RiverSource LaSalle International Real Estate Fund, Inc.
Form N-CSR
March 11, 2011

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act File Number 811-22031
RiverSource LaSalle International Real Estate Fund, Inc.
(Exact name of registrant as specified in charter)

50606 Ameriprise Financial Center, Minneapolis, Minnesota 55474
(Address of principal executive offices) (Zip code)
Scott R. Plummer - 5228 Ameriprise Financial Center, Minneapolis, MN 55474
(Name and address of agent for service)

Registrant s telephone number, including area code: (612) 671-1947
Date of fiscal year end: December 31
Date of reporting period: December 31, 2010

TABLE OF CONTENTS

Table of Contents

Item 1. Reports to Stockholders.
Annual Report

Table of Contents

Annual Report

RiverSource LaSalle International Real Estate Fund

Annual Report for the Period Ended
December 31, 2010

RiverSource LaSalle International Real Estate Fund seeks long-term capital appreciation and, secondly, current income.

Not FDIC insured - No bank guarantee - May lose value

Table of Contents

On Feb. 15, 2011, Stockholders of RiverSource LaSalle International Real Estate Fund, Inc. at a Special Meeting of Stockholders (the Special Meeting) approved a proposal that the Fund be acquired by Columbia Real Estate Equity Fund (the Open-End Fund), an open-end fund which is a series of Columbia Funds Series Trust I (the Acquisition). Both the Fund and the Open-End Fund are managed by Columbia Management Investment Advisers, LLC. As consideration for their shares, holders of the Fund s Common Stock will receive Class Z shares of the Open-End Fund with a value equal to the net asset value of their shares of the Fund s Common Stock on the closing date of the Acquisition, which is anticipated to occur on or about April 8, 2011. Redemptions and exchanges of shares of the Open-End Fund issued pursuant to the Acquisition would be subject to a redemption fee of 2% for a period of one year following the closing date of the Acquisition.

Table of Contents

Your Fund at a Glance

FUND SUMMARY

> RiverSource LaSalle International Real Estate Fund (the Fund) Common Stock gained 18.88%, based on net asset value, and 38.42%, based on market price, for the 12 months ended Dec. 31, 2010.

> The Fund underperformed the FTSE NAREIT Equity REITs Index, which rose 27.95% for the 12-month period

> The Fund underperformed the UBS Global Investors Index, which increased 23.51% for the same period.

> The Fund outperformed the UBS Global Investors Index (excluding US), which rose 18.87% for the 12-month period.

ANNUALIZED TOTAL RETURNS *(for period ended Dec. 31, 2010)*

	1 year	3 years	Since inception
RiverSource LaSalle International Real Estate Fund Net Asset Value	+18.88%	-7.37%	-11.74%(a)
Market Price	+38.42%	-5.20%	-14.13%(b)
FTSE NAREIT Equity REITs Index[1] (unmanaged)	+27.95%	+0.65%	-4.42%(c)
UBS Global Investors Index[2] (unmanaged)	+23.51%	-3.20%	-7.26%(c)
UBS Global Investors Index (excluding US)[3] (unmanaged)	+18.87%	-6.63%	-9.56%(c)

(a) Since inception total return for net asset value (NAV) is from the opening of business on May 30, 2007, and includes the 4.50% initial sales load. The NAV price per share of the Fund s Common Stock at inception was $23.88.

(b) Since inception total return for market price is based on the initial offering price on May 25, 2007, which was $25.00 per share.

(c) Index data is from May 30, 2007.

The performance information shown represents past performance and is not a guarantee of future results. The investment return and principal value of your investment will fluctuate so that your shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information shown. You may obtain performance information current to the most recent month-end by visiting columbiamanagement.com.

Returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of distributions. Returns do not reflect the deduction of taxes that investors may pay on distributions or the sale of shares.

The indices do not reflect the effects of sales charges, expenses and taxes. It is not possible to invest directly in an index.

(1) The FTSE NAREIT Equity REITs Index measures the performance of all publicly-traded U.S. real estate trusts that are equity real estate investment trusts (REITs), as determined by the National Association of Real Estate Investment Trusts.

(2) The UBS Global Investors Index measures the performance of real estate securities within the S&P/Citigroup World Property Index that derive 70% or more of income from rent.

(3) The UBS Global Investors Index (excluding US) measures the performance of real estate securities within the S&P/Citigroup World Property Index that derive 70% or more of income from rent. This index represents real estate securities in over 21 countries, excluding the United States.

PRICE PER SHARE

	Dec. 31, 2010	Sept. 30, 2010	June 30, 2010	March 31, 2010
Market price	$ 9.40	$ 9.31	$ 6.98	$ 7.76
Net asset value	9.93	9.84	8.19	9.20

DISTRIBUTIONS PAID PER COMMON SHARE

Payable date	Per share amount
March 29, 2010	$ 0.0850
June 21, 2010	0.0850
Sept. 22, 2010	0.1500
Dec. 20, 2010	0.4213

The net asset value of the Fund s shares may not always correspond to the market price of such shares. Common stock of many closed-end funds frequently trade at a discount from their net asset value. The Fund is subject to stock market risk, which is the risk that stock prices overall will decline over short or long periods, adversely affecting the value of an investment in the Fund.

Table of Contents

Manager Commentary

LaSalle Investment Management (Securities), L.P. and LaSalle Investment Securities B.V., two independent money managers, manage RiverSource LaSalle International Real Estate Fund s portfolio.

Dear Stockholders,

RiverSource LaSalle International Real Estate Fund (the Fund) Common Stock gained 18.88%, based on net asset value, and 38.42%, based on market price, for the 12-months ended Dec. 31, 2010. In comparison, the FTSE NAREIT Equity REITs Index (FTSE Index) of U.S. real estate companies rose 27.95%, the UBS Global Investors Index of global real estate stocks gained 23.51%, and the UBS Global Investors Index (excluding US) rose 18.87% in the same period.

The Fund is a closed-end fund. The Fund s subadvisers may allocate up to 30% of the Fund s portfolio assets to dividend capture trades to enhance the potential current income of the Fund. The Fund invests, under normal market conditions, at least 80% of its managed assets (as defined in Note 1 in the Notes to Financial Statements) in equity or equity-related securities of international real estate companies.

COUNTRY BREAKDOWN[1] *(at Dec. 31, 2010)*

Australia	21.1%
Canada	4.5%
Finland	0.8%
France	9.5%
Hong Kong	6.3%
Italy	0.8%
Japan	10.3%
Jersey	1.3%
Netherlands	5.8%
Singapore	5.7%
Sweden	2.6%
Switzerland	1.7%
United Kingdom	11.6%
United States	17.2%

Other[2]	0.8%

[1] Percentages indicated are based upon total investments (excluding Investments of Cash Collateral Received for Securities on Loan). The Fund s composition is subject to change.

[2] Cash & Cash Equivalents.

Table of Contents

Significant performance factors

There was significant improvement in the investment real estate market and in the broad financial market in 2010. Investors and strategists came into the year with considerable relief that the financial crisis of the prior eighteen months was subsiding. A vigorous recovery has taken hold in the developing countries in the Asia-Pacific region. Underpinned by a healthy Chinese economy, property and general business has moved forward at a rapid pace in Hong Kong and Singapore. Australia is benefitting from an increased appetite for natural resources from China and other countries. New development is a factor in this region, and governments are concerned with inflation and are trying to cool booming property markets, particularly residential housing but with increased scrutiny of all types of real estate investment.

The more mature economies in the West (and Japan) are on a different track, with slow but positive growth, low inflation, and low interest rates. In almost all instances, real estate fundamentals have turned up, with higher retail sales and stable-to-improving vacancy rates. In this environment, institutional interest in core income-producing properties is

TOP TEN HOLDINGS(1) *(at Dec. 31, 2010)*

Westfield Group (Australia)	7.9%
Unibail-Rodamco SE (France)	5.5%
GPT Group (Australia)	4.2%
Dexus Property Group (Australia)	4.0%
Corio NV (Netherlands)	3.4%
Hongkong Land Holdings Ltd. (Hong Kong)	3.2%
CapitaLand Ltd. (Singapore)	2.8%
British Land Co. PLC (United Kingdom)	2.7%
Mitsubishi Estate Co., Ltd. (Japan)	2.6%
Westfield Retail Trust (Australia)	2.6%

(1) Percentages indicated are based upon total investments (excluding Investments of Cash Collateral Received for Securities on Loan and Cash & Cash Equivalents).

For further detail about these holdings, please refer to the section entitled Portfolio of Investments.

Fund holdings are of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

Table of Contents

Manager Commentary *(continued)*

triggering valuation recovery, and the stage is being set for improvement in net operating income performance and increased company earnings.

Positive contributors to the Fund s return in 2010 included stock selection in Continental Europe and Hong Kong. The dividend-capture program in U.S. real estate investment trusts performed in-line with the FTSE Index of U.S. real estate companies. Stock selection in Japan and Singapore made negative contributions to relative performance.

Positive contributors to the Fund s return came from holdings in **NTT Urban** (Japan), **Hongkong Land**, and **Stockland** (Australia). Negative contributors included holdings in **Corio NV** (Netherlands) and **CapitaLand** (Singapore).

Changes to the Fund s portfolio

Our investment process for the international portion of the Fund s portfolio is driven by our estimates of the intrinsic values of the stocks in our investment universe, and our evaluation of the relative values offered by property sectors and individual stocks. In the international portion of the portfolio, a larger percentage of assets was invested at the end of the year compared with the beginning of the year in Singapore, Australia, and Canada. Percentage holdings were less at year end than at the beginning of the year in Continental Europe, Hong Kong, Japan, and the United Kingdom. The strategy of the dividend-capture portion of the portfolio did not change during the year.

Our future strategy

In both mature and emerging economies, modest supply and recovering demand make for real estate fundamentals that are increasingly positive. This is resulting in improved operations and better company earnings reports. We think that the companies in our global investment universe will show a significant improvement in earnings in 2011, with good gains continuing in subsequent years, as the real estate and economic cycles remain on track. This should produce improved earnings visibility.

The capital markets worked to the advantage of publicly-traded global real estate companies this year, and are having a positive effect on property valuation. We expect capital to continue to be broadly available and attractively priced. Most public real estate companies have been able to strengthen their balance sheets on favorable terms, and are well positioned to access reasonably-priced capital to take advantage of real estate opportunities as they arise.

The Fund s portfolio includes companies we believe offer an attractive combination of favorable stock prices relative to our estimate of their values, current dividend income, high-quality properties, qualified managers, and the potential for long-term growth through a combination of internal growth and the ability to make attractive new investments or develop new properties. The portfolio is broadly-diversified by region and type of property.

LaSalle Investment Management (Securities), L.P.
LaSalle Investment Management Securities B.V.

Any specific securities mentioned are for illustrative purposes only and are not a complete list of securities that have increased or decreased in value. The views expressed in this statement reflect those of the portfolio manager(s) only through the end of the period of the report as stated on the cover and do not necessarily represent the views of Columbia Management Investment Advisers, LLC (the Investment Manager) or any subadviser to the Fund or any other person in the Investment Manager or subadviser organizations. Any such views are subject to change at any time based upon market or other conditions and the Investment Manager disclaims any responsibility to update such views. These views may not be relied on as investment advice and, because investment decisions for a Fund are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Fund.

Table of Contents

Portfolio of Investments

Dec. 31, 2010
(Percentages represent value of investments compared to net assets)

Investments in Securities

Common Stocks (98.7%)(c) Issuer	Shares	Value(a)
Australia (20.9%)		
Charter Hall Office REIT	353,541	$1,029,456
Commonwealth Property Office Fund	1,682,600(d)	1,426,863
Dexus Property Group	4,610,868	3,745,184
GPT Group	1,311,819(d)	3,940,439
Westfield Group	753,899	7,379,078
Westfield Retail Trust	931,716(b)	2,446,471
Total		19,967,491
Canada (4.5%)		
Allied Properties Real Estate Investment Trust	5,912	127,676
Canadian Apartment Properties REIT	13,598	233,677
Canadian Real Estate Investment Trust	54,519	1,697,228
First Capital Realty, Inc.	62,748(d)	950,594
Northern Property Real Estate Investment Trust	13,079	379,231
RioCan Real Estate Investment Trust	40,930	902,807
Total		4,291,213
Finland (0.8%)		
Sponda OYJ	145,458	755,500
France (9.5%)		
Klepierre	46,833	1,690,059
Mercialys SA	26,438	993,119
Societe Immobiliere de Location pour l Industrie et le Commerce	9,073	1,123,975
Unibail-Rodamco SE	26,296	5,202,569
Total		9,009,722
Hong Kong (6.3%)		

Champion REIT	408,000	240,957
Great Eagle Holdings Ltd.	222,068(d)	690,034
Hongkong Land Holdings Ltd.	418,141	3,018,978
Hysan Development Co., Ltd.	260,368	1,226,128
Sino Land Co., Ltd.	154,000	288,106
The Link REIT	154,015(d)	478,572
Total		5,942,775
Italy (0.8%)		
Beni Stabili SpA	858,242	728,755
Japan (10.3%)		
Aeon Mall Co., Ltd.	59,600	1,594,925
Japan Logistics Fund, Inc.	73(d)	688,734
Japan Real Estate Investment Corp.	140	1,450,878
Kenedix Realty Investment Corp.	109	511,698
Mitsubishi Estate Co., Ltd.	132,821	2,455,600
Mitsui Fudosan Co., Ltd.	89,000	1,769,403
Nippon Building Fund, Inc.	68(d)	697,144
Tokyu REIT, Inc.	86	620,306
Total		9,788,688
Jersey (1.3%)		
Atrium European Real Estate Ltd.	205,992	1,208,569
Netherlands (5.8%)		
Corio NV	49,205	3,158,296
Eurocommercial Properties NV	160	7,367
VastNed Retail NV	15,730	1,093,028
Wereldhave NV	12,468	1,217,707
Total		5,476,398
Singapore (5.6%)		
Ascendas Real Estate Investment Trust	529,276	854,937
CapitaCommercial Trust	789,000(d)	923,526
CapitaLand Ltd.	923,000	2,672,126
Suntec Real Estate Investment Trust	773,139	904,962
Total		5,355,551

See accompanying Notes to Portfolio of Investments.

Table of Contents

Common Stocks (continued)

Issuer	Shares	Value(a)
Sweden (2.6%)		
Castellum AB	88,951	$1,213,512
Hufvudstaden AB, Series A	42,940	502,824
Wihlborgs Fastigheter AB	26,077	755,631
Total		2,471,967
Switzerland (1.6%)		
PSP Swiss Property AG	19,412(b)	1,558,308
United Kingdom (11.6%)		
Big Yellow Group PLC	133,958	731,918
British Land Co. PLC	308,853	2,525,966
Derwent London PLC	35,588	866,236
Hammerson PLC	243,259	1,582,498
Helical Bar PLC	47,216	209,828
Land Securities Group PLC	194,197	2,040,950
Metric Property Investments PLC	76,616(b)	128,427
Minerva PLC	311,647(b)	385,117
Segro PLC	367,419	1,640,834
Shaftesbury PLC	125,578	877,246
Total		10,989,020
United States (17.1%)		
AMB Property Corp.	37,144	1,177,836
AvalonBay Communities, Inc.	13,187	1,484,197
BioMed Realty Trust, Inc.	79,543(d)	1,483,477
Corporate Office Properties Trust	41,555(d)	1,452,347
Douglas Emmett, Inc.	15,880(d)	263,608
Equity Residential	31,026	1,611,801
Federal Realty Investment Trust	9,773	761,610
Kilroy Realty Corp.	34,428(d)	1,255,589
Kimco Realty Corp.	36,044	650,234
LaSalle Hotel Properties	20,816(d)	549,542
Plum Creek Timber Co., Inc.	9,064(d)	339,447
Public Storage	13,213	1,340,062
Simon Property Group, Inc.	16,400	1,631,637
Taubman Centers, Inc.	24,309	1,227,118
Ventas, Inc.	19,900	1,044,352

Total	16,272,857

Total Common Stocks
(Cost: $86,407,793) $93,816,814

Money Market Fund (0.8%)

	Shares	Value(a)
Columbia Short-Term Cash Fund, 0.229%	794,751(e)	$794,751

Total Money Market Fund
(Cost: $794,751) $794,751

Investments of Cash Collateral Received for Securities on Loan (8.6%)

Issuer	Effective yield	Principal amount	Value(a)
Repurchase Agreements(f)			
Cantor Fitzgerald & Co. dated 12-31-10, matures 01-03-11, repurchase price $5,000,167	0.400%	$5,000,000	$5,000,000
Goldman Sachs & Co. dated 12-31-10, matures 01-03-11, repurchase price $3,147,277	0.170	3,147,233	3,147,233

Total Investments of Cash Collateral Received for Securities on Loan
(Cost: $8,147,233) $8,147,233

Total Investments in Securities
(Cost: $95,349,777)(g) $102,758,798

See accompanying Notes to Portfolio of Investments.

Table of Contents

Portfolio of Investments *(continued)*

Summary of Investments in Securities by Industry

The following table represents the portfolio investments of the Fund by industry classifications as a percentage of net assets at Dec. 31, 2010:

Industry	Percentage of net assets	Value(a)
Real Estate Investment Trusts (REITs)(1)	75.6%	$71,832,876
Real Estate Management & Development	23.1	21,983,938
Other(2)	9.4	8,941,984
Total		$102,758,798

(1) Includes U.S. REITs as well as entities similar to REITs formed under the laws of non-U.S. countries.
(2) Cash & Cash Equivalents.

The industries identified above are based on the Global Industry Classification Standard (GICS), which was developed by, and is the exclusive property of, Morgan Stanley Capital International Inc. and Standard & Poor s, a division of The McGraw-Hill Companies, Inc.

Notes to Portfolio of Investments

(a) Securities are valued by using policies described in Note 2 to the financial statements.

(b) Non-income producing.

(c) Foreign security values are stated in U.S. dollars.

(d) At Dec. 31, 2010, security was partially or fully on loan. See Note 7 to the financial statements.

(e) Affiliated Money Market Fund See Note 8 to the financial statements. The rate shown is the seven-day current annualized yield at Dec. 31, 2010.

(f) The table below represents securities received as collateral for repurchase agreements. This collateral, which is generally high quality short-term obligations, is deposited with the Fund s custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. The value of securities and/or cash held as collateral for repurchase agreements is monitored on a daily basis to ensure the existence of the proper level of collateral.

Cantor Fitzgerald & Co. (0.400%)

Security description	Value(a)
Fannie Mae Interest Strip	$160,155
Fannie Mae Pool	437,394

Fannie Mae Principal Strip	5,231
Fannie Mae REMICS	293,198
Federal Farm Credit Bank	272,685
Federal Home Loan Banks	488,537
Federal Home Loan Mortgage Corp	36,653
Federal National Mortgage Association	423,596
FHLMC Structured Pass Through Securities	173,399
Freddie Mac Non Gold Pool	419,859

Notes to Portfolio of Investments (continued)

Cantor Fitzgerald & Co. (0.400%) (continued)

Security description	Value(a)
Freddie Mac Reference REMIC	$2,826
Freddie Mac REMICS	257,696
Freddie Mac Strips	75,992
Ginnie Mae I Pool	49,118
Ginnie Mae II Pool	272,271
Government National Mortgage Association	109,545
United States Treasury Inflation Indexed Bonds	15,057
United States Treasury Note/Bond	1,196,525
United States Treasury Strip Coupon	357,636
United States Treasury Strip Principal	52,627
Total market value of collateral securities	$5,100,000

Goldman Sachs & Co. (0.170%)

Security description	Value(a)
Government National Mortgage Association	$3,210,177
Total market value of collateral securities	$3,210,177

(g) At Dec. 31, 2010, the cost of securities for federal income tax purposes was $104,941,217 and the aggregate gross unrealized appreciation and depreciation based on that cost was:

Unrealized appreciation	$543,151
Unrealized depreciation	(2,725,570)
Net unrealized depreciation	$(2,182,419)

Table of Contents

Portfolio of Investments *(continued)*

Fair Value Measurements

Generally accepted accounting principles (GAAP) require disclosure regarding the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, investments shall be disclosed by major category.

The Fund categorizes its fair value measurements according to a three-level hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by prioritizing that the most observable input be used when available. Observable inputs are those that market participants would use in pricing an investment based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the Fund s assumptions about the information market participants would use in pricing an investment. An investment s level within the fair value hierarchy is based on the lowest level of any input that is deemed significant to the asset or liability s fair value measurement. The input levels are not necessarily an indication of the risk or liquidity associated with investments at that level. For example, certain U.S. government securities are generally high quality and liquid, however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market.

Fair value inputs are summarized in the three broad levels listed below:

Level 1 Valuations based on quoted prices for investments in active markets that the Fund has the ability to access at the measurement date (including NAV for open-end mutual funds). Valuation adjustments are not applied to Level 1 investments.

Level 2 Valuations based on other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risks, etc.).

Level 3 Valuations based on significant unobservable inputs (including the Fund s own assumptions and judgment in determining the fair value of investments).

Inputs that are used in determining fair value of an investment may include price information, credit data, volatility statistics, and other factors. These inputs can be either observable or unobservable. The availability of observable inputs can vary between investments, and is affected by various factors such as the type of investment, and the volume and level of activity for that investment or similar investments in the marketplace. The inputs will be considered by the Fund Administrator, along with any other relevant factors in the calculation of an investment s fair value. The Fund uses prices and inputs that are current as of the measurement date, which may include periods of market dislocations. During these periods, the availability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified between the various levels within the hierarchy.

Non-U.S. equity securities actively traded in foreign markets where there is a significant delay in the local close relative to the New York Stock Exchange (NYSE) are classified as Level 2. The values of these securities may include an adjustment to reflect the impact of significant market movements following the close of local trading, as described in Note 2 to the financial statements Valuation of securities.

Investments falling into the Level 3 category are primarily supported by quoted prices from brokers and dealers participating in the market for those investments. However, these may be classified as

Table of Contents

Notes to Portfolio of Investments (continued)

Fair Value Measurements (continued)

Level 3 investments due to lack of market transparency and corroboration to support these quoted prices. Additionally, valuation models may be used as the pricing source for any remaining investments classified as Level 3. These models rely on one or more significant unobservable inputs and/or significant assumptions by the Fund Administrator. Inputs used in valuations may include, but are not limited to, financial statement analysis, capital account balances, discount rates and estimated cash flows, and comparable company data.

The following table is a summary of the inputs used to value the Fund s investments as of Dec. 31, 2010:

	Fair value at Dec. 31, 2010			
Description(a)	**Level 1 quoted prices in active markets for identical assets**	**Level 2 other significant observable inputs(b)**	**Level 3 significant unobservable inputs**	**Total**
Equity Securities				
Common Stocks				
Real Estate Investment Trusts (REITs)	$19,613,476	$52,219,400	$	$71,832,876
Real Estate Management & Development	950,594	21,033,344		21,983,938
Total Equity Securities	20,564,070	73,252,744		93,816,814
Other				
Affiliated Money Market Fund(c)	794,751			794,751
Investments of Cash Collateral Received for Securities on Loan		8,147,233		8,147,233
Total Other	794,751	8,147,233		8,941,984
Total	$21,358,821	$81,399,977	$	$102,758,798

(a) See the Portfolio of Investments for all investment classifications not indicated in the table.

(b) There were no significant transfers between Levels 1 and 2 during the period.

(c) Money market fund that is a sweep investment for cash balances in the Fund at Dec. 31, 2010.

How to find information about the Fund s quarterly portfolio holdings

(i) The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (Commission) for the first and third quarters of each fiscal year on Form N-Q;

(ii) The Fund s Forms N-Q are available on the Commission s website at http://www.sec.gov;

(iii) The Fund s Forms N-Q may be reviewed and copied at the Commission s Public Reference Room in Washington, DC (information on the operations of the Public Reference Room may be obtained by calling 800.SEC.0330); and

(iv) The Fund s complete schedule of portfolio holdings, as filed on Form N-Q, can be obtained without charge, upon request, by calling 800.937.5449.

Table of Contents

Statement of Assets and Liabilities
Dec. 31, 2010

Assets		
Investments in securities, at value*		
Unaffiliated issuers (identified cost $86,407,793)		93,816,814
Affiliated money market fund (identified cost $794,751)		794,751
Investments of cash collateral received for securities on loan (identified cost $8,147,233)		8,147,233
Total investments in securities (identified cost $95,349,777)		102,758,798
Foreign currency holdings (identified cost $532,465)		538,150
Dividends and accrued interest receivable		416,211
Receivable for investment securities sold		1,318,803
Total assets		105,031,962
Liabilities		
Payable for investment securities purchased		1,643,604
Payable upon return of securities loaned		8,147,233
Accrued investment management services fees		72,166
Accrued Stockholder account and registrar fees		897
Accrued administrative services fees		6,309
Accrued Stockholders meeting fees		25,445
Other accrued expenses		91,958
Total liabilities		9,987,612
Net assets applicable to outstanding Common Stock	$	95,044,350
Represented by		
Common stock $.01 par value	$	95,726
Additional paid-in capital		205,761,684
Excess of distributions over net investment income		(2,424,178)
Accumulated net realized gain (loss)		(115,801,132)
Unrealized appreciation (depreciation) on investments and on translation of assets and liabilities in foreign currencies		7,412,250
Total representing net assets applicable to outstanding capital stock	$	95,044,350
Shares outstanding applicable to Common Stock		9,572,633
Net asset value per share of outstanding Common Stock	$	9.93
Market price per share of Common Stock	$	9.40
*Value of securities on loan	$	7,806,514

The accompanying Notes to Financial Statements are an integral part of this statement.

Table of Contents

Statement of Operations

Year ended Dec. 31, 2010

Investment income	
Income:	
Dividends	4,847,928
Interest	1,420
Income distributions from affiliated money market fund	367
Income from securities lending net	33,123
Foreign taxes withheld	(231,302)
Total income	4,651,536
Expenses:	
Investment management services fees	800,065
Stockholder account and registrar fees	13,557
Administrative services fees	69,951
Compensation of board members	2,462
Custodian fees	52,273
Printing and postage	16,750
Professional fees	55,938
Stockholders meeting fees	23,500
Other	36,231
Total expenses	1,070,727
Investment income (loss) net	3,580,809
Realized and unrealized gain (loss) net	
Net realized gain (loss) on:	
Security transactions	2,847,987
Foreign currency transactions	101,765
Net realized gain (loss) on investments	2,949,752
Net change in unrealized appreciation (depreciation) on investments and on translation of assets and liabilities in foreign currencies	8,471,378
Net gain (loss) on investments and foreign currencies	11,421,130
Net increase (decrease) in net assets resulting from operations	$ 15,001,939

The accompanying Notes to Financial Statements are an integral part of this statement.

Table of Contents

Statements of Changes in Net Assets

Year ended Dec. 31,	2010	2009
Operations and distributions		
Investment income (loss) net	$ 3,580,809	$ 3,779,921
Net realized gain (loss) on investments	2,949,752	(47,047,031)
Net change in unrealized appreciation (depreciation) on investments and on translation of assets and liabilities in foreign currencies	8,471,378	63,947,534
Net increase (decrease) in net assets resulting from operations	15,001,939	20,680,424
Distributions to Stockholders from:		
Net investment income	(7,024,521)	(6,488,521)
Capital share transactions		
Value of shares issued for distributions (150,664 and 189,280 shares)	1,298,616	919,875
Cost of shares purchased in open market (63,859 and 266,895 shares)	(474,704)	(1,686,712)
Increase (decrease) in net assets from capital share transactions	823,912	(766,837)
Total increase (decrease) in net assets	8,801,330	13,425,066
Net assets at beginning of year	86,243,020	72,817,954
Net assets at end of year	$ 95,044,350	$ 86,243,020
Excess of distributions over net investment income	$ (2,424,178)	$ (2,442,157)

The accompanying Notes to Financial Statements are an integral part of this statement.

Table of Contents

Financial Highlights

The Fund s financial highlights are presented below. Per share operating performance data is designed to allow investors to trace the operating performance, on a per Common share basis, from the beginning net asset value to the ending net asset value, so that investors can understand what effect the individual items have on their investment, assuming it was held throughout the period. Generally, the per share amounts are derived by converting the actual dollar amounts incurred for each item, as disclosed in the financial statements, to their equivalent per Common share amounts, using average Common shares outstanding during the period.

Total return measures the Fund s performance assuming that investors purchased Fund shares at market price or net asset value as of the beginning of the period, reinvested all their distributions, and then sold their shares at the closing market price or net asset value on the last day of the period. The computations do not reflect taxes or any sales commissions investors may incur in purchasing or selling Fund shares and taxes investors may incur on distributions or on the sale of Fund shares. Total returns are not annualized for periods of less than one year.

Table of Contents

Financial Highlights *(continued)*

	Year ended Dec. 31,			
Per share operating performance	**2010**	**2009**	**2008**	**2007[(a)]**
Net asset value, beginning of period	$9.09	$7.61	$18.29	$23.88(b)
Income from investment operations:				
Net investment income (loss)	.38	.39	.60	.35
Net gains (losses) (both realized and unrealized)	1.20	1.77	(9.42)	(4.95)
Total from investment operations	1.58	2.16	(8.82)	(4.60)
Offering costs				(.05)
Less distributions:				
Distributions from net investment income	(.74)	(.68)	(.29)	(.35)
Distributions in excess of net investment income				(.53)
Tax return of capital			(1.46)	
Total distributions	(.74)	(.68)	(1.75)	(.88)
Issuance of Common Stock in distributions			(.11)	(.06)
Net asset value, end of period	$9.93	$9.09	$7.61	$18.29
Market price, end of period	$9.40	$7.39	$5.60	$16.15
Total return:				
Based upon net asset value	18.88%	34.15%	(50.17%)	(19.61%)[(c)]
Based upon market price	38.42%	48.21%	(58.47%)	(32.20%)[(d)]
Ratios to average net assets[(e)]				
Total expenses	1.22%	1.41%	1.26%	1.18%(f)
Net investment income (loss)	4.10%	5.15%	4.24%	2.82%(f)
Supplemental data				
Net assets, end of period (in millions)	$95	$86	$73	$166
Portfolio turnover rate	210%	255%	241%	134%

(a) For the period from May 30, 2007 (commencement of operations) to Dec. 31, 2007.

(b)

Net asset value, beginning of period, of $23.875 reflects a deduction of $1.125 per share sales charge from the initial offering price of $25.00 per share.

(c) Since inception total return for net asset value (NAV) is from the opening of business on May 30, 2007, and includes the 4.50% initial sales load. The NAV price per share of the Fund s Common Stock at inception was $23.88.

(d) Since inception total return for market price is based on the initial offering price on May 25, 2007, which was $25.00 per share.

(e) In addition to the fees and expenses which the Fund bears directly, the Fund indirectly bears a pro rata share of the fees and expenses of the acquired funds in which it invests. Such indirect expenses are not included in the reported expense ratios.

(f) Annualized.

The accompanying Notes to Financial Statements are an integral part of this statement.

Notes to Financial Statements

1. ORGANIZATION

RiverSource LaSalle International Real Estate Fund, Inc. (the Fund) is registered under the Investment Company Act of 1940, as amended (1940 Act), as a non-diversified, closed-end management investment company. The Fund has 100 million authorized shares of common stock (Common Stock). The Fund s Common Stock trades on the New York Stock Exchange (NYSE) under the symbol SLS .

The Fund s primary investment objective is long-term capital appreciation and its secondary objective is current income. In seeking its objectives, the Fund invests at least 80% of its Managed Assets (the net asset value of the Fund s outstanding Common Stock plus the liquidation preference of any issued and outstanding preferred shares (Preferred Stock) of the Fund and the principal amount of any borrowings used for leverage) in equity and equity-related securities issued by international real estate companies.

The Fund currently has outstanding Common Stock. Each outstanding share of Common Stock entitles the holder thereof to one vote on all matters submitted to a vote of the Common Stockholders, including the election of directors. Because the Fund has no other classes or series of stock outstanding, Common Stock possesses exclusive voting power. All of the Fund s shares of Common Stock have equal dividend, liquidation, voting and other rights. The Fund s Common Stockholders have no preference, conversion, redemption, exchange, sinking fund, or appraisal rights and have no preemptive rights to subscribe for any of the Fund s securities.

Although the Fund has no current intention to do so, the Fund is authorized and reserves the flexibility to use leverage through the issuance of Preferred Shares and/or borrowings, including the issuance of debt securities. The costs of issuing Preferred Stock and/or a borrowing program would be borne by Common Stockholders and consequently would result in a reduction of net asset value of shares of Common Stock.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

Preparing financial statements that conform to U.S. generally accepted accounting principles requires management to make estimates (e.g., on assets, liabilities and contingent assets and liabilities) that could differ from actual results.

Table of Contents

Notes to Financial Statements *(continued)*

Valuation of securities

All securities are valued at the close of business of the NYSE. Securities traded on national securities exchanges or included in national market systems are valued at the last quoted sales price from the primary exchange. Debt securities are generally traded in the over-the-counter market and are valued by an independent pricing service using an evaluated bid. When market quotes are not readily available, the pricing service, in determining fair values of debt securities, takes into consideration such factors as current quotations by broker/dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Foreign securities are valued based on quotations from the principal market in which such securities are normally traded. The policy adopted by the Fund s Board of Directors (the Board) generally contemplates the use of fair valuation in the event that price quotations or valuations are not readily available, price quotations or valuations from other sources are not reflective of market value and thus deemed unreliable, or a significant event has occurred in relation to a security or class of securities (such as foreign securities) that is not reflected in price quotations or valuations from other sources. A fair value price is a good faith estimate of the value of a security at a given point in time.

Many securities markets and exchanges outside the U.S. close prior to the close of the NYSE and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the close of the NYSE, including significant movements in the U.S. market after foreign exchanges have closed. In those situations, foreign securities will be fair valued pursuant to the policy adopted by the Board, including utilizing a third party pricing service to determine these fair values. This policy takes into account multiple factors, including movements in the U.S. securities markets, to determine a good faith estimate that reasonably reflects the current market conditions as of the close of the NYSE. The fair value of a security is likely to be different from the quoted or published price, if available.

Short-term securities maturing in more than 60 days from the valuation date are valued at the market price or approximate market value based on current interest rates. Typically, those maturing in 60 days or less that originally had maturities of more than 60 days at acquisition date are valued at amortized cost using the market value on the 61st day before maturity. Short-term securities maturing in 60 days or less at acquisition date are valued at amortized cost. Amortized cost is an approximation of market value. Investments in money market funds are valued at net asset value.

Foreign currency exchange contracts are marked-to-market daily based upon foreign currency exchange rates provided by a pricing service.

Foreign currency translations

Securities and other assets and liabilities denominated in foreign currencies are translated daily into U.S. dollars. Foreign currency amounts related to the purchase or sale of securities and income and expenses are translated at the exchange rate on the transaction date. The effect of changes in foreign exchange rates on realized and unrealized security gains or losses is reflected as a component of such gains or losses. In the Statement of Operations, net realized gains or losses from foreign currency transactions, if any, may arise from sales of foreign currency, closed forward contracts, exchange gains or losses realized between the trade date and settlement date on securities transactions, and other translation gains or losses on dividends, interest income and foreign withholding taxes. At Dec. 31, 2010, foreign currency holdings consisted of multiple denominations.

Repurchase agreements

The Fund may enter into repurchase agreements. Generally, securities received as collateral subject to repurchase agreements are deposited with the Fund s custodian and, pursuant to the terms of the repurchase agreement, must have an aggregate market value greater than or equal to the repurchase price plus accrued interest at all times. The market value of securities held as collateral for repurchase agreements is monitored on a daily basis to ensure the existence of the proper level of collateral.

Guarantees and indemnifications

Under the Fund s organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, certain of the Fund s contracts with its service providers contain general indemnification clauses. The Fund s maximum exposure under these arrangements is unknown since the amount of any future claims that may be made against the Fund cannot be determined and the Fund has no historical basis for predicting the likelihood of any such claims.

Federal taxes

The Fund s policy is to comply with Subchapter M of the Internal Revenue Code that applies to regulated investment companies and to distribute substantially all of its taxable income (which includes net short-term capital gains) to Stockholders. No provision for income or excise taxes is thus required.

Management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

Notes to Financial Statements *(continued)*

Generally, the tax authorities can examine all tax returns filed for the last three years.

Foreign capital gains taxes

The Fund may be subject to foreign taxes on income, gains on investments or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries, as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

Realized gains in certain countries may be subject to foreign taxes at the Fund level, at rates ranging from approximately 10% to 15%. The Fund pays such foreign taxes on net realized gains at the appropriate rate for each jurisdiction.

Dividends to Stockholders

The Fund intends to make quarterly distributions to holders of Common Stock that are approximately equal to all distributions received by the Fund from its underlying portfolio investments (regardless of their characterization for tax purposes), less Fund expenses. Capital gains, when available, are normally distributed along with the last income dividend of the calendar year.

Dividends and other distributions to Stockholders are recorded on ex-dividend dates.

Other

Security transactions are accounted for on the date securities are purchased or sold. Dividend income is recognized on the ex-dividend date or upon receipt of ex-dividend notification in the case of certain foreign securities. Interest income, including amortization of premium, market discount and original issue discount using the effective interest method, is accrued daily.

The Fund receives distributions from holdings in real estate investment trusts (REITs) which report information on the components of their distributions annually. REIT distributions are allocated to dividend income, capital gain and return of capital based on estimates made by the Fund s management if actual information has not yet been reported. Return of capital is recorded as a reduction of the cost basis of securities held. Management s estimates are subsequently adjusted when the actual character of the distributions is disclosed by the REITs which could result in a proportionate increase/decrease in return of capital to Stockholders.

3. DERIVATIVE INSTRUMENTS

The Fund invests in certain derivative instruments as detailed below to meet its investment objectives. Derivatives are instruments whose values depend on, or are derived from, in whole or in part, the value of one or more other assets, such as securities, currencies, commodities or indices. Derivative instruments may be used to maintain cash reserves while maintaining exposure to certain other assets, to offset anticipated declines in values of investments, to facilitate trading, to reduce transaction costs and to pursue higher investment returns. The Fund may also use derivative instruments to mitigate certain investment risks, such as foreign currency exchange rate risk, interest rate risk and credit risk. Derivatives may involve various risks, including the potential inability of the counterparty to fulfill its obligation under the terms of the contract, the potential for an illiquid secondary market and the potential for market movements which may expose the Fund to gains or losses in excess of the amount shown in the Statement of Assets and Liabilities.

The Fund and any counterparty are required to maintain an agreement that requires the Fund and that counterparty to monitor (on a daily basis) the net fair value of all derivatives entered into pursuant to the contract between the Fund and such counterparty. If the net fair value of such derivatives between the Fund and that counterparty exceeds a certain threshold (as defined in the agreement), the Fund or the counterparty (as the case may be) is required to post cash and/or securities as collateral. Fair values of derivatives presented in the financial statements are not netted with the fair value of other derivatives or with any collateral amounts posted by the Fund or any counterparty.

Forward foreign currency exchange contracts
Forward foreign currency exchange contracts are agreements between two parties to buy and sell a currency at a set price on a future date. These contracts are intended to be used to minimize the exposure to foreign exchange rate fluctuations during the period between the trade and settlement dates of the contract. The Fund utilized forward foreign currency exchange contracts in connection with the settlement of purchases and sales of securities.

The market values of forward foreign currency exchange contracts fluctuate with changes in foreign currency exchange rates. The Fund will record a realized gain or loss when the forward foreign currency exchange contract is closed.

The use of forward foreign currency exchange contracts does not eliminate fluctuations in the prices of the Fund s portfolio securities. The risks of forward foreign currency contracts include movement in the values of the foreign currencies relative to the U.S. dollar (or other foreign currencies) and the possibility that counterparties will not complete their contractual obligations,

Table of Contents

Notes to Financial Statements *(continued)*

which may be in excess of the amount reflected, if any, in the Statement of Assets and Liabilities.

Effects of derivative transactions on the financial statements

The following tables are intended to provide additional information about the effect of derivatives on the financial statements of the Fund including: the fair value of derivatives by risk category and the location of those fair values in the Statement of Assets and Liabilities; the impact of derivative transactions on the Fund s operations over the period including realized gains or losses and unrealized gains or losses. The derivative schedules following the Portfolio of Investments present additional information regarding derivative instruments outstanding at the end of the period, if any.

Fair values of derivative instruments at Dec. 31, 2010

At Dec. 31, 2010, the Fund had no outstanding derivatives.

Effect of derivative instruments in the Statement of Operations
for the year ended Dec. 31, 2010

Amount of realized gain (loss) on derivatives recognized in income

Risk exposure category	Forward foreign currency contracts
Foreign exchange contracts	$ 72

Change in unrealized appreciation (depreciation) on derivatives recognized in income

Risk exposure category	Forward foreign currency contracts
Foreign exchange contracts	$

Volume of derivative activity

Forward foreign currency exchange contracts

At Dec. 31, 2010, the Fund had no outstanding forward foreign currency exchange contracts. The average gross notional amount of forward foreign currency exchange contracts opened, and subsequently closed, was $335,000 for the year ended Dec. 31, 2010.

4. EXPENSES

Investment management services fees

Under an Investment Management Services Agreement, Columbia Management Investment Advisers, LLC (the Investment Manager) is responsible for the management of the Fund. Day-to-day portfolio management of the Fund is provided by the Fund s subadvisers. See Subadvisory and delegation agreements below. The annual management fee rate is equal to 0.915% of the Fund s average daily Managed Assets.

Subadvisory and delegation agreements

Under a subadvisory agreement between the Investment Manager and LaSalle Investment Management (Securities), L.P. (referred to as LaSalle U.S.) and a delegation agreement between LaSalle U.S. and LaSalle Investment Management Securities B.V. (collectively LaSalle), LaSalle is responsible for furnishing investment advice, research and assistance with respect to the Fund s investments. The Investment Manager contracts with and compensates LaSalle U.S. for the provision of day-to-day portfolio management of the Fund s assets. Under the subadvisory agreement, the Investment Manager pays LaSalle U.S. a fee equal to 0.49% of the Fund s average daily Managed Assets.

Administrative services fees

Under an Administrative Services Agreement, the Fund pays the Fund Administrator an annual fee for administration and accounting services equal to a percentage of the Fund s average daily Managed Assets that declines from 0.08% to 0.05% as the Fund s Managed Assets increase. The fee for the year ended Dec. 31, 2010 was 0.08% of the Fund s average daily Managed Assets. Prior to Jan. 1, 2011, Ameriprise Financial, Inc. served as the Fund Administrator. Since Jan. 1, 2011, Columbia Management Investment Advisers, LLC has served as the Fund Administrator.

Other fees

Other expenses are for, among other things, certain expenses of the Fund or the Board including: Fund boardroom and office expense, employee compensation, employee health and retirement benefits, and certain other expenses. Payment of these Fund and Board expenses is facilitated by a company providing limited administrative services to the Fund and the Board. For the year ended Dec. 31, 2010, other expenses paid to this company were $108.

Compensation of board members

Under a Deferred Compensation Plan (the Plan), the board members who are not interested persons of the Fund as defined under the 1940 Act may defer receipt of their compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of the Fund or certain other funds managed by the Investment Manager. The Fund s liability for these amounts is adjusted for market value changes and remains in the Fund until distributed in accordance with the Plan.

Notes to Financial Statements *(continued)*

5. SECURITIES TRANSACTIONS

Cost of purchases and proceeds from sales of securities (other than short-term obligations) aggregated $180,061,819 and $182,232,847, respectively, for the year ended Dec. 31, 2010. Realized gains and losses are determined on an identified cost basis.

6. DIVIDEND INVESTMENT PLAN AND STOCK REPURCHASE PROGRAM

The Fund, in connection with its Dividend Investment Plan (the Plan), issues shares of its own Common Stock, as needed, to satisfy Plan requirements. A total of 150,664 shares were issued to Plan participants during the year ended Dec. 31, 2010 for proceeds of $1,298,616, a weighted average discount of 7.5% from the net asset value of those shares.

Pursuant to the Plan, unless a Common Stockholder elects otherwise, all cash dividends, capital gains distributions, and other distributions are automatically reinvested in additional Common Stock. If you hold your shares in street name or other nominee (i.e., through a broker), you should contact them to determine their policy, as the broker firm s policy with respect to Fund distributions may be to default to a cash payment. Common Stockholders who elect not to participate in the Plan (including those whose intermediaries do not permit participation in the Plan by their customers) will receive all dividends and distributions payable in cash directly to the Common Stockholder of record (or, if the shares of Common Stock are held in street or other nominee name, then to such nominee). Common Stockholders may elect not to participate in the Plan and to receive all distributions of dividends and capital gains or other distributions in cash by sending written instructions to American Stock Transfer & Trust Company, LLC (AST), 59 Maiden Lane Plaza Level, New York, New York 10038. Participation in the Plan may be terminated or resumed at any time without penalty by written notice if received by AST, prior to the record date for the next distribution. Otherwise, such termination or resumption will be effective with respect to any subsequently declared distribution.

Under the Plan, Common Stockholders receive shares of Common Stock in lieu of cash distributions unless they have elected otherwise as described above. Common Stock will be issued in lieu of cash by the Fund from previously authorized but unissued Common Stock. If the market price of a share on the ex-dividend date of such a distribution is at or above the Fund s net asset value per share on such date, the number of shares to be issued by the Fund to each Common Stockholder receiving shares in lieu of cash distributions will be determined by dividing the amount of the cash distribution to which such Common Stockholder would be entitled by the greater of the net asset value per share on such date or 95% of the market price of a share on such date. If the market price of a share on such an ex-dividend date is below the net asset value per share, the number of shares to be issued to such Common Stockholders will be determined by dividing such amount by the per share market price. The issuance of Common Stock at less than net asset value per share will dilute the net asset value of all Common Stock outstanding at that time. Market price on any day means the closing price for the Common Stock at the close of regular trading on the NYSE on such day or, if such day is not a day on which the Common Stock trades, the closing price for the Common Stock at the close of regular trading on the immediately preceding day on which trading occurs.

The Fund, under its stock repurchase program, currently intends to make open market purchases of its Common Stock from time to time when the Fund is trading at a discount to its net asset value, in an amount approximately sufficient to offset the growth in the number of shares of Common Stock issued as a result of the reinvestment of the portion of its distributions to Common Stockholders that are attributable to distributions received by the Fund from its underlying portfolio investments less Fund expenses. For the year ended Dec. 31, 2010, 63,859 shares were purchased in the open market at an aggregate cost of $474,704, which represented a weighted average discount of 17.0% from the net asset value of those acquired shares. Shares of Common Stock repurchased to satisfy Plan requirements or in the open market are retired and no longer outstanding.

The Fund reserves the right to amend or terminate the Plan as applied to any distribution paid subsequent to written notice of the change sent to participants in the Plan at least 90 days before the record date for such distribution. There are no service or brokerage charges to participants in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable to the Fund by the participants. The Fund also reserves the right to amend the Plan to provide for payment of brokerage fees by Plan participants in the event the Plan is changed to provide for open market purchases of Common Stock on behalf of Plan participants. All correspondence concerning the Plan should be directed to AST.

7. LENDING OF PORTFOLIO SECURITIES

The Fund has entered into a Master Securities Lending Agreement (the Agreement) with JPMorgan Chase Bank, National Association (JPMorgan). The Agreement authorizes JPMorgan as lending agent to lend securities to authorized borrowers in order to generate additional income on behalf of the Fund. Pursuant to the Agreement, the securities loaned are secured by cash or U.S. government

Table of Contents

Notes to Financial Statements *(continued)*

securities equal to at least 100% of the market value of the loaned securities. Any additional collateral required to maintain those levels due to market fluctuations of the loaned securities is delivered the following business day. Cash collateral received is invested by the lending agent on behalf of the Fund into authorized investments pursuant to the Agreement. The investments made with the cash collateral are listed in the Portfolio of Investments. The values of such investments and any uninvested cash collateral are disclosed in the Statement of Assets and Liabilities along with the related obligation to return the collateral upon the return of the securities loaned. At Dec. 31, 2010, securities valued at $7,806,514 were on loan, secured by cash collateral of $8,147,233 invested in short-term securities or in cash equivalents.

Risks of delay in recovery of securities or even loss of rights in the securities may occur should the borrower of the securities fail financially. Risks may also arise to the extent that the value of the securities loaned increases above the value of the collateral received. JPMorgan will indemnify the Fund from losses resulting from a borrower s failure to return a loaned security when due. Such indemnification does not extend to losses associated with declines in the value of cash collateral investments. The Investment Manager is not responsible for any losses incurred by the Fund in connection with the securities lending program. Loans are subject to termination by the Fund or the borrower at any time, and are, therefore, not considered to be illiquid investments.

Pursuant to the Agreement, the Fund receives income for lending its securities either in the form of fees or by earning interest on invested cash collateral, net of negotiated rebates paid to borrowers and fees paid to the lending agent for services provided and any other securities lending expenses. Net income of $33,123 earned from securities lending for the year ended Dec. 31, 2010 is included in the Statement of Operations. The Fund also continues to earn interest and dividends on the securities loaned.

8. AFFILIATED MONEY MARKET FUND

The Fund may invest its daily cash balance in Columbia Short-Term Cash Fund (formerly known as RiverSource Short-Term Cash Fund), a money market fund established for the exclusive use of certain funds managed by the Investment Manager and other institutional clients of the Investment Manager. The cost of the Fund s purchases and proceeds from sales of shares of Columbia Short-Term Cash Fund aggregated $6,878,718 and $6,143,951, respectively, for the year ended Dec. 31, 2010. The income distributions received with respect to the Fund s investment in Columbia Short-Term Cash Fund can be found in the

Statement of Operations and the Fund s invested balance in Columbia Short-Term Cash Fund at Dec. 31, 2010, can be found in the Portfolio of Investments.

9. FEDERAL TAX INFORMATION

Net investment income (loss) and net realized gains (losses) may differ for financial statement and tax purposes primarily because of foreign currency transactions, passive foreign investment company (PFIC) holdings, re-characterization of REIT distributions, post-October losses, foreign tax credits and losses deferred due to wash sales. The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the year that the income or realized gains were recorded by the Fund.

In the Statement of Assets and Liabilities, as a result of permanent book-to-tax differences, excess of distributions over net investment income has been decreased by $3,461,691 and accumulated net realized loss has been increased by $3,461,691.

The tax character of distributions paid for the years indicated was as follows:

Year ended Dec. 31,	**2010**	**2009**
Ordinary income	$ 7,024,521	$ 6,488,521

At Dec. 31, 2010, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income	$ 901,174
Undistributed accumulated long-term gain	
Accumulated realized loss	(109,532,440)
Unrealized appreciation (depreciation)	(2,181,794)

For federal income tax purposes, the Fund had a capital loss carry-over of $109,532,440 at Dec. 31, 2010, that if not offset by capital gains will expire as follows:

2015	**2016**	**2017**	**2018**
$ 6,138,672	$ 40,987,419	$ 58,101,454	$ 4,304,895

It is unlikely the Board will authorize a distribution of any net realized capital gains until the available capital loss carry-over has been offset or expires. There is no assurance that the Fund will be able to utilize all of its capital loss carry-over before it expires.

Notes to Financial Statements *(continued)*

10. RISKS RELATING TO CERTAIN INVESTMENTS

Active management risk

The Fund is actively managed and its performance therefore will reflect in part the ability of the portfolio managers to select securities and to make investment decisions that are suited to achieving the Fund s investment objective. Due to its active management, the Fund could underperform other funds with similar investment objectives.

Non-diversification risk

The Fund is non-diversified. A non-diversified fund may invest more of its assets in fewer companies than if it were a diversified fund. Because each investment has a greater effect on the Fund s performance, the Fund may be more exposed to the risks of loss and volatility than a fund that invests more broadly.

Foreign currency risk

Foreign currency risk results from constantly changing exchange rates between local currency and the U.S. dollar. Whenever the Fund holds securities valued in a foreign currency or holds the currency, changes in the exchange rate add to or subtract from the value of the investment.

Real estate industry risk

Because of the Fund s policy of concentrating its investments in securities of companies operating in the real estate industry, the Fund is more susceptible to risks associated with the ownership of real estate and with the real estate industry in general. These risks can include fluctuations in the value of the underlying properties, defaults by borrowers or tenants, market saturation, decreases in market rates for rents, and other economic, political, or regulatory occurrences affecting the real estate industry, including REITs. REITs depend upon specialized management skills, may have limited financial resources, may have less trading volume, and may be subject to more abrupt or erratic price movements than the overall securities markets. REITs are also subject to the risk of failing to qualify for tax-free pass-through of income. Some REITs (especially mortgage REITs) are affected by risks similar to those associated with investments in debt securities including changes in interest rates and the quality of credit extended.

REITs often do not provide complete tax information until after the calendar year-end. Consequently, because of the delay, it may be necessary for the Fund to request permission to extend the deadline for issuance of Forms 1099-DIV beyond January 31.

Table of Contents