



# CREates Business\*

\*Colonia

First Nine Months 2010

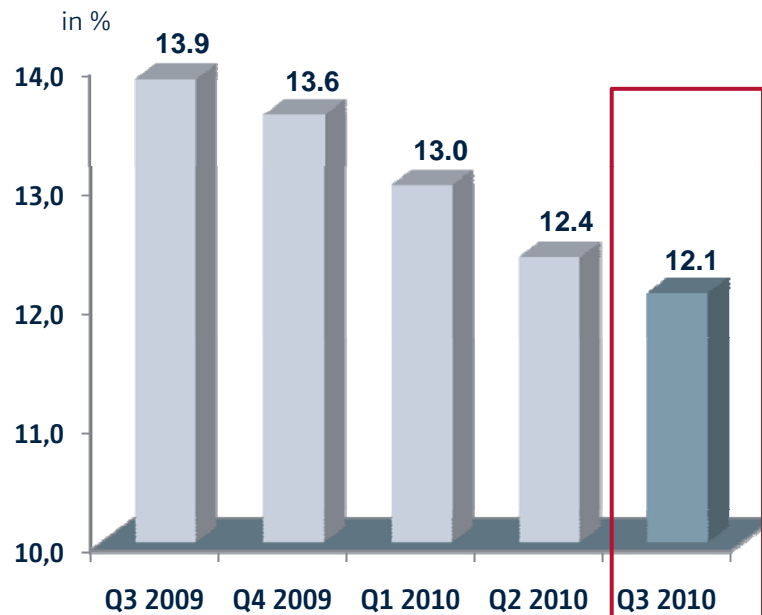
November 10, 2010

<b>Colonia</b>	REAL ESTATE AG
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### Vacancy Rate



\* like-for-like basis

#### Vacancy rates

In Q3 2010 vacancy rate decreased once more by 0.3% to **12.1%**.

Overall in first nine months 2010 we were able to lower vacancy 1.5%, this corresponds to a vacancy reduction of almost 11.0%.

#### Investments

Significant rise of investments in our residential portfolio to lower vacancies and to enhance the value of our properties. Expenses H1 2010 more than EUR 6.0 mn; Q3 2010 again EUR 4.6 mn.

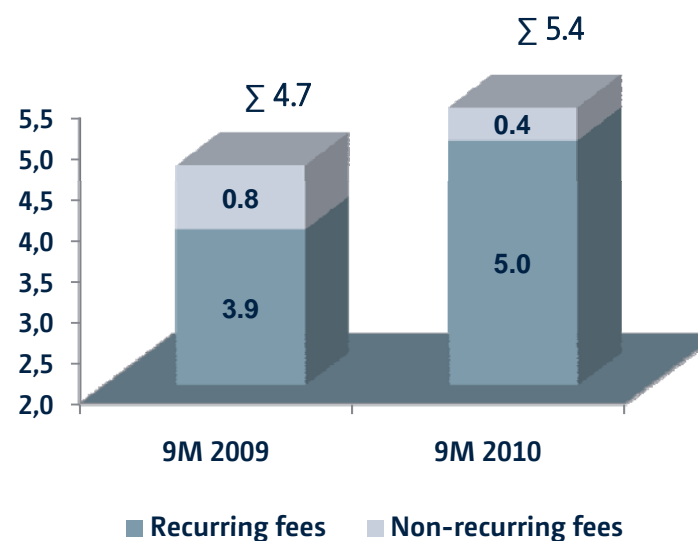
#### Rents

Compared to Q2 2010 Gross Rental Income in Q3 increased by EUR 3.2 mn to EUR 22.7 mn.

Asset Management Net Result 9M 2010

	9M 2010	9M 2009
in EUR mn	01.01.- 30.09.2010	01.01.- 30.09.2009
Income from Asset Management	5.4	4.7
Expenses for Asset Management	-5.2	-6.2
<b>Net result from Asset Management</b>	<b>0.2</b>	<b>-1.5</b>

Asset Management Fee Structure



**Net result**

9M 2010: Asset Management increased sales EUR 0.7 mn (+15.2%) and returns into profit zone again; net result of EUR 0.2 mn in Q1-Q3 2010.

## Agenda

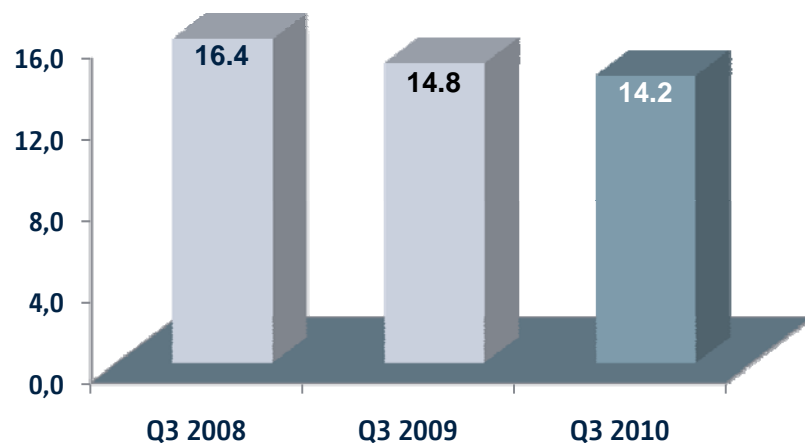
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## Financials Q3 & 9M 2010 – Rental Income

- **Net rental income** in 9M 2010 with EUR 42.4 mn slightly lower than 9M 2009 (EUR 45.1 mn) due to the sale of 1.000 units in Q3 2009 (EUR 3.7 mn rents in 9M 2009).
- On a quarterly bases **NRI** with EUR 14.2 mn slightly increased.
- Vacancy reductions of first nine months 2010 will positively effect rental income in the next months

### Net Rental Income Q3 2010

in EUR mn.



### Net Rental Income 9M 2010

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
Net Rental Income	14.1	14.1	14.2	<b>42.4</b>	45.1

↓  
inclusive EUR 3.7 mn  
rents of units sold in  
Sept. 2009

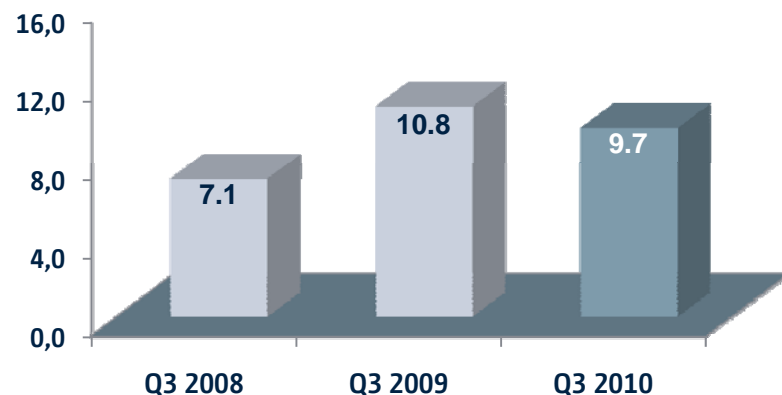
## Financials Q3 & 9M 2010 – Net Operating Income



- Due to investments in our residential portfolio of more than EUR 10.6 mn in 9M 2010 **net operating income** with EUR 26.1 mn lower than Q2 2009 (EUR 32.4 mn).
- Despite higher investments of EUR 4.6 mn NOI in Q3 2010 increased to EUR 9.7 mn. In comparison to Q1 2010 with EUR 2.0 mn investments a positive income trend.

### Net Operating Income Q3 2010

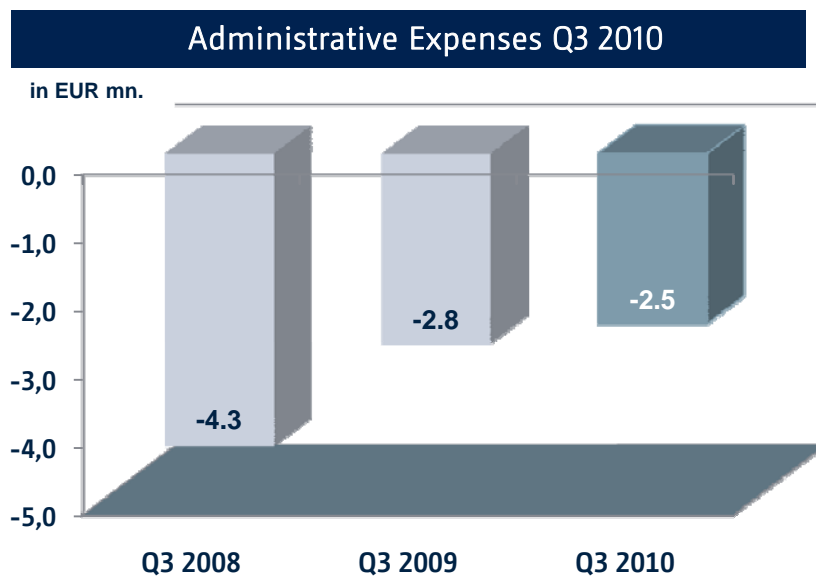
in EUR mn.



### Net Operating Income 9M 2010

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
Net Operating Income	10.4	6.0	9.7	26.1	32.4

- Administrative expenses with EUR 7.9 mn lower again (-4.8%) than in 9M 2009
- On a quarterly bases administrative expenses of Q3 2010 with EUR 2.5 mn on Q1 2010 level; Q2 2010 was effected by one-time effects



### Administrative Expenses 9M 2010

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
	in EUR k				
Personnel expenses	-0.9	-1.1	-0.9	-2.9	-3.7
Operating expenses	-1.5	-1.8	-1.5	-4.8	-4.5
Depreciation	-0.1	-0.04	-0.1	-0.2	-0.1
<b>Administrative expenses</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-2.5</b>	<b>-7.9</b>	<b>-8.3</b>

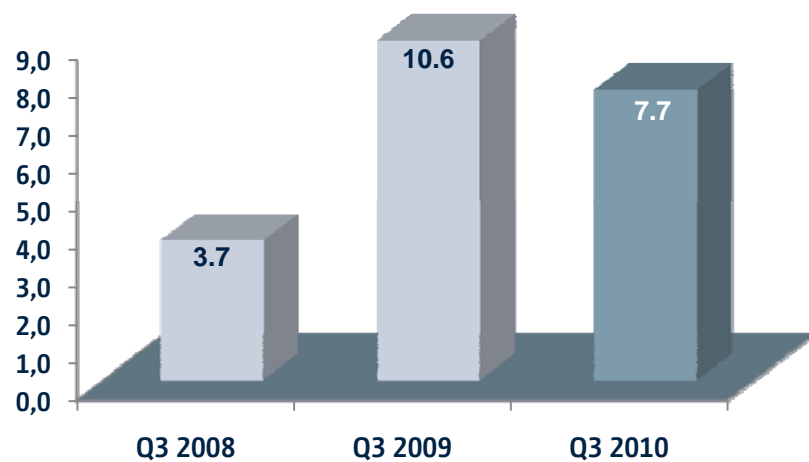


## Financials Q3 & 9M 2010 – Earning Figures

- Corresponding to Net Operating Income **EBITDA** of 9M 2010 **decreased** also to **EUR 19.8 mn** (9M 2009: EUR 25.9 mn). The decrease is also the result of higher maintenance and modernization spendings.

### EBITDA Q3 2010

in EUR mn.



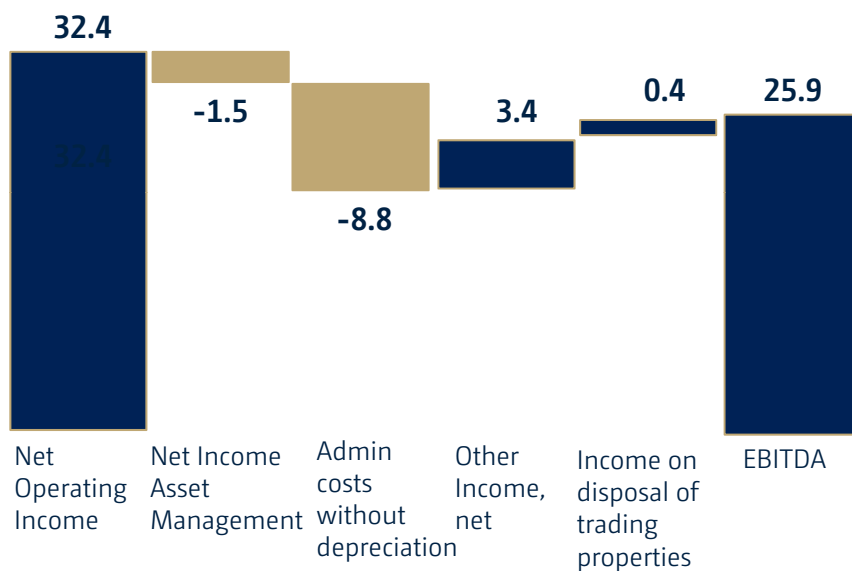
### EBITDA 9M 2010

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
EBITDA	8.4	3.7	7.7	<b>19.8</b>	25.9

# Financials Q1-Q3 2010 – Split EBITDA 9M 2010



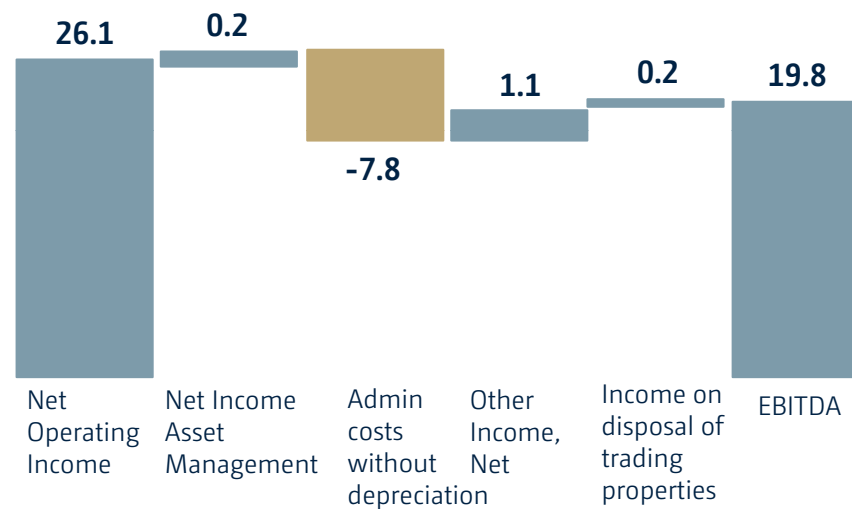
**9M 2009 EBITDA Split**



including EUR 3.7 mn rents from units sold in Q3 2009

thereof EUR 2.9 mn income from sold property companies

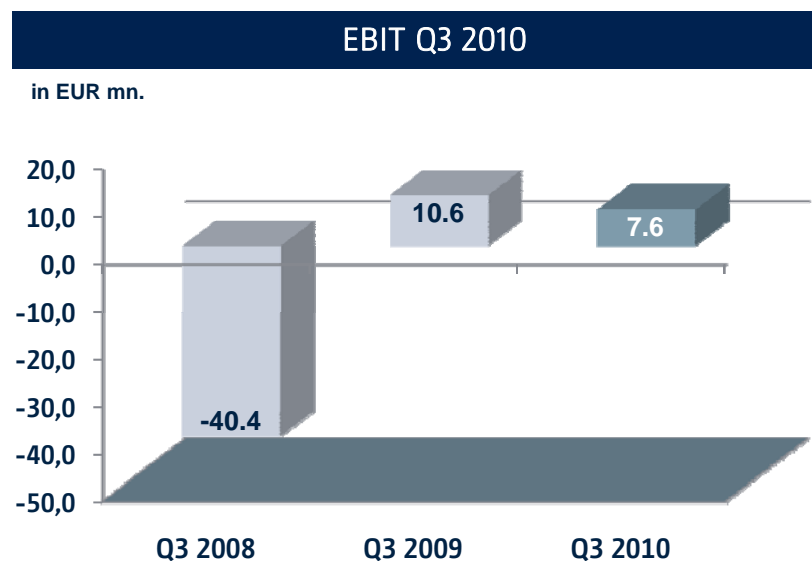
**9M 2010 EBITDA Split**



including EUR 10.6 mn investments in our residential portfolio

## Financials Q3 & 9M 2010 – Earning Figures

- 9M 2010 EBIT amounted EUR 23.4 mn. In comparison 9M 2009 EBIT was positive effected by EUR 2.9 mn income from the deconsolidation of property companies as a result of portfolio disposals.
- Without revaluation effects EBIT Q3 2010 with EUR 7.6 mn on same level like Q2 EBIT.



**EBIT 9M 2010**

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
EBIT	8.2	7.6	7.6	<b>23.4</b>	27.2

## Financials Q3 & 9M 2010 – Financial Result



- Financial expenses of 9M 2010 decreased in comparison to last year due to lower interest payments as a result of continuous deleveraging of our balance sheet
- With regard to the financial result 9M 2009 was positively effected by income of a loan waiver of EUR 8.7 mn

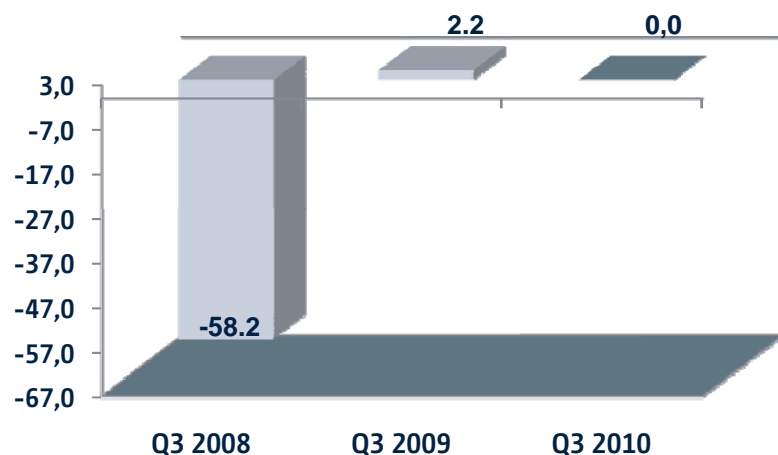
	1. Quarter 2010	2. Quarter 2010	3. Quarter 2010	9M 2010	9M 2009	
in EUR k	1/1-3/31/2010	4/1-6/30/2009	4/1-9/30/2009	1/1-9/30/2010	1/1-9/30/2009	
Interest on long-term loans	-7,6	-7,6	-6,9	-22,1	-24,9	
Interest on short-term liabilities	-0,2	-0,3	-0,5	-1,0	-1,4	
Ineffective portions of swaps	-0,3	-0,3	-0,3	-0,9	-0,9	
<b>Finance costs</b>	<b>-8,1</b>	<b>-8,2</b>	<b>-7,7</b>	<b>-24,0</b>	<b>-27,2</b>	
<b>Income from loan waiver</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>8,7</b>	
<b>Finance income</b>	<b>0,2</b>	<b>0,2</b>	<b>0,1</b>	<b>0,5</b>	<b>0,3</b>	Financial Result 9M 2009 without loan waiver
<b>FINANCIAL RESULT</b>	<b>-7,9</b>	<b>-8,0</b>	<b>-7,6</b>	<b>-23,5</b>	<b>-18,2</b>	<b>-26,9</b>

## Financials 9M 2010 – Consolidated Profit before Tax

- Without one-time effects of a loan waiver (+EUR 8.7 mn in 2009), only generated from the operating business and despite higher investments of EUR 10.6 mn we were able to achieve a break-even result before tax of in Q3 2010 (EUR k 6.4).

### Consolidated Pre Tax Profit Q3 2010

in EUR mn



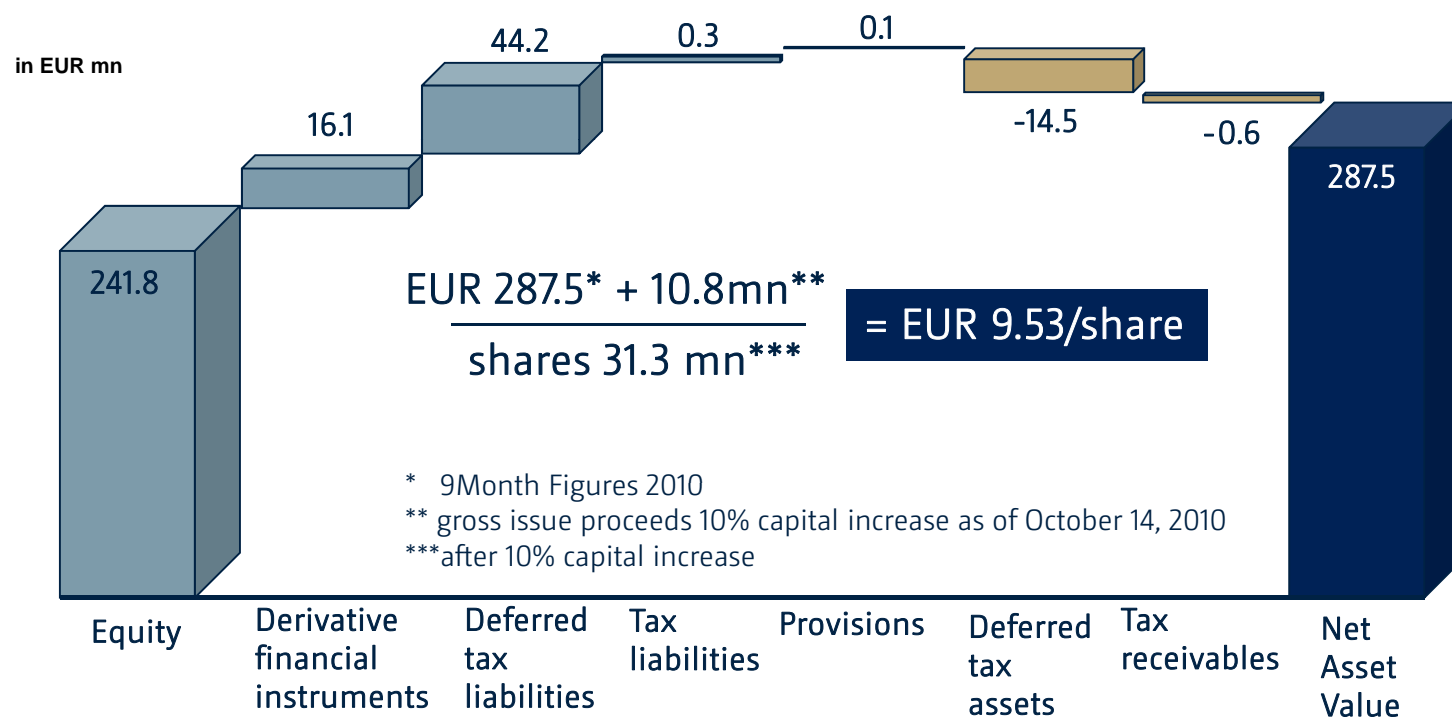
### Consolidated Pre Tax Profit 9M 2010

	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
	01.01.- 31.03.2010	01.04.- 30.06.2010	01.07.- 30.09.2010	01.01.- 30.09.2010	01.01.- 30.09.2009
Pre tax profit	0.3	-0.4	0.007	<b>-0.066</b>	9.0

# Financials 9M 2010 – NAV after capital increase

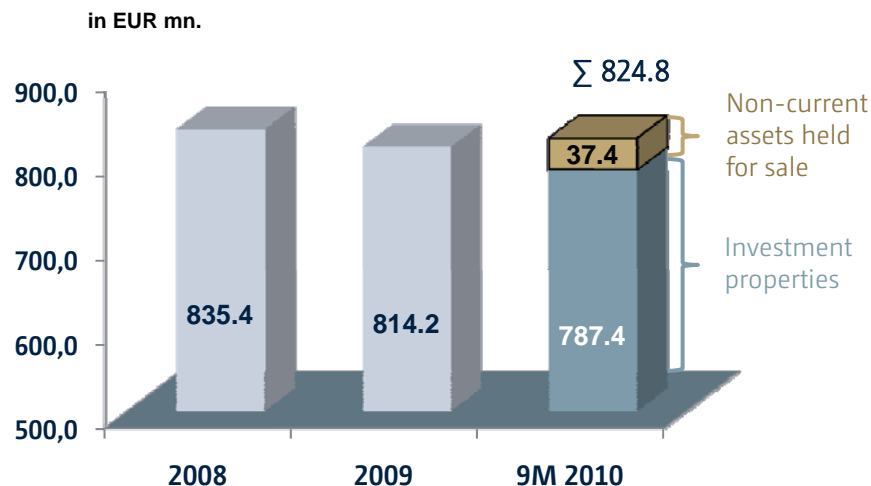


- Net Asset Value per share after 10% capital increase EUR 9.53

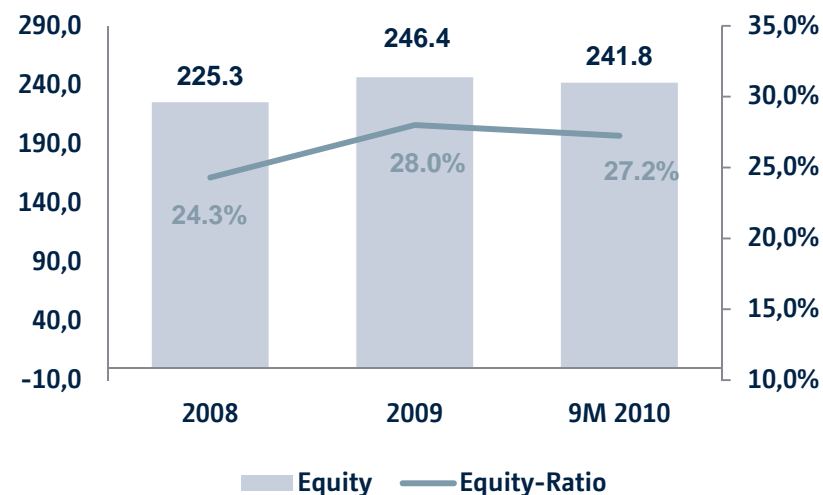


- Reduction of investment properties based on the reclassification of one smaller portfolio (EUR 37.4 mn) to non-current assets held for sale in Q2 2010.
- Equity with EUR 241.8 mn and equity ratio with 27.2% almost stable.

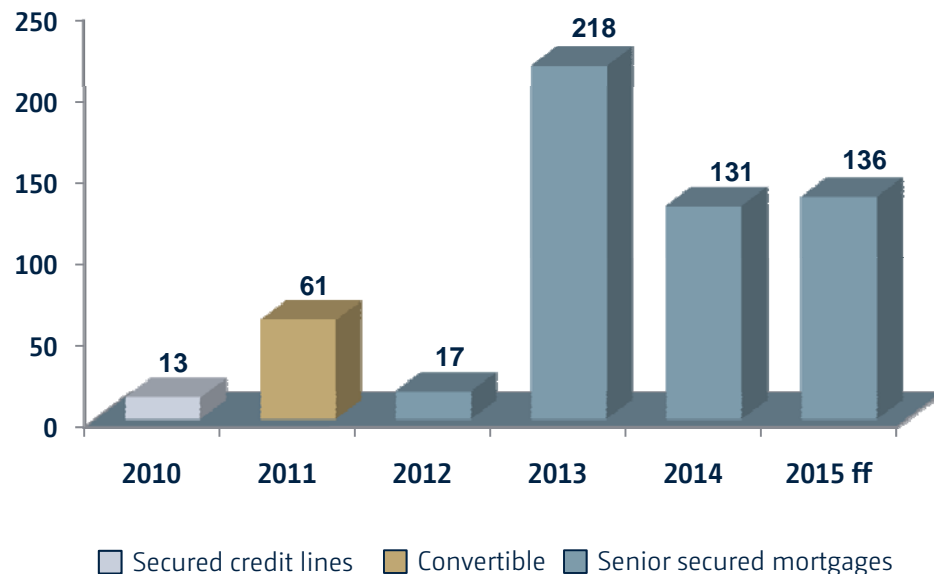
### Investment Properties



### Equity in mn and Ratio in %

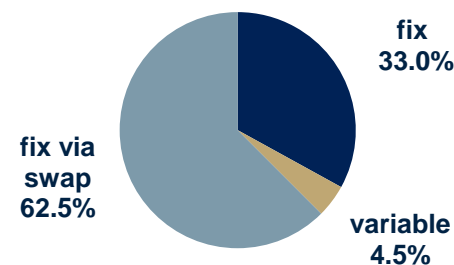


**Debt Duration Profile**



- Total debt volume: EUR 576 mn  
 Long term debt: EUR 563 mn  
 Short term debt: EUR 14 mn
- Avg. interest rate: 4.5 % p.a.  
 Average duration: 8 years  
 Hedging ratio: 95.5 %

**Interest Rate Profile**





## Financial 9M 2010 – Cash Flow Statement



### Cash Flow Statement in EUR mn

	9M 2010	9M 2009
in EUR mn	01.01.-30.09.2010	01.01.-30.09.2010
Cash and Cash equivalents at beginning of period	9.6	10.4
Cash flow generated/used for operating activities	2.9	-2.9
Net cash used in investing activities	-9.6	1.7
Net cash generated by financing activities	2.4	10.3
Changes in cash and cash equivalents	-4.3	9.1
Cash and cash equivalents at end of period	5.3	19.5

- Cash flow generated by operating activities 9M 2010 rose from minus EUR 2.9 mn to positive EUR 2.9 mn.
- Net cash used in investing activities, thereof EUR 6.4 mn capital expenditure on investment properties.

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## Colonia Residential Portfolio – Vacancy Rate Reduction (1)



- **Vacancy rate** decreased in first nine months 2010 from 13.6% to 12.1% - net absorption more than 270 units.
- More than EUR 10.6 mn **investments** in maintenance and modernization in 9M 2010; thereof EUR 4.6 mn only in Q3 2010.
- Average rent per sqm increased 1.1% to EUR 4.64 per sqm (year-to-date).



	<b>3. Quarter 2009</b>	<b>4. Quarter 2009</b>	<b>1. Quarter 2010</b>	<b>2. Quarter 2010</b>	<b>3. Quarter 2010</b>
	01.07.- 30.09.2009	01.10.- 31.12.2009	01.01.- 31.03.2010	01.04.- 30.06.2010	<b>01.07.- 30.09.2010</b>
Vacancy Rate in %	13.9	13.6	13.0	12.4	12.1
Average rent in Euro per sqm	4.59	4.59	4.60	4.59	4.64

## Colonia Residential Portfolio – Vacancy Rate Reduction (2)

**Colonia** REAL ESTATE AG

Portfolio name	City / Region	Residential units	Commercial units	sqm	Vacancy rate in % as at Jan. 1	Vacancy rate in % as at Sept. 30	Jan.-Sept.
EMERSON	Salzgitter	8,703	24	534,124	20.4%	18.5%	↓
DOMUS	Kiel, Buxtehude, Osnabrück, Aachen, Freiburg	1,020	48	80,574	5.8%	3.9%	↓
HAMBURG NORTH	Elmshorn/Itzehoe	1,525	17	99,529	10.6%	10.7%	↑
BREMEN	Brake, Bremen	1,853	3	105,183	6.8%	5.2%	↓
EAST	Dresden, Bad Frankenhausen	925	1	54,197	17.6%	13.7%	↓
BERLIN	Marzahn und Nauen	4,554	71	276,590	5.4%	4.6%	↓
<b>TOTAL</b>		<b>18,580</b>	<b>164</b>	<b>1,150,197*</b>	<b>13.6%</b>	<b>12.1%</b>	<b>↓</b>

\* thereof 25,585 commercial space



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## Outlook – Adhere to our Goals

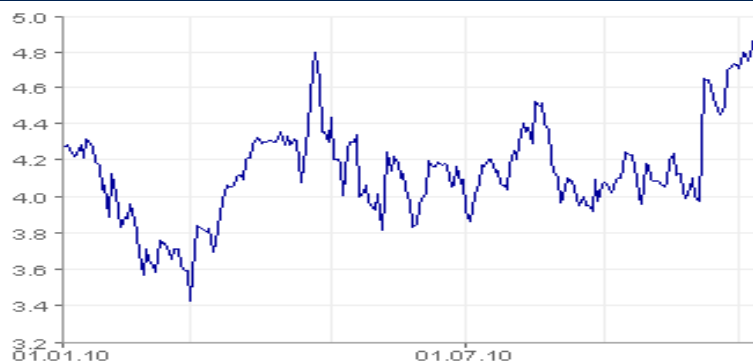
**Colonia**

REAL ESTATE AG

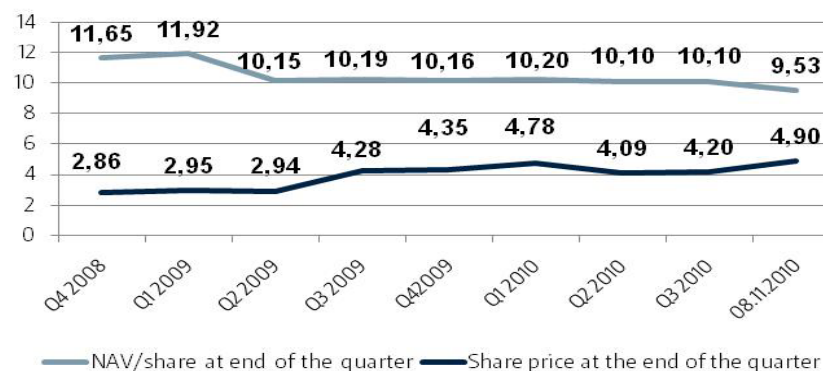
<b>Vacancy rate</b>	Significant reduction of our vacancy rate to 11 - 12%.	<b>on track</b>
<b>Cashflow</b>	Continuous enhancement of cash flow. Due to developments of rents and lowering vacancies increase and stabilization of cash income out of our real estate portfolio.	<b>on track</b>
<b>Portfolio</b>	Selling small partial portfolios with a transaction volume of between EUR 20 – 30 mn.	<b>in progress</b>
<b>Portfolio Growth</b>	Acquisition of new residential units up to 2,000 to increase our portfolio	<b>in progress</b>
<b>Services</b>	Return Asset Management into profit zone	<b>on track</b>

## Outlook – Share Details

### KBU Share Price Overview



### Share price to NAV



### Shareholder Structure as at Nov. 10, 2010

Shareholder	Share
TAG Immobilien AG	21.43 %
Minefa Holdings B.V.	5.08 %
Asset Value Investors Limited	3.72 %
Fidelity	3.39 %
British Empire Securities	2.10 %
<b>Freefloat</b>	<b>78.57 %</b>

### Conclusion

- ➔ Colonia share considerably undervalued
- ➔ Substantial upside potential to NAV in comparison to peer
- ➔ Growth potential out of existing residential portfolio. Foundation for future profit increase laid in first nine months 2010.

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## Balance Sheet 9M 2010 – Assets

**Colonia**

REAL ESTATE AG

in EUR mn.	Dec. 31, 2009	Sept. 30, 2010
<b>Investment properties</b>	814.2	787.4
<b>Property, plant &amp; equipment</b>	0.7	0.8
<b>Intangible assets</b>	3.4	3.4
<b>Investments in associates</b>	8.2	8.2
<b>Other Financial assets</b>	6.3	6.7
<b>Deferred tax assets</b>	12.6	14.5
<b>TOTAL non-current assets</b>	845.4	820.9
<b>Properties held for sale</b>	6.3	10.4
<b>Income tax receivables</b>	1.7	0.6
<b>Receivables and other assets</b>	14.4	8.6
<b>Cash and cash equivalents</b>	13.1	9.8
<b>TOTAL current assets</b>	35.5	29.4
<b>Non-current assets held for sale</b>	0.0	37.4
<b>TOTAL ASSETS</b>	880.9	887.8

## Balance Sheet 9M 2010 – Equity and Liabilities

**Colonia**

REAL ESTATE AG

in EUR mn.	Dec. 31, 2009	Sept. 30, 2010
<b>TOTAL equity</b>	246.4	241.8
<b>Financial liabilities</b>	477.5	446.0
Convertible bond	57.4	70.1
Provisions for pensions	0.1	0.1
Derivative financial instruments	9.7	10.5
Deferred tax liabilities	42.7	44.2
<b>TOTAL non-current liabilities</b>	587.4	570.9
Bank loans (current)	3.4	4.5
Financial liabilities (current)	23.6	24.1
Derivative financial instruments (current)	3.7	5.6
Account payables, trade and other payments	15.4	14.8
Tax liabilities	1.0	0.3
<b>TOTAL current liabilities</b>	47.1	49.4
Liabilities from assets classified as held for sale	0.0	25.7
<b>TOTAL EQUITY AND LIABILITIES</b>	880.9	887.8

## 9M 2010 - Income Statement

**Colonia**

REAL ESTATE AG

	in EUR mn	Q1 2010	Q2 2010	Q3 2010	9M 2010	9M 2009
Net operating income from rents		10.4	6.0	9.7	26.1	32.4
Net result from Asset Management		0.1	-0.2	0.2	0.2	-1.5
Net income on disposal of trading properties		0.05	0.1	0.05	0.2	0.4
Administrative expenses		-2.5	-2.9	-2.5	-7.9	-8.4
Restructuring costs		0.0	0.0	0.0	0.0	-0.5
Other income, net		0.3	0.5	0.1	0.9	3.4
Net result on disposal of investment properties		-0.05	0.0	0.0	-0.05	0.0
Valuation movements, net		0.0	4.0	0.0	4.0	1.5
<b>Operating profit before finance costs</b>		<b>8.2</b>	<b>7.6</b>	<b>7.6</b>	<b>23.4</b>	<b>27.2</b>
Financial results		-7.9	-8.0	-7.6	-23.5	-18.2
<b>Consolidated profit for the period before taxes</b>		<b>0.3</b>	<b>-0.4</b>	<b>0.0</b>	<b>-0.1</b>	<b>9.0</b>
Income tax expenses		-0.2	0.1	-0.05	-0.1	-0.7
<b>Consolidated profit for the period</b>		<b>0.1</b>	<b>-0.3</b>	<b>-0.1</b>	<b>-0.2</b>	<b>8.3</b>

*Thank you for your attention*



**Financial calendar**

November 10, 2010

Interim Report 3<sup>rd</sup> quarter 2010

November 22-24, 2010

German Equity Forum, Frankfurt/Main

**To be always updated, please have a look on our website [www.colonia.ag](http://www.colonia.ag)**

**Colonia Real Estate AG**

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### "Important Notice: Forward-Looking Statements

Statements in this presentation relating to future status or circumstances, including statements regarding management's plans and objectives for future operations, sales and earnings figures, are forward-looking statements of goals and expectations based on estimates, assumptions and the anticipated effects of future events on current and developing circumstances and do not necessarily predict future results.

Many factors could cause the actual results to be materially different from those that may be expressed or implied by such statements.

Colonia Real Estate AG does not intend to update these forward-looking statements and does not assume any obligation to do so."