Colonia Real Estate AG

Quarterly Financial Report Q1 2010

First Quarter 2010 at a Glance

The first quarter of 2010 saw our residential portfolio continue its steady rise in performance. The vacancy rate was down 0.6% against December 31 of last year, to 13.0%. That means that net absorption (new leases less terminations) was up by about 100 units. Rent per square meter remained almost constant at EUR 4.60 (December 31, 2009: EUR 4.59/sqm).

Accordingly, net operating income grew from the EUR 9.6 million of Q4 2009 to EUR 10.4 for Q1 2010. The latest quarterly figure is down slightly from the EUR 10.6 million for the first quarter of 2009 (-1.5%), but that is a consequence of the lower number of residential units in the portfolio.

With no extraordinary effects, in Q1 2010 the Group generated a consolidated pre-tax profit of EUR 0.3 million.

Key Figures First Quarter 2010

REVENUES AND EARNINGS In EUR k	1.Quarter 2010 1/1 - 3/31/2010	1. Quarter 2009 1/1 - 3/31/2009
Total income (excluding finance income)	23,356.6	24,021.5
Total expenses (excluding finance costs)	-15,146.1	-16,380.2
Net rental income (NRI)	14,067.9	15,089.6
Net operating income (NOI)	10,415.1	10,577.5
EBITDA	8,363.0	7,685.5
Operating result (EBIT)	8,210.5	7,641.3
EBT	310.4	7,825.5
Consolidated profit for the period after tax	118.0	7,702.9

ASSETS AND CAPITAL STRUCTURE In EUR k	March 31, 2010	December 31, 2009
Non-current assets	846,513.5	845,418.2
Current assets	32,666.6	35,475.1
Equity capital	243,859.0	246,381.7
Non-current liabilities	586,154.3	587,396.6
Current liabilities	49,166.8	47,115.0
Total assets	879,180.1	880,893.3
Equity ration in %	27.7%	28.0%

SHARE		
Subscribed Capital on March 31, 2010		28,460,000 Euros
Number of shares at March 31, 2010		28,460,000 units
High in first quarter 2010		4.80 Euros
Low in first quarter 2010		3.81 Euros
Market capitalization at March 31, 2010 (in EUR mn)		136.0

Interim Management Report for the First Quarter of 2010

1. Business Performance and Major Events in Q1 2010

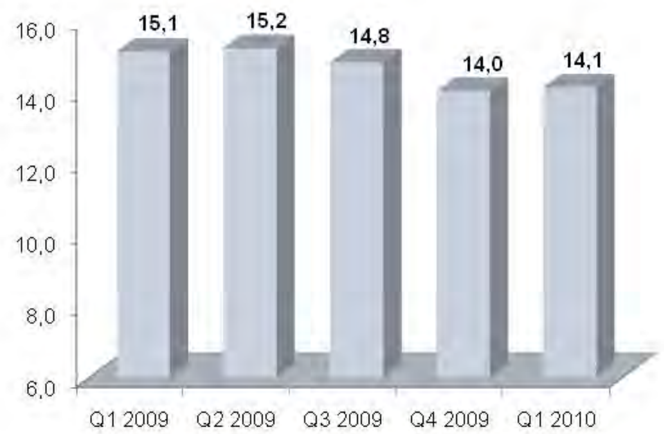
Picking up where 2009 left off, business operations continued to perform well in Q1 2010. To be sure, net rental income (NRI) decreased slightly comparing the first quarter 2009 with the first quarter 2010 from EUR 15.1 million to EUR 14.1 million, but that was a result of the smaller residential portfolio compared to a year ago. During Q3 2009, the Group sold some 1,000 residential units, or about 5.1% of its portfolio at the time. The rental income those units had provided in Q1 2009 came to approximately EUR 1.3 million.

The sale of that portion of the portfolio is also reflected in net operating income (NOI), which likewise decreased slightly by 1.5%, to EUR 10.4 million.

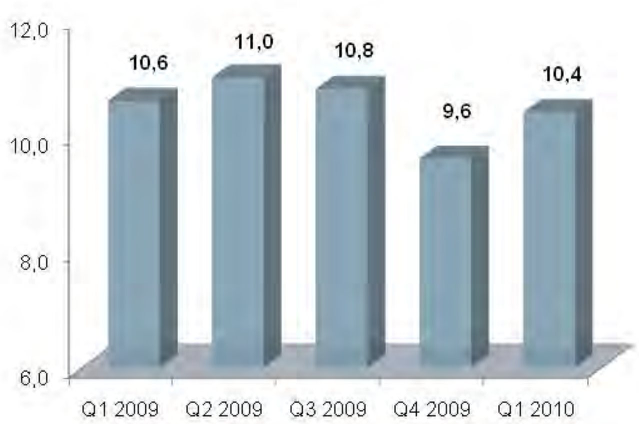
On a like-for-like basis, our rental income improved slightly – as is also shown by the decrease in vacancies to 13.0%, and the increase in rent per square meter to EUR 4.60. By comparison, the vacancy rate at March 31, 2009, was 13.7%, and the average rent per sqm was EUR 4.58.

Net asset value, at EUR 10.20, also remained nearly constant (December 31, 2009: EUR 10.16).

Net Rental Income (NRI)



Net Operating Income (NOI)



	1. Quarter 2009	2. Quarter 2009	3. Quarter 2009	4. Quarter 2009	1. Quarter 2010
	1/1 -3/31/2009	1/4 - 6/30/2009	1/7 - 9/30/2009	1/10 - 21/31/2009	1/1 - 3/31/2010
Vacancy rate in %	13.7	13.9	13.9	13.6	13.0
Average rent per sqm in Euro	4.58	4.59	4.59	4.59	4.60

Investment Segment

In terms of individual portfolios, the Berlin portfolios (with about 4,600 units) performed especially well. Vacancies declined once again, from 5.4% at the end of 2009 to 4.8%, placing us below the average vacancy rate of 5.8% for these areas of Berlin.

Our smaller portfolios in Northern and Western Germany also continued to perform well. The vacancy rate for our “Domus” portfolio (about 1,100 units) decreased from 5.8% at the end of 2009 to about 5.0%. Average rents remained stable, at EUR 5.18 per sqm.

For the “Grasmus” portfolio (about 1,400 units), we increased the average rent per sqm slightly against the end of 2009, from EUR 4.39 to EUR 4.42. For new rentals, the average rent per sqm is EUR 4.60.

Our “Emersion” portfolio in Salzgitter (about 8,700 units) also reported rental successes in Q1 2010. Net absorption (more new leases than lease terminations) was +65 units, so that the vacancy rate was down 0.7%, and is now below 20%.

In February 2010, we won the *Immobilien-Manager* magazine award in Management, for our portfolios in Elmshorn and Itzehoe (about 1,500 units). The prize recognized the successful, sustainable repositioning of these residential areas.

To improve property quality and reduce vacancies long-term, we invested more than EUR 45 million in buildings and individual units, especially in energy renovations. The first successes with these energy renovations not only yielded a substantial reduction in heating costs and service charges for tenants, but also cut CO_2 emissions in half. Vacancies have been reduced from 29.4% in September 2008 to less than 10% today. At the same time, the average rent for new leases has risen from EUR 4.73 to EUR 5.44 per sqm.

The repurposing of these portfolios clearly demonstrates our Asset Management unit’s skills in sustainably optimizing residential properties – a segment where we intend to grow further, and to make our expertise available to outside portfolio owners as well.

CRE Asset Management Segment

Our Asset Management segment also saw leasing successes in commercial properties during Q1 2010. At the City high-rise in Leipzig, we attracted Tourismus und Marketing (LTM) GmbH as a new tenant for a space measuring about 840 sqm.

CRE Asset Management also leased out about 10,000 sqm at the World Trade Center (WTC) in Dresden to the Dresden municipal government. The World Trade Center, built in 1996, has more than 90,000 sqm of office, commercial and hotel space, rising as high as 16 stories. Since CRE took over asset management for the property in August 2008, it has increased occupancy to more than 96%.

2. Net Assets, Financial Position, and Results of Operations

Results of operations for the CRE Group

Cumulative income excluding financial income (revenues) decreased slightly, by 2.8%, against Q1 2009, to EUR 23.4 million. Here it should be borne in mind that the Q1 2009 figures still included about EUR 1.3 million in rental income from some 1,000 residential units that were sold in the third quarter of the year. Consequently, quarter-on-quarter rental income decreased only because of the lower number of rental units. Revenue from Asset Management improved by 21.4%, to EUR 1.7 million. Disposals of individual properties also contributed to revenues, at EUR 0.3 million (+285.1%).

Cumulative expenses before finance expenses decreased again compared to Q1 2009, by 7.5%. Here too, it must be borne in mind that no heating and operating expenses were incurred for the properties sold in Q3 2009.

Cost-cutting measures reduced Asset Management expenses for Q1 2010 by 8.1%, to EUR 1.6 million, thus also helping to reduce overall operating expenses.

	1. Quarter 2010	**1. Quarter 2009**
in EUR k	1/1 - 3/31/2010	1/1 – 3/31/2009
Gross rental income from investment properties and service charge income on principal basis	20,960.4	22,182.6
Proceeds on the sale of properties held for sale	324.6	84.3
Income from Asset Management	1,700.3	1,400.1
Other income	371.3	354.5
Total income excluding finance income (revenues)	**23,356.6**	**24,021.5**

As already mentioned, projected rent for the first quarter of 2009, and thus also the net rental income (NRI), still included all rental income from the roughly 1,000 units of the Berlin portfolio that were sold in September 2009.

Comparing Q1 2009 with Q1 2010 the smaller number of residential units in the portfolio as a whole lowered net rental income (NRI) from EUR 15.1 million (Q1 2009) to EUR 14.1 million as of March 31, 2010. Average rent was almost constant quarter-on-quarter, at EUR 4.60 per sqm (March 31, 2009: EUR 4.58/sqm).

in EUR k	1. Quarter 2010 1/1 – 3/31/2010	1. Quarter 2009 1/1 – 3/31/2009
Projected rents	16,864.6	18,064.8
Reductions in revenues and in rents	-2,796,7	-2,975.2
Net rents	**14,067.9**	**15,089.6**
Income from charges passed on/net operating costs	6,892.4	7,093.0
Maintenance and renovation	-1,351.6	-1,151.4
Operating costs	-9,193.6	-10,453.6
Net operating income from rents	**10,415.1**	**10,577.5**

Administrative expenses, comprising personnel expenses and office expenses for administration as well as depreciations decreased 4.1% quarter-on-quarter, to EUR -2.5 million.

This reduction clearly demonstrates the success of the cost-cutting changes that were introduced and implemented in 2008.

in EUR k	1. Quarter 2010 1/1 - 3/31/2010	1. Quarter 2009 1/1 - 3/31/2009
Personnel expenses	-934.6	-1,183.6
Property, plant and equipment	-1,527.7	-1,426.6
Depreciations	-82.0	-44.2
Administrative expenses	**-2,544.3**	**-2,654.4**
Restructuring costs	**-21.5**	**-270.1**

Our CRE Asset Management segment also benefited from cost cuts, showing a small profit of EUR 0.1 million for Q1 2010 (March 31, 2009; EUR -0.3 million).

Asset Management revenues grew quarter-on-quarter from EUR 1.4 million to EUR 1.7 million, and expenses decreased from EUR 1.7 million to EUR 1.6 million.

in EUR k	1. Quarter 2010 1/1 - 3/31/2010	1. Quarter 2009 1/1 - 3/31/2009
Revenues 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**

Although rental income was down because of the sale of a portion of the Berlin portfolio in Q3 2009, EBITDA grew 8.8% to EUR 8.4 million. The increase is primarily the result of a sustainable reduction in operating costs and administrative expenses.

Since no changes in the fair valuation of real estate assets were recognized for Q1 2010, EBITDA was affected only by the lower current depreciation of property, plant and equipment. Consequently EBIT for the quarter was EUR 8.2 million – a 7.4% improvement from Q1 2009.

A partial restructuring of our financing improved finance expenses from EUR 8.6 million to EUR 8.1 million. In this regard, it should be borne in mind that the net figure for Q1 2009 was positively affected by extraordinary income of EUR 8.7 million from a loan waiver.

Accordingly this effect exceeded the finance expenses to yield a positive net finance income of EUR 0.2 million for Q1 2009. Without this non-recurring effect of EUR 8.7 million, Q1 2009 would have shown a net finance expense of EUR -8.5 million. The net finance expense for Q1 2010 was EUR -7.9 million.

Income from the loan waiver must also be taken into account as a non-recurring effect in the quarter-on-quarter comparison of the consolidated profit for the period. The pre-tax profit decreased from EUR 7.8 million in Q1 2009 to EUR 0.3 million in Q1 2010. But if the positive effects of the loan waiver are excluded from the comparison, the CRE Group's pre-tax profit improved between the two quarters.

A positive consolidated result after tax of EUR 0.1 million was made in Q1 2010.

	1. Quarter 2010	**1. Quarter 2009**
in EUR k	1/1 - 3/31/2010	1/1 - 3/31/2009
EBITDA	**8,363.0**	**7,685.5**
EBIT	**8,210.5**	**7,641.3**
Income from loan waiver	0.0	8,700.2
Finance costs	-8,111.6	-8,581.9
Finance income	211.5	65.9
EBT	**310.4**	**7,825.5**
Tax	-192.4	-122.6
Consolidated profit after tax	**118.0**	**7,702.9**

Net assets and financial position of the CRE Group

Total assets at March 31, 2010, were almost unchanged against the end of last year, at EUR 879.2 million (December 31, 2009: EUR 880.9 million). Non-current assets, at EUR 846.5 million, primarily comprise investment properties, for an amount of EUR 815.0 million.

Properties held for sale increased from EUR 6.3 million to EUR 11.7 million, primarily because of the transfer of ownership for a small real estate portfolio in Berlin that is intended entirely for resale. The purchase of these roughly 90 residential units was already notarized in fiscal 2009, and recognized under advance payments made (receivables and other assets). The transfer of ownership reduced receivables and other assets accordingly by the same amount, to EUR 9.0 million (December 31, 2009: EUR 14.4 million).

On the other side of the balance sheet, equity decreased slightly, by 1.0%, to EUR 243.9 million as of March 31, 2010. Consequently the equity ratio as of the same date was also down slightly, from 28.0% to 27.7%.

Total liabilities, at EUR 635.3 million, primarily comprise financial liabilities of EUR 499.9 million, the recognizable value of EUR 58.0 million for the convertible bond, and deferred tax liabilities of EUR 42.4 million.

Financial liabilities were almost unchanged at EUR 499.9 million (December 31, 2009: EUR 501.1 million), a decrease of EUR 1.2 million. In terms of maturities of financial liabilities, non-current financial liabilities decreased EUR 3.6 million (-0.7%) to EUR 474.0 million, while current financial liabilities increased slightly, by EUR 2.3 million, to EUR 25.9 million. A detailed description of the remaining terms of the pertinent loans can be found in the notes to the financial statements.

ASSETS	**March 31,**	**December 31,**
in EUR k	**2010**	**2009**
Non-current assets	846,513.5	845,418.2
Current assets	32,666.6	35,475.1
Total assets	**879,180.1**	**880,893.3**
EQUITY AND LIABILITIES		
Equity	243,859.0	246,381.7
Non-current liabilities	586,154.3	587,396.6
Current liabilities	49,166.8	47,115.0
Total equity and liabilities	**879,180.1**	**880,893.3**

Cash funds came to EUR 11.2 million at March 31, 2010 (December 31, 2009: EUR 13.1 million). The decrease is primarily the result of cash used for financing activities, due to loan principal repayments of EUR 5.3 million.

The cash inflow from operating activities grew from EUR 3.3 million for Q1 2009 to EUR 6.5 million, so that after interest and taxes, cash generated by operating activities came to EUR 1.0 million. Cash used in operating activities in Q1 2009 came to EUR 4.1 million.

Cash used in investing activities, at EUR 1.2 million, resulted primarily from EUR 1.0 million in investments associated with the renovation of investment properties. After including EUR 2.5 million in cash used in financing activities, the cash change in cash and cash equivalents came to EUR -2.7 million (Q1 2009: EUR -5.3 million). Cash and cash equivalents at March 31, 2010, came to EUR 7.0 million, up EUR 1.8 million from Q1 2009.

	1. Quarter 2010	1. Quarter 2009
in EUR k	1/1 - 3/31/2010	1/1 - 3/31/2009
Cash flow generated/used for 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
Changes in cash and cash equivalents	**-2,688.8**	**-5,274.0**
Effects of exchange rate changes	22.2	0.0
Cash and cash equivalents at beginning of period	9,618.6	10,410.1
Cash and cash equivalents at end of 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

3. Risk and Opportunity Report

Like any other corporation, Colonia Real Estate AG is exposed to both risks and opportunities in the course of doing business. CRE AG management has established suitable risk management processes and control systems within the Group so as to avert risk entirely or control it after it arises, and to initiate suitable countermeasures. The Group is also able to detect potential at an early stage and develop timely strategies to take advantage of it.

The risk report in the 2009 Annual Report includes a detailed description of our risk management system, the controlling system for the reporting process, and the risks and opportunities that confront the Group. The information in that risk report remains valid. No other risks have come to the knowledge of Colonia Real Estate AG management to date.

4. Events After the Reporting Date

After the end of the reporting period on March 31, 2010, on April 14 Colonia Real Estate AG announced in an ad hoc disclosure that Friedrich Thiele would leave the Company as of April 30, and was resigning from the Board of Management of Colonia Real Estate as of that date. His tasks within the Board of Management will be assumed by CEO Stephan Rind. The Supervisory Board will decide in due time on a possible successor for Mr. Thiele. In the discussion process, the contract of CFO Volker Lemke was extended early by an additional three years, to September 2013.

We also reported that under a notary's purchase agreement, Colonia Real Estate will increase its interest in CRE Resolution GmbH to 100% as of June 30, 2010. Given the structural reorganization of the CRE Group's services business, managing shareholders Christoph Wittkop and Maximilian Isenberg left CRE Resolution GmbH as of the end of April. Eckhard Holländer, who has long been in charge of the Asset Management segment for residential properties, will take over responsibility for that unit as managing director of CRE Resolution GmbH. We have recruited Michael Amann as a new member of management to run the Commercial Real Estate segment.

To further improve our financing structure, on April 21, 2010, we issued a five-year convertible bond. The issue totaled EUR 11.4 million. Plans call for using the proceeds from the bond issue to repay certain high-interest mezzanine loans, whose terms originally ran to the end of 2010 and the middle of 2012. Replacing the mezzanine financing, together with the better terms of the bond issue, will improve not only the Company's financing structure but also, thanks to savings on interest, its ongoing cash flow.

The exact terms of the convertible bond issue are available at the Company's Web site, www.cre.ag. The convertible bond has also been admitted for over-the-counter trading on the Frankfurt Stock Exchange under ISIN DE000A1EMFA2.

5. Report on Expected Developments

The past few weeks in particular have shown to what a substantial degree the debt crisis in Greece and other European countries can affect the market. Intense uncertainty especially prevails on the capital markets, making it even more difficult to provide any detailed forecast of future developments. As has already been discussed in detail in the projections for the 2009 Annual Report, we will adhere to our strategy of moderate growth, assuming that market conditions remain constant.

In the first three months of fiscal 2010, we showed that we are on the right track toward achieving our goals for 2010. The CRE Asset Management segment is back in the black; we have reduced vacancies at our properties; and we have increased cash flow from our real estate. The bond issue further improved our financing structure with no adverse impact on cash flow. We also still adhere to our goal of moderately expanding our residential property holdings in 2010.

Colonia Real Estate AG
IFRS - Consolidated Balance Sheet as of March 31, 2010

ASSETS

in EUR k **Non-current assets**	**March 31, 2010**	**March 31, 2009**
Investment properties	815,035.9	814,210.0
Property, plant and equipment	644.5	666.9
Intangible assets	3,455.0	3,435.1
Investments in associates	8,214.6	8,213.6
Other financial assets	6,477.9	6,302.5
Deferrer tax assets	12,685.6	12,590.1
Total non-current assets	**846,513.5**	**845,418.2**
Current assets		
Properties held for sale	11,738.2	6,264.6
Income tax receivables	776.7	1,707.7
Receivables and other assets	8,999.3	14,430.9
Cash and cash equivalents	11,152.4	13,071.9
Total current assets	**32,666.6**	**35,475.1**
Assets classified as held for sale	0.0	0.0
TOTAL ASSETS	**879,180.1**	**880,893.3**

Colonia Real Estate AG
IFRS - Consolidated Balance Sheet as of March 31, 2010

EQUITY AND LIABILITIES

Equity (in EUR k)	March 31, 2010	March 31, 2009
Subscribed capital	28,460.0	28,460.0
Other reserves	234,364.9	234,305.4
Components of result for period not recognized in profit or loss	-20,691.8	-18,330.6
Currency translation	-20.8	-43.0
Treasury stock	-11.6	-11.6
Retained earnings	1,555.7	1,537.5
Total shareholders´equity	**243,656.4**	**245,917.7**
Minority interests	202.6	464.0
Total equity	**243,859.0**	**246,381.7**
Non-current liabilities		
Financial liabilities	474,001.7	477,558.1
Convertible bond	58,019.9	57,377.2
Provisions for pensions and similar obligations	59.5	57.2
Derivative financial instruments (non-current)	11,641.7	9,728.5
Deferred tax liabilities	42,431.5	42,675.6
Total non-current liabilities	**586,154.3**	**587,396.6**
Current liabilities		
Bank loans	4,200.5	3,453.3
Financial liabilities (current)	25,904.6	23,576.9
Derivative financial instruments (current)	4,896.1	3,703.8
Account payables, trade and other payables	13,358.2	15,364.0
Tax liabilities	807.4	1,017.0
Other provisions	0.0	0.0
Total current liabilities	**49,166.8**	**47,115.0**
TOTAL EQUITY AND LIABILITIES	**879,180.1**	**880,893.3**

Colonia Real Estate AG
IFRS - Consolidated Statement of Comprehensive Income on March 31, 2010

in EUR k	1. Quarter 2010 1/1 - 31/3/2010	1. Quarter 2009 1/1 - 31/3/2009
Total income (excluding finance income)	**23,356.6**	**24,021.5**
Total expenses (excluding finance costs)	**-15,146.1**	**-16,380.2**
Gross rental income from investment properties and service charge income on principal basis	20,960.4	22,182.6
Property operating expenses	-10,545.3	-11,605.1
Net operating income from rents	**10,415.1**	**10,577.5**
Revenues 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**
Proceeds on the sale of properties held for sale	324.6	84.3
Carrying amount of sold properties	-293.0	-67.3
Net income on disposal of trading properties	**31.6**	**17.0**
Administrative expenses	**-2,544.3**	**-2,654.4**
Restructuring costs	**-21.5**	**-270.1**
Other income	371.3	354.5
Other expenses	-103.9	-60.3
Other income, net	**267.4**	**294.2**
Net result on disposal of investment properties	**-55.3**	**0.0**
Unrealized valuation gains	0.0	0.0
Unrealized valuation losses	0.0	0.0
Valuation movements, net	**0.0**	**0.0**
Operating profit before finance costs	**8,210.5**	**7,641.3**
Finance costs	-8,111.6	-8,581.9
Expenses from hedging transactions	0.0	0.0
Income from loan waiver	0.0	8,700.2
Finance income	211.5	65.9
Financial results	**-7,900.1**	**184.2**
Consolidated profit for the period before taxes	**310.4**	**7,825.5**
Income tax expenses	-192.4	-122.6
Consolidated profit for the period	**118.0**	**7,702.9**

IFRS - Consolidated Statement of Comprehensive Income on March 31, 2010

in EUR k	1. Quarter 2010 1/1 - 31/3/2010	1. Quarter 2009 1/1 - 31/3/2009
Attributable to:		
Equity holders of the parent company	18.2	7,639.2
Minority interests	99.8	63.7
Consolidated profit for the period	**118.0**	**7,702.9**
Earnings per share (in Euro)		
Basic	0.004	0.34
Diluted	0.009	0.35
Consolidated profit for the period	**118.0**	**7,702.9**
Fair valuation of hedging instruments (Cashflow-Hedges) Non-cash change	-2,836.4	-6,356.0
Deferred taxes on changes in value recognized directly in equity	457.4	1,038.9
Total income and expenses recognized directly in equity	**-2,379.0**	**-5,317.1**
Total recognized income and expenses (total net profit)		
Attributable to:		
Equity holders of the parent company	-2,343.0	2,367.6
Minority interests	82.0	18.2
Total recognized income and expenses (total net profit)	**-2,261.0**	**2,385.8**

Colonia Real Estate AG
Consolidated Statement of Cash Flows for the First Quarter 2010

in EUR k	1. Quarter 2010 1/1 - 3/31/2010	1. Quarter 2009 1/1 - 3/31/2009
Cash flows from operating activities		
Consolidated profit for the year	118.0	7,702.9
Plus net interest income	7,900.1	-184.2
Plus income from debt buyback	0.0	0.0
Plus income tax	192.4	122.6
= Net operating profit before finance costs	**8,210.5**	**7,641.3**
Share-based compensation	59.5	263.1
Unrealized valuation movements	0.0	0.0
Gain/loss on disposal of investment property	55.5	0.0
Changes in pension provisions	2.4	4.1
Amortization of intangible assets	81.7	0.0
Depreciation of property, plant and equipment	70.8	112.0
Other non-cash changes	-64.9	0.0
Changes in properties held for sale	293.0	-2,154.7
Changes in financial liabilities attributable to properties held for sale	0.0	355.2
Changes in receivables	-189.7	1,988.2
Changes in liabilities	-2,005.9	-4,934.6
Cash generated from operations	**6,512.9**	**3,274.6**
Interest paid	-6,183.3	-7,459.5
Interest received	36.2	65.9
Income taxes paid	646.8	36.1
Net cash used in operating activities	**1,012.6**	**-4,082.9**
CASH FLOW FROM INVESTING ACTIVITIES		
Net proceeds from sale of investment property	103.2	0.0
Capital expenditure on investment properties	-984.6	-2,474.8
Other payments for property, plant and equipment and intangible assets	-150.0	-46.0
Payment for other real estate	-145.3	0.0
Payment for other investments in associates and loans	-1.0	313.8
Net cash used in investing activities	**-1,177.7**	**-2,207.0**
Proceeds from issue of share capital	0.0	0.0
Payment of transaction costs for issue of share capital	0.0	0.0
Payment to minority	-343.4	-460.2
Proceeds from borrowings	3,085.5	29,916.6
Repayment of borrowings	-5,265.8	-28,440.5
Net cash generated by financing activities	**-2,523.7**	**1,015.9**
Net change in cash and cash equivalents	-2,688.8	-5,274.0
Cash and cash equivalents at beginning of period	9,618.6	10,410.1
Effects of exchange rate changes	22.2	0.0
Cash and cash equivalents at end of period	**6,952.0**	**5,136.1**

Colonia Real Estate AG
Statement of Changes in Consolidated Equity for the First Quarter 2010

in EUR k	Subscribed capital	Other reserves	Retained earnings	Treasury stock	Other comprehensive income	Currency translation	Total	Minority interest	Total
	Equity attributable to equity holders of the parent								
As of January 1, 2010	**28,460.0**	**234,305.4**	**1,537.5**	**-11.6**	**-18,330.6**	**-43.0**	**245,917.7**	**464.0**	**246,381.7**
Net loss on cash flow hedges	0.0	0.0	0.0	0.0	-2,361.2	0.0	-2,361.2	-17.8	-2,379.0
Consolidated profit for the period	0.0	0.0	18.2	0.0	0.0	0.0	18.2	99.8	118.0
Total profit or loss for the period	0.0	0.0	18.2	0.0	-2,361.2	0.0	-2,343.0	82.0	-2,261.0
Cash capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost of cash capital increase after tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based compensation	0.0	59.5	0.0	0.0	0.0	0.0	59.5	0.0	59.5
Reserve for own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-343.4	-343.4
Currency translation	0.0	0.0	0.0	0.0	0.0	22.2	22.2	0.0	22.2
As of March 31, 2010	**28,460.0**	**234,364.9**	**1,555.7**	**-11.6**	**-20,691.8**	**-20.8**	**243,656.4**	**202.6**	**243,859.0**

in EUR k	Subscribed capital	Other reserves	Retained earnings	Treasury stock	Other comprehensive income	Currency translation	Total	Minority interest	Total
	Equity attributable to equity holders of the parent								
As of January 1, 2009	**22,825.6**	**222,292.8**	**-6,567.5**	**-7.1**	**-14,311.2**	**0.0**	**224,232.6**	**1,059.2**	**225,291.8**
Net loss on cash flow hedges	0.0	0.0	0.0	0.0	-5,298.9	0.0	-5,298.9	-18.2	-5,317.1
Consolidated profit for the period	0.0	0.0	7,639.2	0.0	0.0	0.0	7,639.2	63.7	7,702.9
Total profit or loss for the period	0.0	0.0	7,639.2	0.0	-5,298.9	0.0	2,340.3	45.5	2,385.8
Cash capital increase	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cost of cash capital increase after tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Share-based compensation	0.0	263.2	0.0	0.0	0.0	0.0	263.2	0.0	263.2
Reserve for own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Changes in minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-460.2	-460.2
Currency translation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
As of March 31, 2009	**22,825.6**	**222,556.0**	**1,071.7**	**-7.1**	**-19,610.1**	**0.0**	**226,836.1**	**644.5**	**227,480.6**

Interim Financial Statements and Notes for the First Quarter of 2010

1. General Information

Colonia Real Estate AG is a German stock corporation (*Aktiengesellschaft*) that has its registered office and principal place of business at Zeppelinstrasse 4–8, Cologne, Germany. Together with its subsidiaries (jointly, the CRE Group), the CRE Group is an investment and management company whose business operations focus on Germany. As an investment company, it specializes in acquiring, holding and selling residential real estate for its own portfolio, and engaging in co-investments with institutional partners in both commercial and residential real estate. A further focus is asset management for both our own holdings and those of outside property owners, with the aim of optimizing income and realizing the potential for long-term appreciation.

2. Principles of Preparation of the Consolidated Financial Statements

The condensed consolidated interim financial statements of Colonia Real Estate AG at March 31, 2010, were prepared in accordance with Sec. 37x (3) of the German Securities Trading Act, in conjunction with Sec. 37w (2) of that Act, and with International Financial Reporting Standards (IFRSs) and the associated interpretations of the International Accounting Standards Board (IASB) for interim reporting, as adopted in the European Union. Accordingly, this interim report does not include all information and notes that would be required under IFRSs for year-end consolidated financial statements.

The consolidated interim financial statements for the first quarter of 2010 were prepared using the same accounting policies as the consolidated full-year financial statements for fiscal 2009. A detailed description of accounting principles and policies is provided in the notes to the consolidated financial statements for fiscal 2009.

Management believes that the present unaudited consolidated interim financial statements include all necessary information to provide a true and fair view of business developments and earnings performance during the period. The results from the first quarter of 2010 are not necessarily indicative of the development of future results.

Under IAS 34, "Interim Financial Reporting," in the preparation of the consolidated interim financial statements, management must make accounting judgments, estimates and assumptions in some cases. These may affect both the application of accounting principles and the recognition of assets, liabilities, income and expenses. Actual amounts may deviate from these estimates.

The interim financial statements of the first quarter 2010 have been prepared in Euros.

3. Consolidation

The consolidated interim financial statements include the financial statements of Colonia Real Estate AG and all its subsidiaries and sub-subsidiaries as of March 31, 2010. Subsidiaries are all entities whose financial and operating policies are controlled by the Group. They are fully consolidated in the consolidated financial statements. The Group consolidates 18 subsidiaries, two of them located outside Germany. Thus there were small changes in the consolidated companies compared to December 31, 2009, were 16 subsidiaries existed. The two new founded companies are as of today solely shell companies. A list of subsidiaries is provided in Note 4 to the 2009 consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not attributable to owners of the parent company. For that reason, they are presented separately in the consolidated statement of comprehensive income and the consolidated statement of financial position.

4. Investment Property

Property classified as investment property under IAS 40 comprises residential properties and a small number of commercial properties, which are held to earn long-term rental income and/or for appreciation and are not used by the Group itself. At initial recognition, investment properties are measured at their cost of acquisition or creation, including incidental costs. Subsequently these properties are measured at fair value, as determined by certified outside appraisers. Investment property is measured semiannually at CRE AG. At March 31, 2010, the fair value of investment property came to EUR 815.0 million, of which EUR 802.8 million, or 98.5%, was in residential property.

5. Investments in Associates and Other Financial Assets

At March 31, 2010, the CRE Group held equity investments with a carrying amount of EUR 8.2 million, and associated shareholder loans of EUR 6.5 million. The individual investments range from a minimum of 2.75% to a maximum of 15.0%; there were no changes during the period against the figures from December 31, 2009. A detailed discussion of the CRE Group’s equity investments can be found on page 37 of the 2009 Annual Report.

6. Properties Held for Sale

Properties held for sale are properties acquired for the specific purpose of resale. They are measured at the lower of cost or net realizable value. Properties held for sale as of March 31, 2010, rose from EUR 6.3 million to EUR 11.7 million against the end of 2009. The notarial purchase was already made in 2009 but only the transfer of ownership was done in the reporting period.

7. Equity

The issued capital of Colonia Real Estate AG at March 31, 2010, was unchanged at EUR 28,460,000, and is divided into no-par shares with a notional value of EUR 1.00 per share. Equity at March 31, 2010, was almost constant at EUR 243.9 million (December 31, 2009: EUR 246.4 million). Changes in equity can be found in the statement of changes in consolidated equity.

8. Interest-Bearing Liabilities and Convertible Bond

Interest-bearing liabilities comprise current and non-current financial liabilities, and liabilities to banks. Total financial liabilities (current and non-current) decreased slightly against December 31, 2010, by EUR 1.2 million, to EUR 499.9 million, due to repayments of principal. Liabilities to banks increased slightly from EUR 3.5 million to EUR 4.2 million. The convertible bond issue of 2006 remained almost unchanged at EUR 58.0 million as of March 31, 2010, (December 31, 2009: EUR 57.4 million).

The table below provides details of the remaining terms of our loans and the convertible bond at nominal value (repayment value).

Year of maturity	3/31/2010	12/31/2009
	(EUR k)	(EUR k)
2010	15,104.0	12,245.9
2011	60,905.6	60,905.6
2012	19,815.7	21,138.2
2013	218,054.5	218,273.7
2014	131,265.9	131,516.7
2015	123,090.6	123,069.0
Total	**568,236.3**	**567,149.1**

9. Net Operating Income from Rents

The net operating income from rents is determined from the gross rental income from investment properties plus service charges passed on to tenants, at EUR 21.0 million, less property operating expenses of EUR 10.6 million. Property operating expenses include both costs that can and costs that cannot be passed on to the tenants. Costs that cannot be passed on to tenants include costs for maintenance and property management, as well as service charges for vacant residential units. Net operating income from rents came to EUR 10.4 million for the period.

10. Financial Result

The financial result comprises the following:

	1. Quarter 2010	1. Quarter 2009
in EUR k	1/1 - 3/31/2010	1/1 - 3/31/2009
Interest on long-term loans	-7,606.3	-8,189.4
Interest on short-term liabilities	-236.2	-392.5
Ineffective portions of swaps	-269.1	0.0
Finance costs	**-8,111.6**	**-8,581.9**
Income from loan waiver	**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**

11. Segment Reporting

Under the rules of IFRS 8, some data in the financial statements must be broken down by business segment and region. The CRE Group currently has three segments: Residential, Commercial and Asset Management. Intra-Group items are eliminated in the reconciliation column. Additionally, this column contains individual income and expense items that cannot be allocated to the segments directly, such as items for the Group's mother company, Colonia Real Estate AG.

Q1 2010	Residential	Commer-cial	Asset Management	Reconcilia-tion	Group
1/1 – 3/31/2010	(EUR k)	(EUR k)	(EUR k)	(EUR k)	(EUR k)
Income (revenues)*	22,057.2	367.5	1888.4	-956.5	23,356.6
EBITDA	9,062.5	307.0	365.1	-1,371.6	8,363.0
EBIT	9,037.8	307.0	294.6	-1,429.0	8,210.4

* Total income excluding finance income

Q1 2009	Residential	Commer-cial	Asset Management	Reconcilia-tion	Group
1/1 – 3/31/2009	(EUR k)	(EUR k)	(EUR k)	(EUR k)	(EUR k)
Income (revenues)*	22,844.5	338.7	1,352.9	-645.8	23,890.3
EBITDA	10,124.4	244.1	-110.0	-2,168.1	8,090.4
EBIT	10,116.2	244.1	-389.8	-2,329.2	7,641,3

* Total income excluding finance income

Income in the Residential segment decreased slightly against Q1 2009, with EUR 22.1 million (-3.4%). However, it must be borne in mind that the net figure for the first quarter of 2009 still included rental income of EUR 1.3 million from some 1,000 residential units that were sold in the third quarter of the year. Income in the Commercial segment increased slightly by 8.5% to EUR 0.4 million.

Looking at the key figures for earnings the Asset Management segment improved. EBIT of the Asset Management segment rose from a negative contribution of EUR -0.4 million to a plus of EUR 0.3 million, primarily as a consequence of cost reductions.

12. Earnings per Share

	1. Quarter 2010	**1. Quarter 2009**
	1/1 - 3/31/2010	1/1 - 3/31/2009
Earnings attributable to holders of common stock of the parent company (EUR k)	118.0	7,702.9
Average number of shares issued (in thousands)	28,460.0	22,825.6
Basic earnings per share (EUR)	0.004	0.34

Earnings per share are determined by dividing the profit for the period attributable to shareholders of Colonia Real Estate AG by the average number of shares outstanding, except for treasury stock held by the Company itself. Comparing the first quarters of 2009 and 2010 it needs to be considered that the profit for the period of the first quarter 2009 was positively influenced by a loan waiver of EUR 8.7 million.

13. Related Party Transactions

Milfolium Management Inc. holds 17.98% of the stock of Colonia Real Estate AG. Its holdings are attributable to the Principality of Liechtenstein, by way of Liechtensteinische

Landesbank AG. Liechtensteinische Landesbank AG has extended a loan totaling EUR 4.0 million to Colonia Real Estate AG. The loan bears interest at the 3-month Euribor rate plus 8.5%.

Otherwise there have been no changes in related party transactions as compared to the consolidated financial statements for 2009.

14. Events after the End of the Reporting Period

After the end of the reporting period at March 31, 2010, Colonia Real Estate AG announced through an ad-hoc announcement on April 14, 2010, that Friedrich Thiele (CIO) will leave the Management Board of the Company at April 30, 2010. Stephan Rind will take over his duties within the Management Board. The Supervisory Board will decide on a possible successor to Mr. Thiele in due time. During the discussions, the Management Board contract of the CFO, Volker Lemke, was extended by a further three years to September 2013.

With the consent of the Supervisory Board, the Board of Management issued a convertible bond on April 21, 2010, with a maturity of five years. The total issue amounts to EUR 11.4 million. Shareholders were permitted to subscribe for bonds in the period from April 22, 2010, through May 5, 2010, in a ratio of 82 per 9 shares. The convertible bond issue has been admitted for over-the-counter trading on the Frankfurt Stock Exchange. Further information about the convertible bond is available on our website, www.cre.ag.

15. Management's Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Colonia Real Estate AG

Stephan Rind	Volker Lemke
CEO	CFO