
<b>11 FINANCE INCOME</b>		
Interest income	<u>220</u>	<u>5.974</u>
<b>12 FINANCE EXPENSES</b>		
Interest on mortgage loan	<b>361.363</b>	361.491
Other finance expenses	<b>53</b>	3.947
	<u>361.416</u>	<u>365.438</u>
<b>13 TAX EXPENSE</b>		
Corporate income tax previous years	<b>2.197</b>	-
Corporate income tax	<b>29.087</b>	28.275
	<u>31.284</u>	<u>28.275</u>

**COMPANY BALANCE SHEET AT 31 DECEMBER 2010**

*(before profit distribution)*

(in EUR)

		<b>31 December 2010</b>	31 December 2009
<b>Assets</b>			
Financial fixed assets	1	<b>4.064.826</b>	3.918.300
<b>Total fixed assets</b>		<b>4.064.826</b>	3.918.300
Cash and cash equivalents	2	<b>1.557</b>	1.141
<b>Total current assets</b>		<b>1.557</b>	1.141
<b>TOTAL ASSETS</b>		<b><u>4.066.383</u></b>	<u>3.919.441</u>
<b>Equity and liabilities</b>			
<b>Shareholders equity</b>			
Issued capital	3	<b>30.000</b>	20.000
Share premium		<b>3.720.000</b>	3.730.000
Other reserves		<b>51.561</b>	108.631
Undistributed result		<b><u>130.746</u></b>	<u>51.561</u>
<b>Total shareholders equity</b>		<b>3.932.307</b>	3.910.192
<b>Current liabilities</b>	4	<b>134.076</b>	9.249
<b>TOTAL LIABILITIES</b>		<b><u>4.066.383</u></b>	<u>3.919.441</u>

**COMPANY INCOME STATEMENT 2010**

(in EUR)

		<u>2010</u>	<u>2009</u>
<b>Rental income:</b>			
Administrative costs	5	<u>13.732</u>	<u>16.551</u>
<b>Total of other expenses</b>		<u>13.732</u>	<u>16.551</u>
<b>Net income (loss) from operations</b>		<b>(13.732)</b>	<b>(16.551)</b>
<b>Financial income (expenses)</b>			
Finance Income	6	<u>17</u>	<u>816</u>
<b>Net finance expense</b>		<u>17</u>	<u>816</u>
<b>Result before result investments</b>		<b>(13.715)</b>	<b>(15.735)</b>
Result investments		<u>144.461</u>	<u>142.446</u>
<b>Net income (loss)</b>		<u><b>130.746</b></u>	<u><b>126.711</b></u>

**NOTES TO THE COMPANY ACCOUNTS**

**ACCOUNTING PRINCIPLES**

**General**

The principles for the valuation of the assets and liabilities and the principles for the measurement of the result are for the statutory balance sheet and profit and loss statement equal to the consolidated financial statements. Individual items are therefore referred to the notes in the consolidated accounts. All amounts are in EUR, unless stated otherwise. The statutory accounts have been prepared in accordance with Article 402, BW 2, Titel 9 (Dutch Law).

**NOTES TO THE COMPANY BALANCE SHEET**

**1 FINANCIAL FIXED ASSETS**

The movements in investment property are listed below:

	<u>Participation</u>	<u>Total</u>
(in EUR)		
Balance as at 1 January 2010	3.918.300	3.918.300
Result in investment	<u>146.526</u>	<u>146.526</u>
<b>Balance as at 31 December 2010</b>	<b><u>4.064.826</u></b>	<b><u>4.064.826</u></b>

**2 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	<u>_____</u>	<u>_____</u>
	<b>2010</b>	<b>2009</b>
	<u>_____</u>	<u>1.141</u>

### 3 SHAREHOLDER'S EQUITY

	Issued capital	Share premium	Other Undistributed reserves	Undistributed result	Total
Balance as at 1 January 2010	20.000	3.730.000	108.631	51.561	<b>3.910.192</b>
<i>Appropriated profit last financial year</i>					
With relation to other reserves	-	-	51.561	(51.561)	-
Result for the year	-	-	-	130.746	<b>130.746</b>
Distribution result 2008 before fund placement	-	-	(108.631)	-	<b>(108.631)</b>
Issue of common shares from 3 June 2008	10.000	-	-	-	<b>10.000</b>
Other movements	-	(10.000)	-	-	<b>(10.000)</b>
<b>Balance as at 31 December 2010</b>	<b>30.000</b>	<b>3.720.000</b>	<b>51.561</b>	<b>130.746</b>	<b>3.932.307</b>

As at 31 December 2010 the share capital comprised 30.000 fully paid shares.

#### Issued capital:

The authorized capital comprises 100.000 shares with a nominal value of EUR 1 each. As at 31 December 2010, 30.000 were issued.

#### Share premium:

The share premium consists of capital paid on shares in excess of the nominal value. Share premium can in certain circumstances be distributed tax free.

#### Other reserves:

During the year 2010 the Fund reclassified EUR 108.631, concerning the result for 2008 before placement in Duits Woningfonds IV B.V. from other reserves to current liabilities as a payable to IBUS Asset Management Europe B.V.

	2010	2009
<b>4 CURRENT LIABILITIES</b>		
Loans and borrowings	<b>1.968</b>	-
Other payables	<b>132.108</b>	9.249
	<b>134.076</b>	9.249
<b>AMOUNTS OWED TO CREDIT INSTITUTIONS</b>		
Cash and cash equivalents	<b>1.968</b>	-
<b>OTHER PAYABLES</b>		
Payable result 2008 IAM XIX B.V. before placement	<b>108.631</b>	-
Current account fund	<b>11.500</b>	-
Other payables	<b>11.977</b>	9.249
	<b>132.108</b>	9.249

**NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT**

**OTHER OPERATING EXPENSES**

**5 ADMINISTRATIVE COSTS**

Administrative and auditing costs  
Fiscal advice  
Other

<u>2010</u>	<u>2009</u>
<b>8.080</b>	9.030
<b>5.490</b>	5.070
<b>162</b>	2.451
<b><u>13.732</u></b>	<b><u>16.551</u></b>

**NET FINANCE EXPENSE**

**6 FINANCE INCOME**

Interest income

<u>17</u>	<u>816</u>
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#### ADDITIONAL INFORMATION

#### STATUTORY ARRANGEMENTS FOR THE ALLOCATION OF THE RESULT

- The profit is at the free disposal of the general meeting of shareholders
- The company can only distribute to the shareholders to the extent its equity exceeds the total amount of the issued share capital and the reserves to be maintained pursuant to the law.
- The company may distribute interim dividends, if the requirement of the second paragraph has been met, and if determined by the general meeting on a proposal of the managing board.

#### PROPOSAL ALLOCATION OF THE RESULT 2010

We propose to distribute EUR 52.350 of the result of the year 2010 of EUR 130.746

Amstelveen, March 30<sup>th</sup> 2011

Management Board

**IBUS Fondsen Beheer B.V.**

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To: the Board of Directors of Duits Woningfonds IV B.V.

We have audited the accompanying financial statements 2010 of Duits Woningfonds IV B.V., Amstelveen, which comprise the balance sheet as at 31 December 2010, the 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 the accounting principles stated in the notes to the financial statements. 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.




***OPINION WITH RESPECT TO THE FINANCIAL STATEMENTS***

In our opinion, the financial statements give a true and fair view of the financial position of Duits Woningfonds IV B.V., Amstelveen, as at 31 December 2010 and of its result for the year then ended in accordance with the accounting principles stated in the notes to the financial statements.

Amsterdam, 30 March 2011

**MAZARS PAARDEKOOPEL HOFFMAN N.V.**

  
F.D.N. Walta RA