



Colonia Real Estate AG

Next Generation Real Estate

*CRE 1. Quarter 2010
Business Highlights and Financials*



Colonia Real Estate AG | May 2010

Agenda



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Operative Highlights Q1 2010 – Investment Segment

CRE

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Vacancy Rate



* like-for-like basis

NRI / NOI

Slight decrease of rental income as a result of a smaller residential portfolio compared to Q1 2009. On a like-for-like basis without the sale of 1.000 units in Q3 2009 rental income almost stable.

Vacancy rates

On a like-for-like basis vacancy rate decreased 0.6% to 13.0%. Net absorption (more new leases than terminations) of approx. 65 residential units.

Rents

Average rent per sqm increased slightly to EUR 4.60 (Q1 2009: EUR 4.58/sqm).

Operative Highlights Q1 2010 – Service Segment



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CRE Asset Management

	1. Quarter 2010	1. Quarter 2009
in EUR k	01.01.- 31.03.2010	01.01.- 31.03.2009
Income from Asset Management	1,700.3	1,400.1
Expenses for Asset Management	-1,582.8	-1,723.0
Net result from Asset Management	117.5	-322.9

Net result

CRE Asset Management in the profit zone again. After Q4 2009 (EUR 0.4 mn) also positive result in Q1 2010.

Re-letting

- Lease about 10,000 sqm at the World trade tower in Dresden.
- New lease contract about 840 sqm in Leipzig

Residential

CRE won award for its innovative and sustainable asset management involving the energy-saving renovation of 1,500 apartments in the Hamburg area. Halving energy costs and CO₂ emission.

Structure

New Management and new structure. We start to build one nationwide integrated platform for real estate services.

Agenda

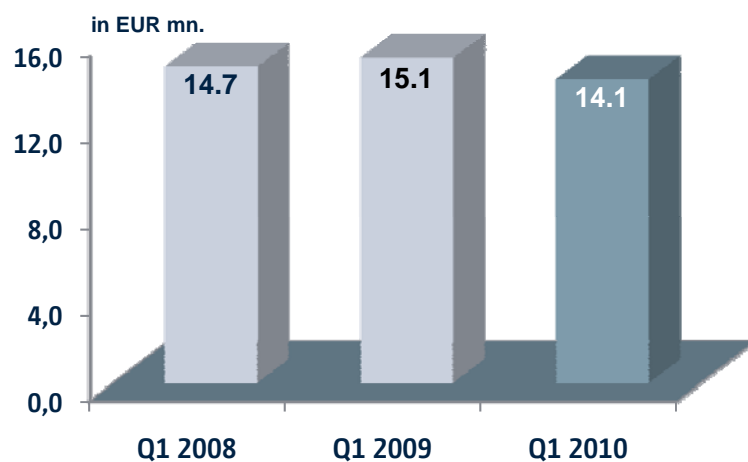


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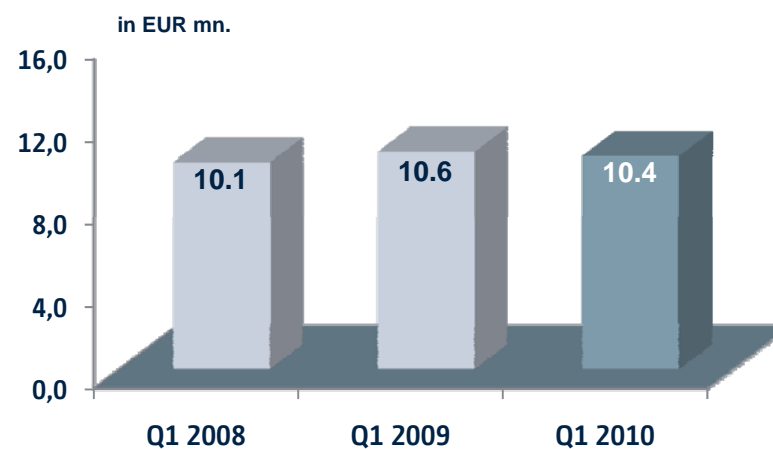
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- Net rental income slightly lower than Q1 2009 due to the sale of 1.000 units in Q3 2009
- Net operating income with EUR 10.4 mn nearly stable; like-for-like NOI improved slightly
- Average rent per sqm of EUR 4.60 (Q1 2009: EUR 4.58/sqm) – like-for-like

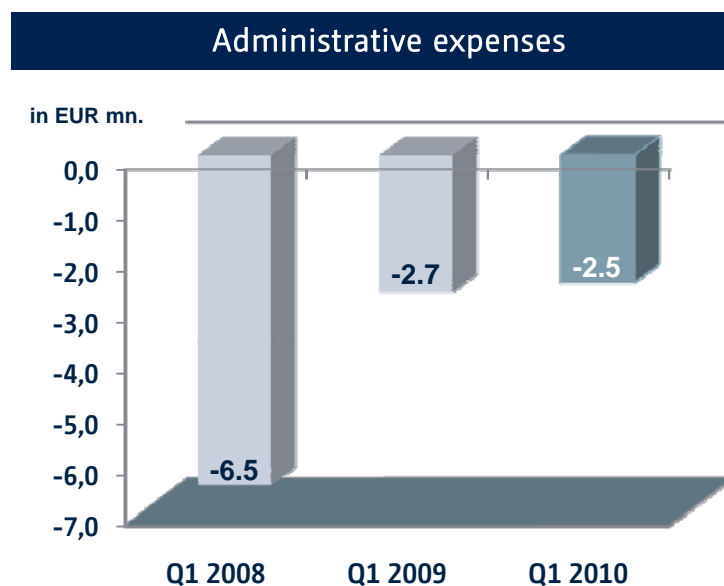
Net Rental Income



Net Operating Income



- Administrative expenses decreased 4.1% quarter on quarter to EUR 2.5 mn.
- With EUR 0.9 mn especially personnel expenses remain on a low level



Administrative expenses

	1. Quartal 2010	1. Quartal 2009
	01.01.-31.03.2010	01.01.-31.03.2009
in EUR k		
Personnel expenses	-934.6	-1,183.6
Operating expenses	-1,527.7	-1,426.6
Depreciation	-82.0	-44.2
Aministrative expenses	-2,544.3	-2,654.4

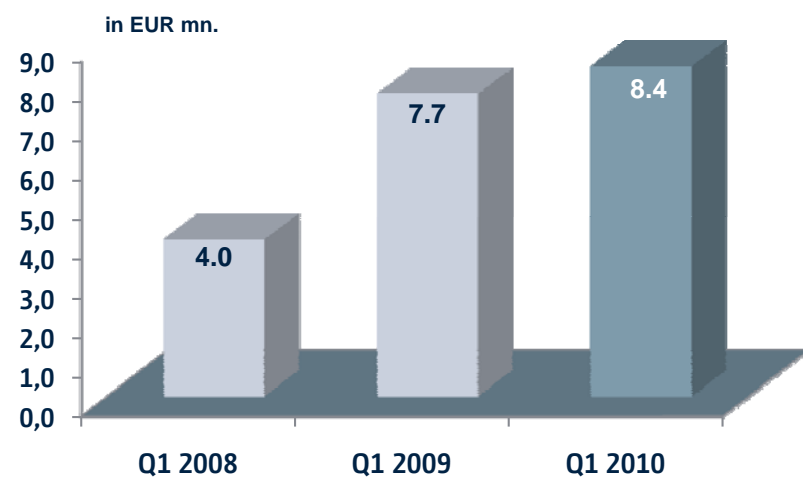
Financials Q1 2010 – Earnings Figures

CRE

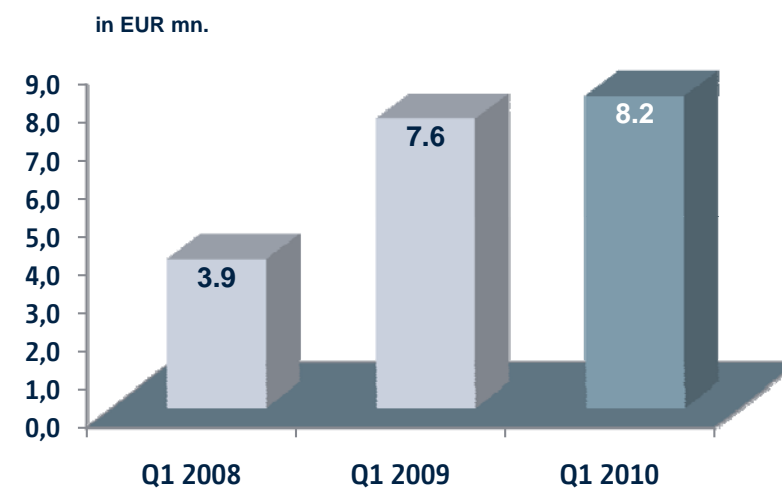
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- EBITDA increased 8.8% to EUR 8.4 mn. (Q1 2009: EUR 7.7 mn). The increase is also the result of a sustainable reduction in operating and administrative costs
- Corresponding EBIT also increased to EUR 8.2 mn (Q1 2009: 7.6)

EBITDA



EBIT



Financial Q1 2010 – Consolidated Profit



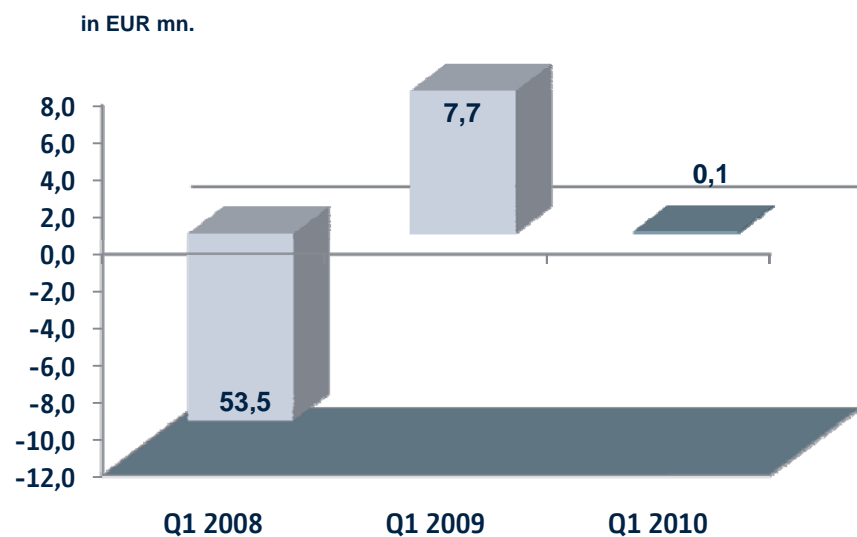
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Consolidated profit in EUR mn

	1. Quarter 2010	1. Quarter 2009
in EUR k	01.01. - 31.03.2010	01.01. - 31.03.2009
Interest on long-term loan	-7,606.3	-8,189.4
Interest on short-term loan	-236.2	-392.5
Ineffective portion of swaps	-269.1	0,0
Finance costs	-8,111.6	-8,581.9
Income from loan waver	0.0	8,700.2
Income from debt buyback	23.1	0.0
Income from measurement of interest hedges	188.4	65.9
Finance income	211.5	65.9
FINANCIAL RESULT	-7,900.1	184.2

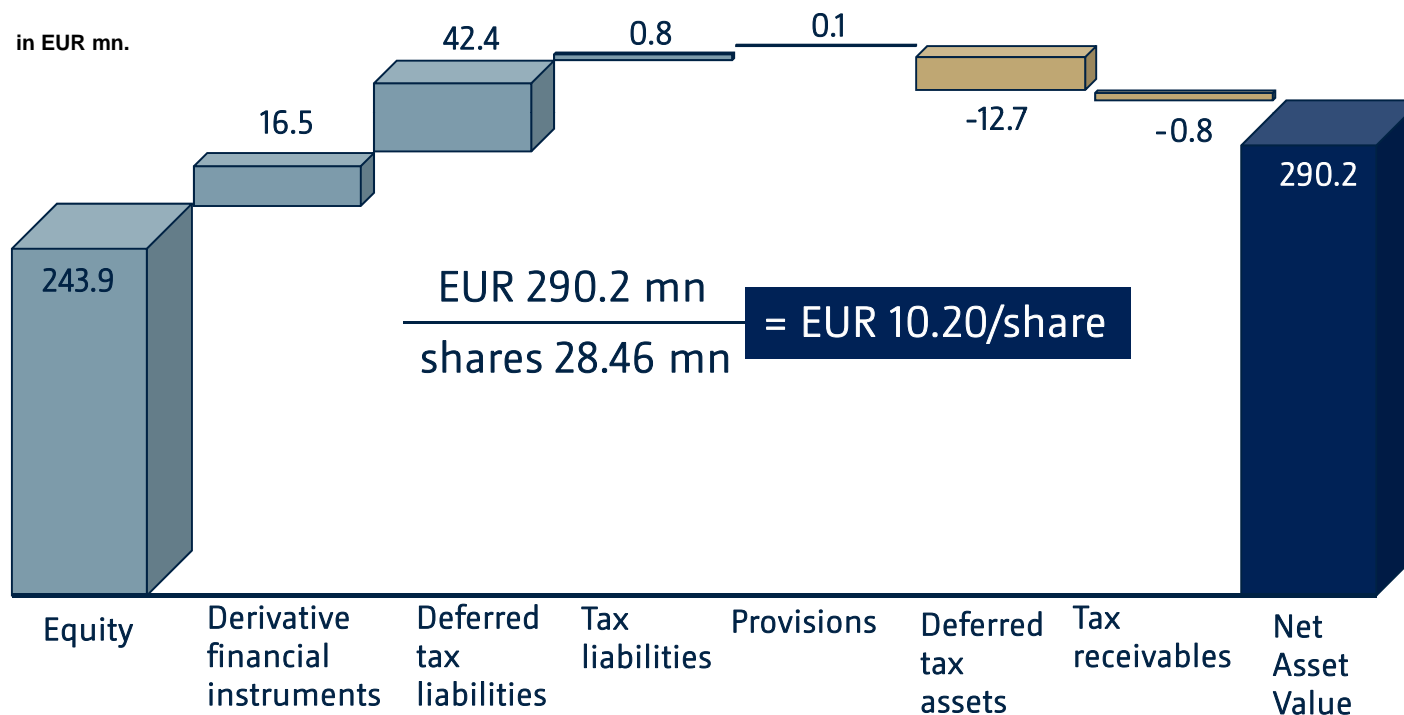
- Financial result of Q1 2009 was positively effected by a loan waver of EUR 8.7 mn.
- Pure interests on loans decrease 8.6 % from EUR 8.6 mn to EUR 7.8 mn.

Consolidated profit in EUR mn



- In comparison to Q1 2009 consolidated profit decreased from EUR 7.7 mn. to EUR 0.1 mn. But profit in Q1 2009 was positively effected by a loan waver of EUR 8.7 mn.

- Due to disposal of 1.000 apartments and corporate actions in 2009 Net Asset Value (NAV) amounted to **EUR 10.20** per share (Q1 2009: EUR 11.92 per share)



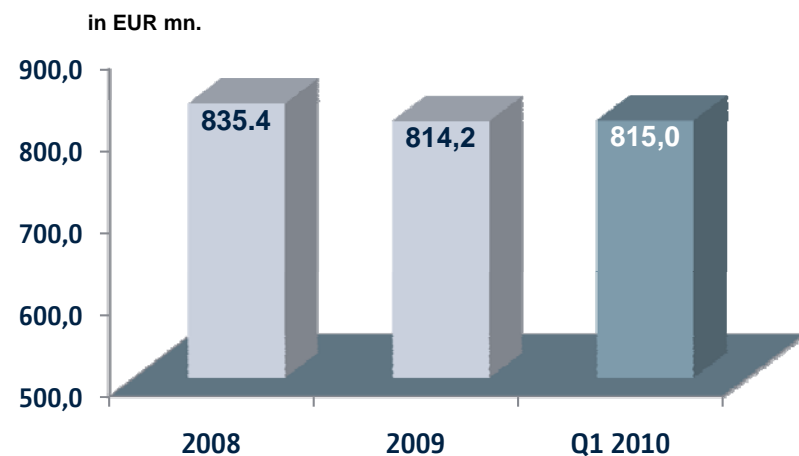
Financials Q1 2010 – Properties and Equity



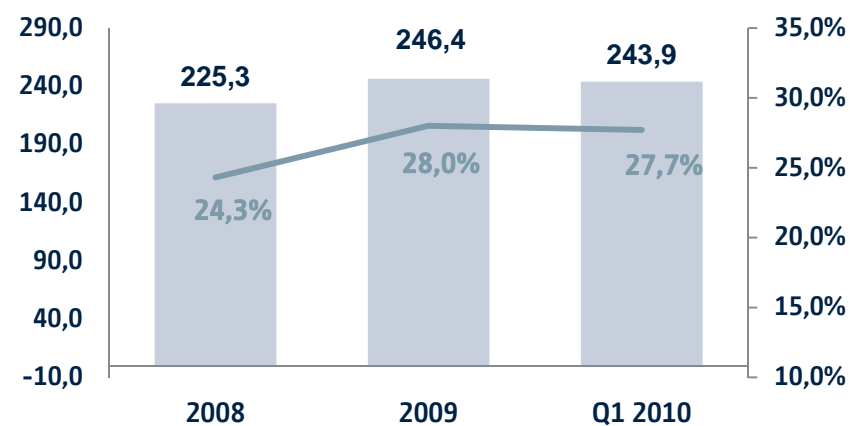
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- Stable values of our investment properties.
- Equity decreased slightly (-1.0%) to EUR 243.9 mn. Equity ratio from 28.0% to 27.7%.

Investment Properties



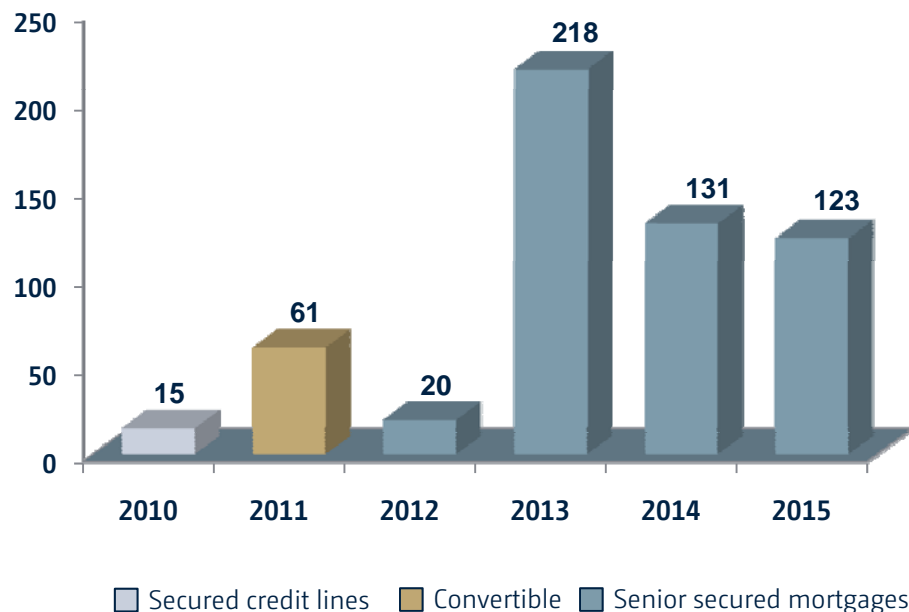
Equity in mn. and Ratio in %



Equity Equity ratio

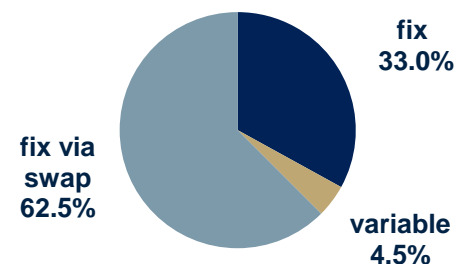


Debt duration profile



- Total debt volume: EUR 568 mn
Long term debt: EUR 553 mn
Short term debt: EUR 15 mn
- Avg. interest rate: 4.5 % p.a.
Average duration: 8 years
Leverage ratio: 95.5 %

Interest rate profile



Financial Q1 2010 – Cash Flow Statement



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Cash Flow Statement in EUR k

	1. Quarter 2010	1. Quarter 2009
in EUR k	01.01.-31.03.2010	01.01.-31.03.2009
Net cash generated/used in operating activities	1,012.6	-4.082,9
Net cash used in investing activities	-1,177.7	-2.207,0
Net cash used/generated by financing activities	-2,523.7	1.015,9
Net change in cash and cash equivalents	-2,688.8	-5.274,0
Effect of exchange rate changes	22.2	0,0
Cash and cash equivalents at the beginning of the period	9,618.6	10.410,1
Cash and cash equivalents at the end of the period	6,952.0	5.136,1
thereof cash funds	11,152.5	10.217,7
thereof current bank accounts	-4,200.5	-5.081,6

- Cash flow generated by operating activities rise from minus EUR 4.1 mn to positive EUR 1.0 mn.
- Cash funds came to EUR 11.2 mn (Q1 2009: EUR 10.2 mn)

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Demand for Housing until 2015



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Region North
 Asset rent: € 4.13 – 4.57
 Rent new tenants refurbished:
€ 5.20 – € 7.50
 Quality of property:
 - energetic refurbishment 14%
 - market average 86%
 number of accommodation units: 12,195

North

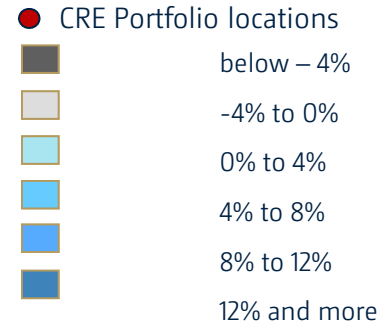
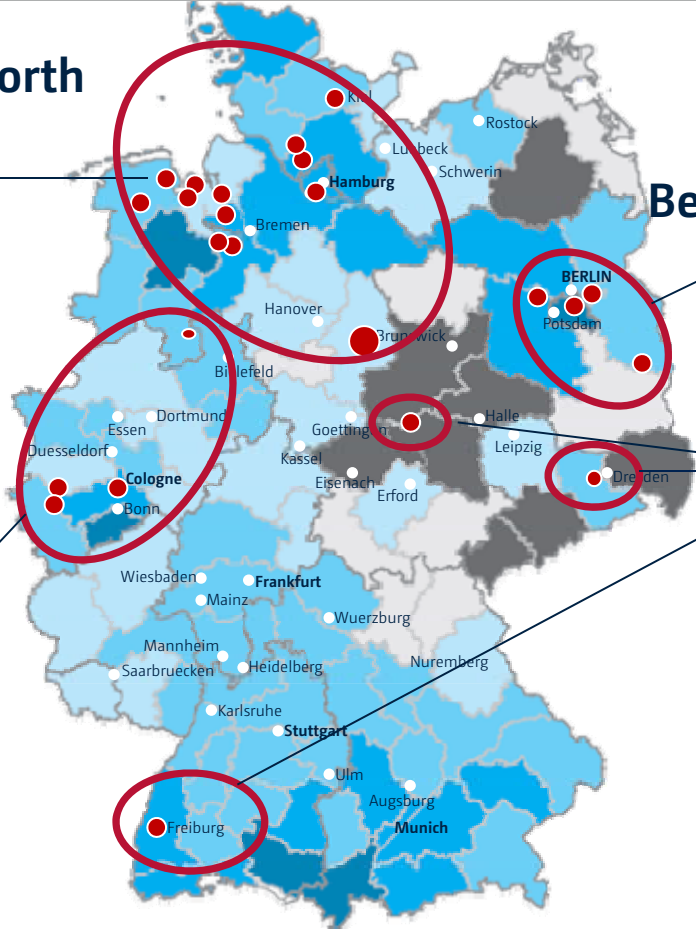
Region Berlin
 Average asset rent: € 4.60
 Rent new tenants: **€ 5.10 – € 6.50**
 Quality of property
 - energetic refurbishment 90%
 - market average 10%
 number of accommodation units: 4,736

Berlin

Further locations
 Asset rent: € 4.24 – 5.11
 Rent new tenants: **€ 4.58 – € 5.58**
 Quality of property:
 - energetic refurbishment 57%
 - market average 43%
 number of accommodation units: 1,072

West

Region West
 Average asset rent: € 5.09
 Rent new tenants: **€ 5.45**
 Quality of property:
 - energetic refurbishment 84%
 - market average 16%
 number of accommodation units: 591



CRE Residential Portfolio – Ongoing Value Creation

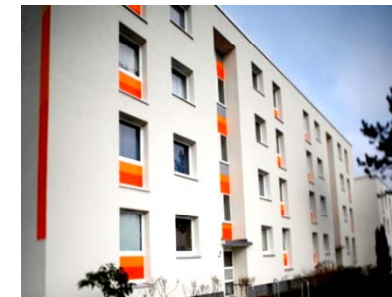


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- Total volume property assets EUR 826.8 mn. Stable values.
- Vacancy rate decreased in three months from 13.6% to 13.0%.

	1. Quarter 2009	2. Quarter 2009	3. Quarter 2009	4. Quarter 2009	1. Quarter 2010
	01.01.- 31.03.2009	01.04.- 30.06.2009	01.07.- 30.09.2009	01.10.- 31.12.2009	01.01.- 31.03.2010
Vacancy rate in %	13,7	13,9	13,9	13,6	13,0
Average rent in Euro per sqm	4,58	4,59	4,59	4,59	4,60



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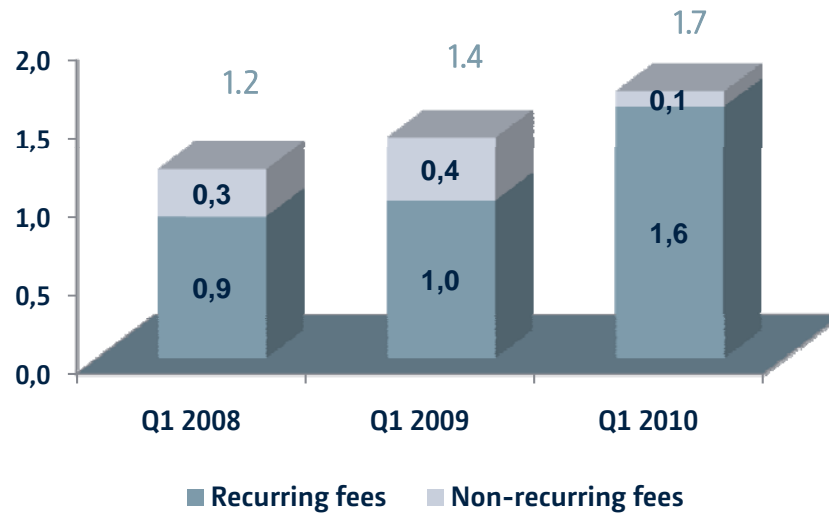


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Revenues Asset Management

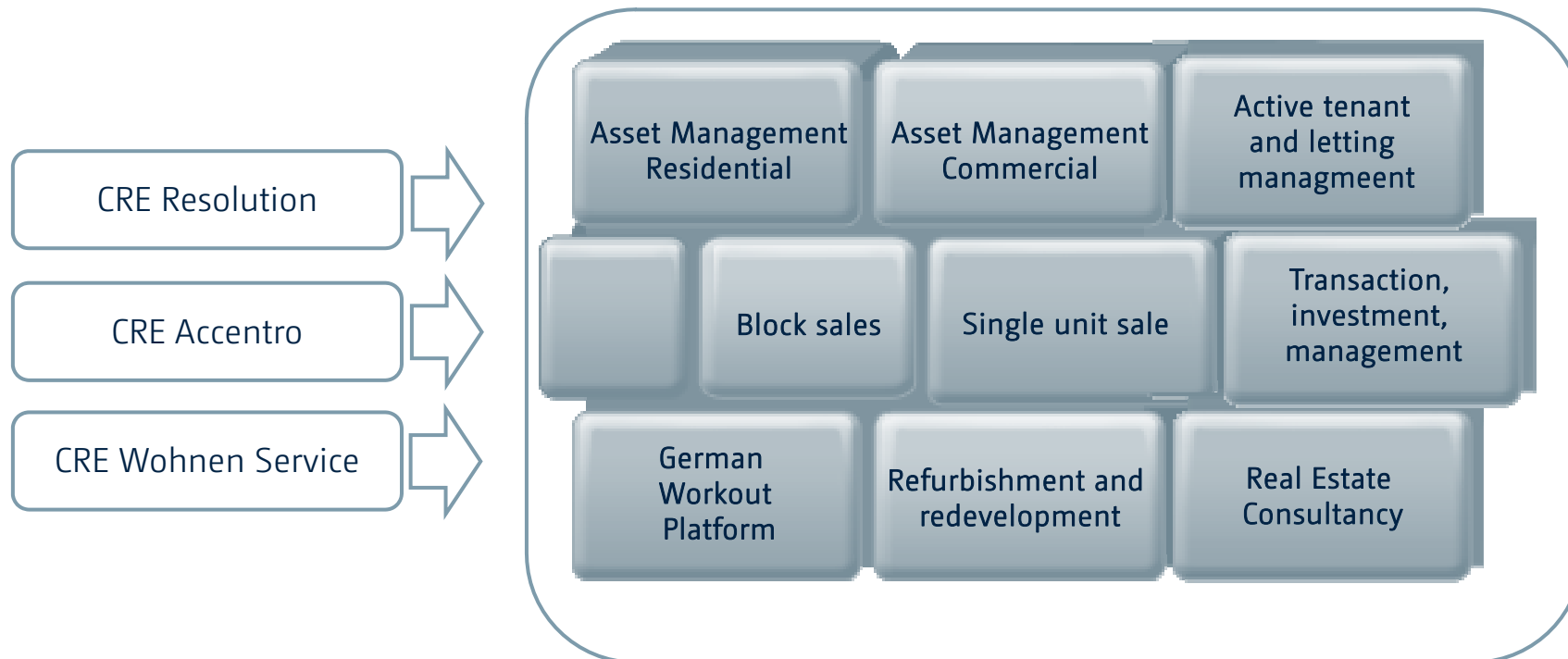
in EUR mn.



Fee structure	Stabilization of Asset Management income and increase of recurring fees.
AuM	Increase Assets under Management and acquisition of new mandates.
Single unit sales	Stabilization of our privatization business on high level.

Growing recurring fees and less dependency on transaction business

Nationwide, integrated platform for real estate services under the umbrella brand CRE Asset Management



Pro's

- ➔ Integrative service platform
- ➔ One brand to the market
- ➔ Better use of internal synergies
- ➔ Reduced dependency of transaction market and transaction fees
- ➔ Lower administration costs
- ➔ Increasing recurring income out of the Service segment for CRE Group

Con's

- ➔ One-time restructuring costs
- ➔ Additional marketing costs to establish CRE Asset Management brand

Outlook – Moderate Growth Investment



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Portfolio	Healthy operating core business. Stable rental income with upward trend.
Vacancy rate	Ongoing reduction of vacancy rates.
Cost structure	Stable operating and administrative cost structure.
Cashflow	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.
Profit	Moderate growth in comparison to last year.

Outlook – Share Details

CRE

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Share details	
Subscribed capital as of March 31, 2010 (in Euro)	28,460,000 Euro
Number of shares as of March 31, 2010	28,460,000 units
High 1. Quarter 2010 (in Euro)	4.80 Euro
Low 1. Quarter 2010 (in Euro)	3.81 Euro
Market Cap as of March 31, 2010 (in EUR Mio.)	136.0

KBU share price overview



Discount to NAV

Ongoing reduction of discount share price to NAV. NAV of EUR 10,20 per share represents 53% discount to our share price on March 31, 2010.

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Balance Sheet 1. Quarter 2010 – Assets



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in EUR mn.	Dec. 31, 2009	March 31, 2010
Investment properties	814.2	815.0
Property, plant & equipment	0.7	0.6
Intangible assets	3.4	3.4
Investments in associates	8.2	8.2
Other Financial assets	6.3	6.5
Deferred tax assets	12.6	12.7
TOTAL non-current assets	845.4	846.5
Properties held for sale	6.3	11.7
Income tax receivables	1.7	0.8
Receivables and other assets	14.4	9.0
Cash and cash equivalents	13.1	11.2
TOTAL current assets	35.5	32.7
TOTAL ASSETS	880.9	879.2

Balance Sheet 1.Quarter 2010 – Equity and Liabilities



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in EUR mn.	Dec. 31, 2009	March 31, 2010
TOTAL equity	246.4	243.9
Financial liabilities	477.5	474.0
Convertible bond	57.4	58.0
Provisions for pensions	0.1	0.1
Derivative financial instruments	9.7	11.6
Deferred tax liabilities	42.7	42.4
TOTAL non-current liabilities	587.4	586.2
Bank loans (current)	3.4	4.2
Financial liabilities (current)	23.6	25.9
Derivative financial instruments (current)	3.7	4.9
Account payables, trade and other payments	15.4	13.4
Tax liabilities	1.0	0.8
TOTAL current liabilities	47.1	49.2
TOTAL EQUITY AND LIABILITIES	880.9	879.2

1. Quarter 2010 - Income Statement

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	Q1 2009	Q1 2010
	EUR mn.	EUR mn.
Net operating income from rents	10.6	10.4
Net income from Asset Management	-0.3	0.1
Profit on the sale of properties held for sale	0.01	0.01
Administrative expenses	-2.7	-2.5
Restructuring costs	-0.3	-0.01
Other income / expenses (net)	0.3	0.3
Profit on disposal of investment property	0.0	-0.05
Valuation movements	0.0	0.0
Operating profit before finance costs (EBIT)	7.6	8.2
Financial result	0.2	-7.9
Consolidated result before tax (EBT)	7.8	0.3

Thank you for your attention



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Financial calendar

May 12, 2010	Interim Report 1st quarter 2010
June 24, 2010	Annual General Meeting, Cologne
August 12, 2010	Interim Report 2nd quarter 2010
November 10, 2010	Interim Report 3rd quarter 2010

To be always updated, please have a look on our website www.cre.ag

Colonia Real Estate AG

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

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