



Colonia Real Estate AG

Next Generation Real Estate

*FY 2008 Presentation
Preparing for Challenging Markets*



Colonia Real Estate AG | April 2009

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Appendix

Management Board of Colonia Real Estate AG



Colonia Real Estate AG



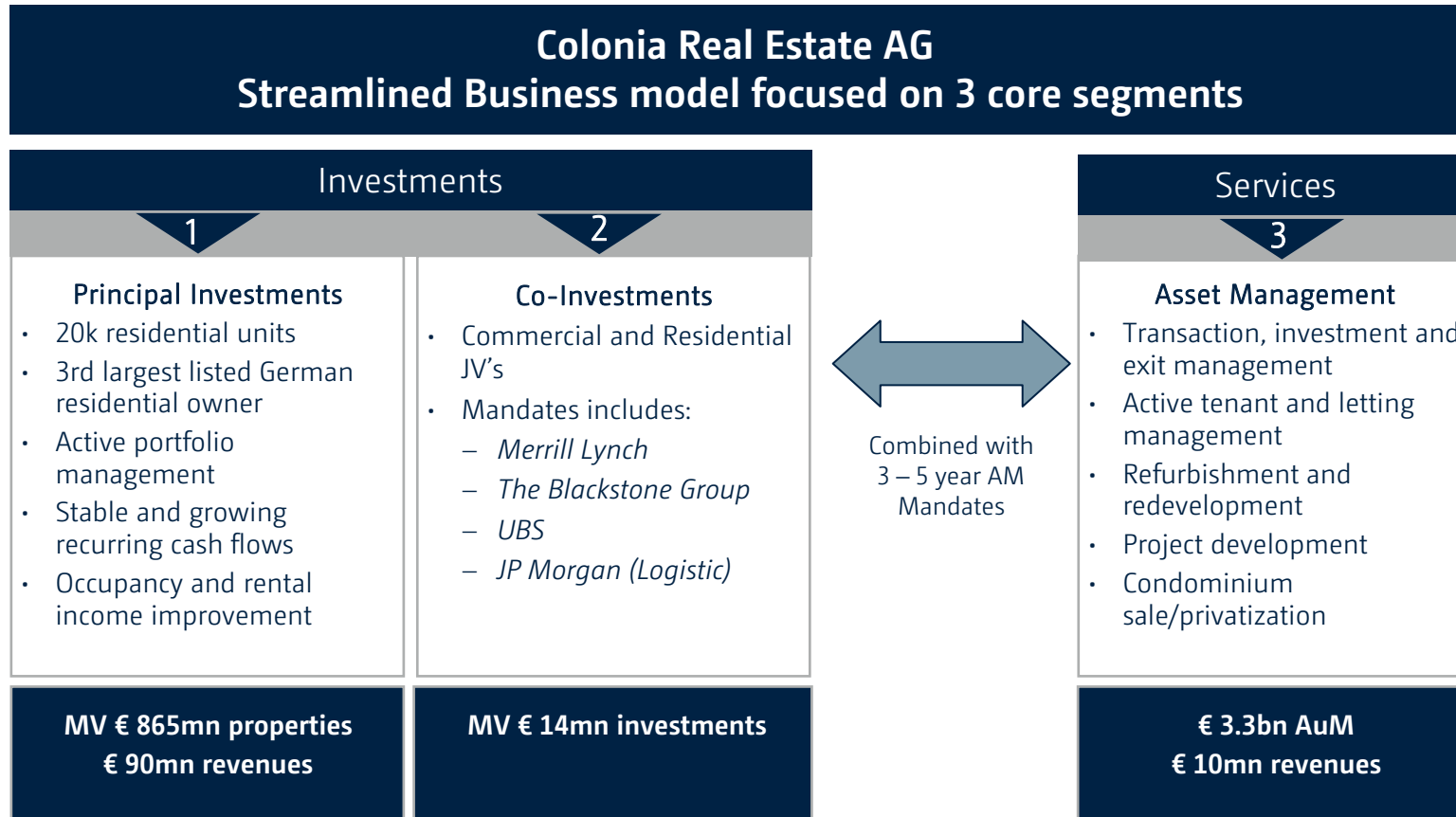
Stephan Rind (41) is CEO of Colonia Real Estate AG since 2003. He is responsible for the **business strategy, investments and communication / investor relations**. Prior to this mandate, he was Chief Investment Officer of the Fortman Cline Group in Switzerland from 1997 to 2002 and responsible for private equity investments. He is also founder and director of the German Institute of Real Estate (IDDIW), member of the Issuer Markets Advisory Committees (IMAC) of Deutsche Börse AG and member of the advisory committee of the German Academy of Real Estate Economics (ADI).



Volker Lemke (45) is CFO of Colonia Real Estate AG since September 2008 and responsible for **Controlling, Accounting/Tax and Finance**. He is a certified tax advisor and has over 15 years of experience in real estate and tax law. He worked for various real estate companies and has long term experience in restructuring several real estate companies. Before joining CRE group he held the position as CFO - responsible for the areas finance and tax - at Deutsche Real Estate AG. Since 2007 he is Managing Director of CRE Resolution GmbH and responsible for the finance, controlling and tax of the asset management division.



Friedrich Thiele (42) is CIO of Colonia Real Estate AG since September 2008 and responsible for the **Asset and Portfolio management and Co-Investments**. Before becoming a member of the board, Friedrich Thiele was responsible for residential and commercial real estate as well as co-investments at Colonia Real Estate since March 2007. He holds a Master in Business Administration and he is a Real Estate Economist from the European Business School (ebs). Prior to his position he was a Managing Director of KARG Real Estate GmbH in Frankfurt, the asset and portfolio manager of one of the biggest German family foundations. Previous to this he worked amongst others for the DGMG (today RREEF) and Commerz Leasing und Immobilien GmbH.





- **2008 net loss of € -82.9mn** led by significant **non-cash revaluation losses of € 75mn** including non-cash financial instruments representing write-offs on the capital values of the investment portfolio of 7.6%; **EBITDA remained positive with € 12.5mn** (2007: € 22.8mn)
- **Healthy core business with net rental income (NRI)** from property strongly increased by 26.3% to € 60.0mn (2007: € 47.5mn). **Net operating Income (NOI)¹** also increased by 17.9% to € 38.9mn (2007: € 33.0)
- **Rents improved 2%** to € 4.62 per sqm² and **vacancy decreased 13.8%** from 15.2% to 13.1%³
- **AM and FM revenues decreased by 15.9%** to € 9.4mn (2008) with a **net result of € -1.19mn** (2007: € 1.53mn) due to very low transaction activity. The Fund Management, which was sold in December '08, produced almost the entire loss with € -1.1mn



- Overall financial situation improved significantly: **With € 75mn refinanced in 2008 all outstanding debt is long term debt (> 1 year). Equity ratio** after revaluation at **24.3%** (2007: 31%). **NAV¹ declined by 28.2% to € 11.7** per share (2007: € 16.3 per share) still offering 73% discount to current share price
- **Administrative cost declined by almost 32.6% to € 20.9mn** (2007: € 31.0mn). The comprehensive restructuring and cost-saving program started in September '08 with **annual savings of € 8.4mn for 2009** including a layoff of 24% of the staff already accomplished.
- CRE expects to achieve **turnaround in 2009 with cash earnings from strong first quarter** as a result of further improvements in rental income, a much leaner cost structure and successfully closed refinancing activities
- **Full 'kitchen sinking'**, leaving CRE with a clean P&L and balance sheet for 2009 and beyond. **Co-investments fully revalued (€ -13.8mn), no 'surprises' left.** Clean up leads to a comfortable and competitive situation to master the challenging markets.

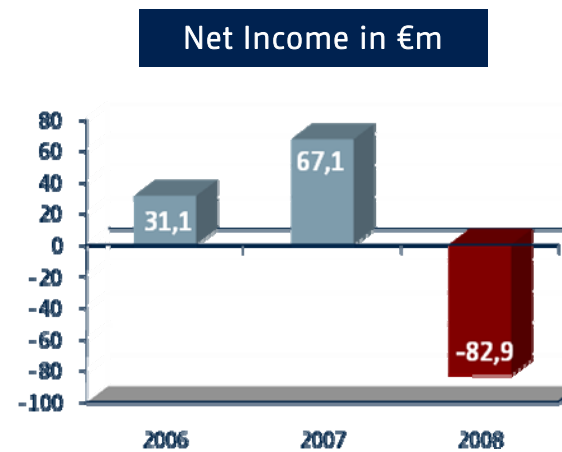
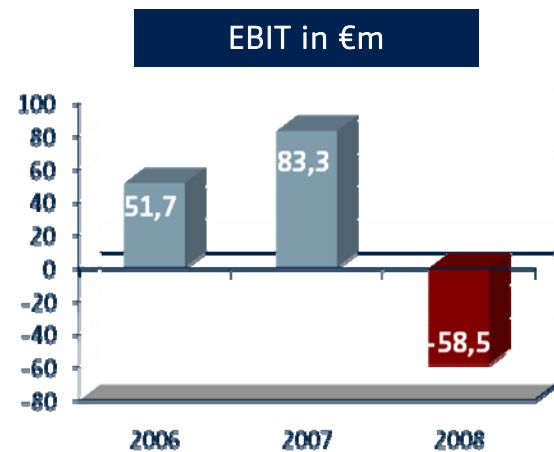
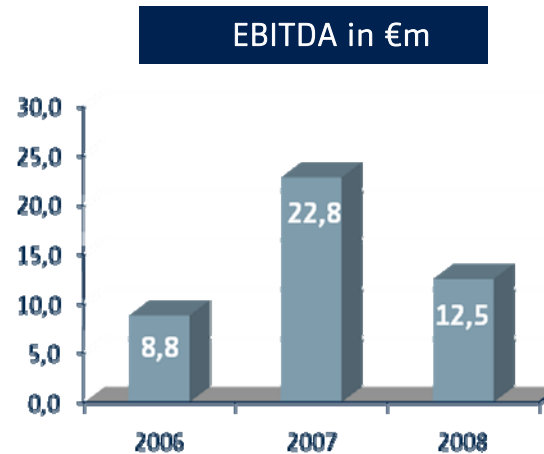
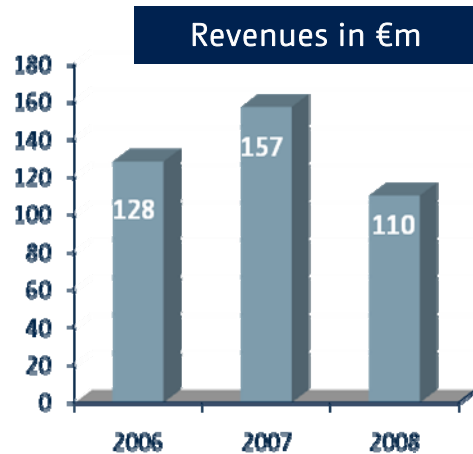
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Key Financials 1/2



Colonia Real Estate AG



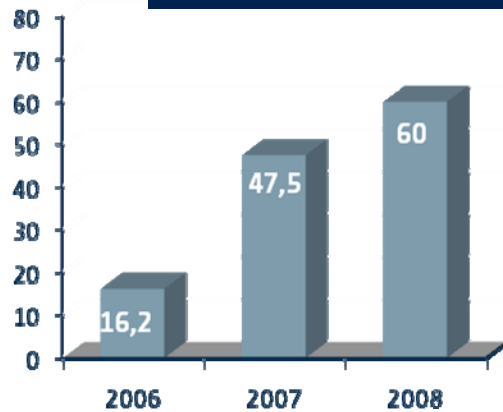
- Collapsing credit and capital markets led to depressed investment market and yield extensions across the sectors
- Non-cash related write-offs on market values and financial instruments totaling € 75mn overshadowed improved net rental income of € 60mn (2007: € 47.5mn)
- Consequently EBIT declined to € -58.5mn and Net Income to € -82.9mn

Key Financials 2/2

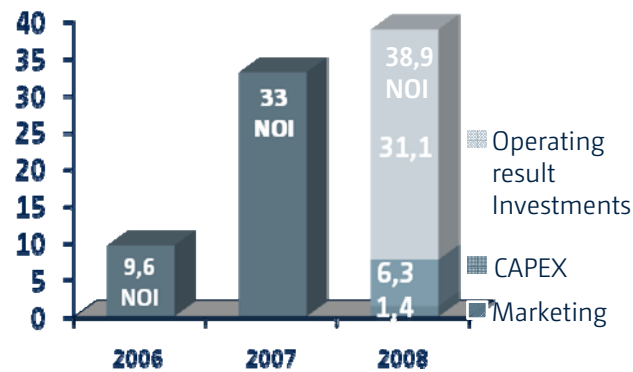
CRE

Colonia Real Estate AG

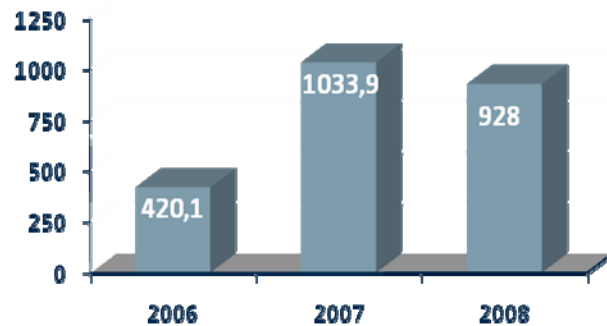
NRI in €m



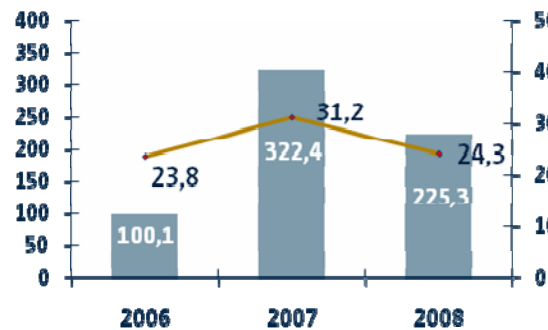
NOI in €m



Total Assets in €m



Equity in €m and Ratio



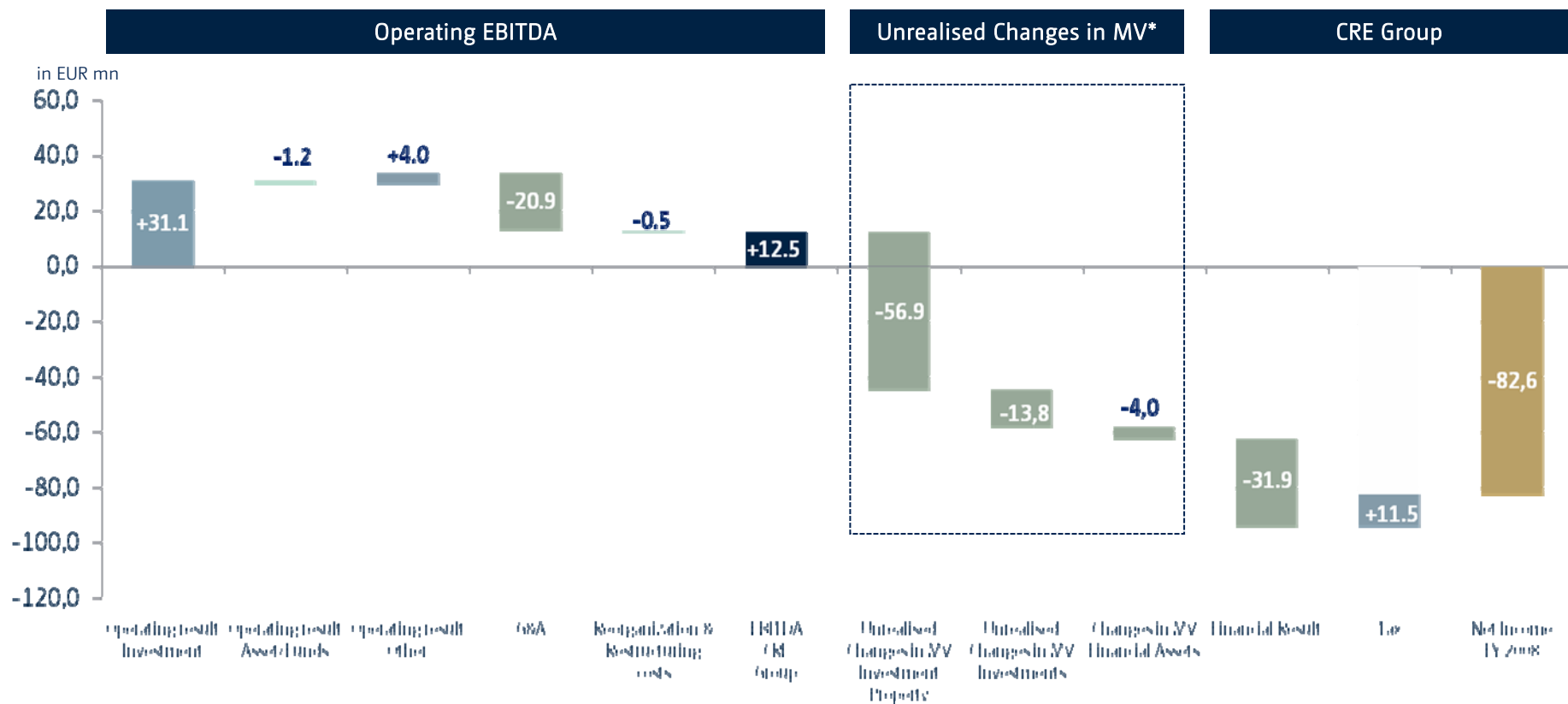
- Positive development of Net Rental Income (NRI) to € 60mn (+26.3% yoy) and Net Operating Income¹ (NOI) to € 38.9 (+17.9% yoy)
- Total Asset down to € 928mn or -10.4% vs 2007
- Group's Equity declined to € 225.3 (-30.1% yoy) with Equity ratio at 24.3%, slightly below management target range of 25 – 35%
- As part of the cost-cutting program general administrative cost (GA) declined to € 20.9mn or 32.6% (2007: € 31mn)

¹ Adjusted NOI excluding refurbishment and CAPEX

Income Statement 1/2



Colonia Real Estate AG



* MV = Market Value(s)

Income Statement 2/2

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EUR mn	2008			2007		
	Prior unrealised changes in values	Unrealised changes in values	Total	Prior unrealised changes in values	Unrealised changes in values	Total
Total Income (excluding finance income)	89.5		89.5	66.0		66.0
Property operating expenses	-58.4		-58.4	-33.0		-33.0
Net income on disposal of trading properties	0.3		0.3	0.0		0.0
Net income from Asset & Fund Management	-1.2		-1.2	1.5		1.5
Administrative expenses	-20.9		-20.9	-31.0		-31.0
Restructuring costs	-0.5		-0.5	0.0		0.0
Other income (expenses), net	3.8		3.8	19.2		19.2
Valuation movements		-71.0	-71.0		60.5	60.5
EBIT	12.5		-58.5	22.8		83.3
Financial expenses	-36.7	-4.0	-40.7	-27.2	0.0	-27.2
Losses on securities		0.0	0.0		-12.6	-12.6
Financial income	4.8		4.8	10.0		10.0
Financial Result	-31.9		-35.9	-17.2		-29.8
Consolidated results before tax	-19.4		-94.4	5.6		53.5
Income tax	11.5		11.5	13.6		13.6
Consolidated results before minority interests	-7.8		-82.9	19.2		67.1
Minority interests	-0.4		-0.4	1.2		1.2
Consolidated results	-7.5		-82.5	18.1		66.0

Profile of Unrealized Changes

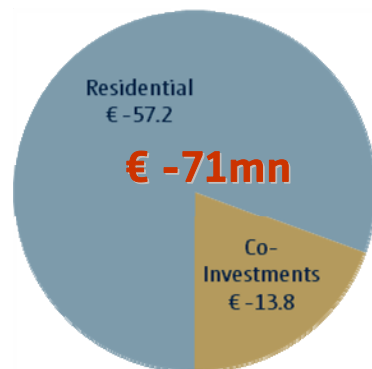
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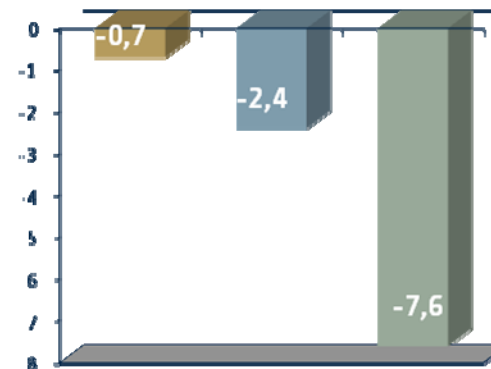
	Units	Fair Value in € m 2008	Fair Value in €/sqm			Annual rate of rent increase		Discount rate		Capitalization rate	
			New	Old	Δ	New	Old	New	Old	New	Old
Berlin	5.690	274.486.500 €	734 €	792 €	7,8%	2,1%	2,75%	6,75%	6,29%	5,80%	5,64%
North	12.105	484.100.000 €	646 €	643 €	-0,5%	2,0%	2,75%	7,40%	6,56%	6,00%	5,95%
West	693	40.650.000 €	838 €	860 €	2,6%	2,1%	2,75%	7,05%	6,61%	5,90%	5,72%
Other	1.071	53.363.500 €	715 €	746 €	4,3%	2,1%	2,75%	7,00%	6,58%	6,05%	5,78%
Total	19.559	852.600.000 €	684 €	702 €	2,6%	2,1%	2,75%	7,05%	6,51%	5,90%	5,77%

- Depreciation of € 57.2mn on residential assets does not reflect activation of CAPEX in equity of € 26mn in 2008
- CRE's conservative approach in revaluation shows 7.6% change in residential assets vs. 2.4% average depreciation by RICS for German residential

Revaluations Investment portfolio by segment



Average changes for German Residential vs CRE

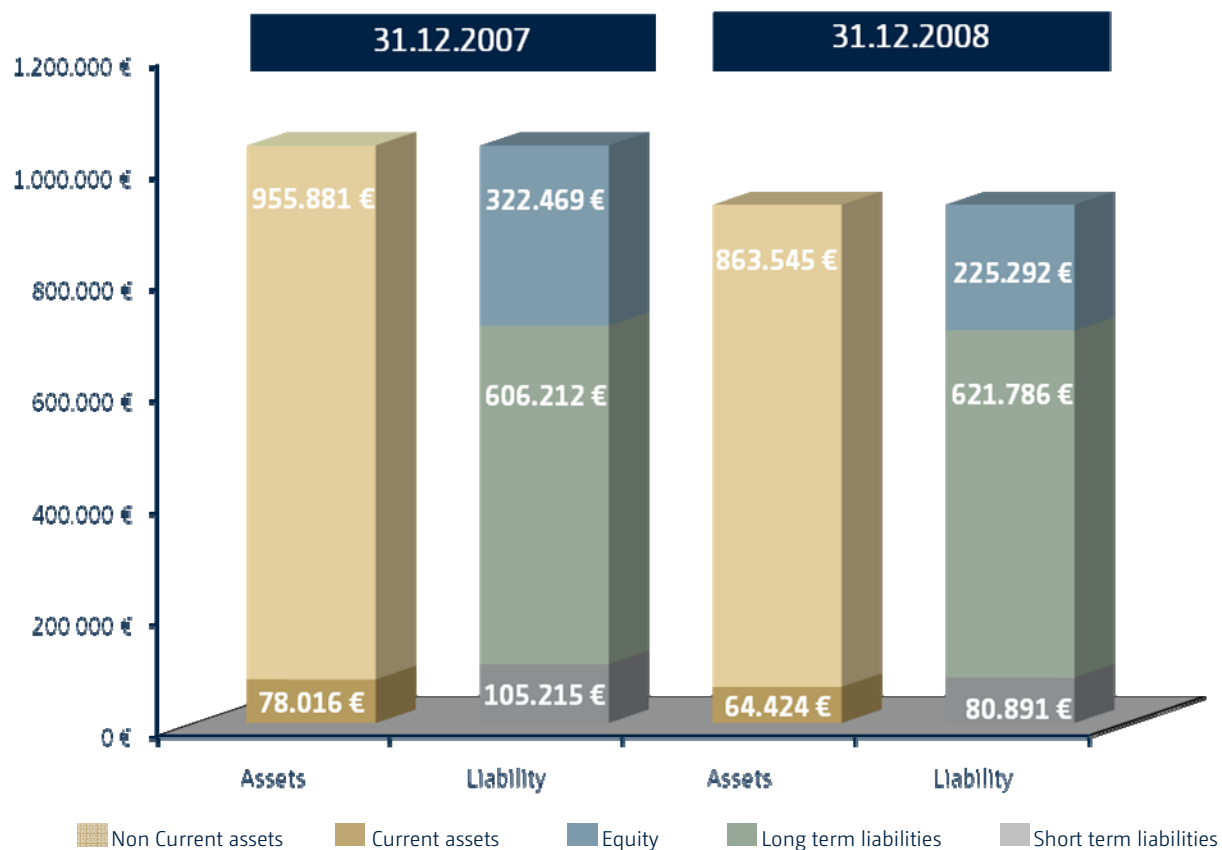


Source: Knight Frank, RICS

Balance Sheet 1/3



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- Significant shift from short-term into long-term obligations yoy
- Short-term debt of € 43.0mn related to IFRS adjustments (Assets for Sale, discounted amortisations)
- No short term liabilities based on existing loan agreements

Balance Sheet 2/3

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EUR mn	2008	2007
ASSETS		
Non-current assets		
Intangible assets	3.2	2.9
Investment property	835.4	918.9
Property, plant & equipment	1.0	0.9
Investments in associates	7.1	21.4
Deferred taxes	10.7	8.1
Other non-current assets	6.2	3.7
Total non-current assets	863.5	955.9
Current assets		
Cash & cash equivalents	15.3	26.2
Non-current assets held for sale	4.1	24.0
Other current assets	15.5	27.8
Total current assets	35.0	78.0
Assets of a disposal group classified as held for sale	29.4	0.0
Total assets	928.0	1033.9

Balance Sheet 3/3

CRE

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EUR mn	2008	2007
EQUITY & LIABILITIES		
Equity		
Equity attributable to group shareholders	224.7	320.8
Minority interest	0.6	1.7
Total equity	225.3	322.5
Non-current liabilities		
Financial liabilities	581.1	552.3
Deferred tax liabilities	40.5	53.9
Other non-current liabilities	0.1	0.0
Total non-current liabilities	621.8	606.2
Current liabilities		
Financial liabilities	43.0*	67.4
Tax liabilities	1.1	0.6
Other current liabilities	36.8	37.2
Total current liabilities	80.9	105.2
Total equity & liabilities	928.0	1033.9

Cash flow Statement

CRE

Colonia Real Estate AG

EUR mn	2008
Proceeds from operating activities	5.5
Interest payments	-29.4
Redemption / Take-out	35.9
Debt service	6.5
Investments	-26.4
Issue of share capital	5.1
Dividends	-5.7
One-off effects	
Restructuring costs	-0.5
Cash flow	-15.5

Funds from Operations (FFO)

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FFO (in EUR mn)	2008
Net operating results before interest	-54.9
Results from fair value management	71.0
Restructuring costs	-0.5
Net operating results before interest, revaluation & restructuring costs	15.6
Share-based remuneration	0.8
Net interest expenses	-28.0
Tax expenses	-0.4
Others	0.5
FFO	-11.5
FFO per share (in EUR)	-0.50

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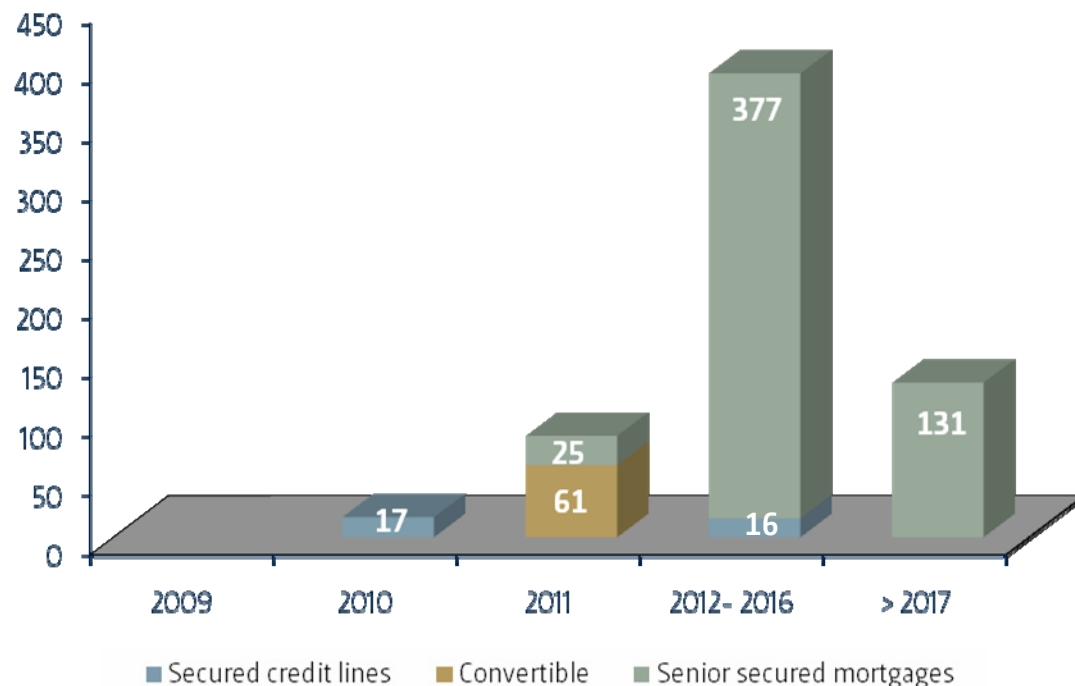
Strong Financing Structure



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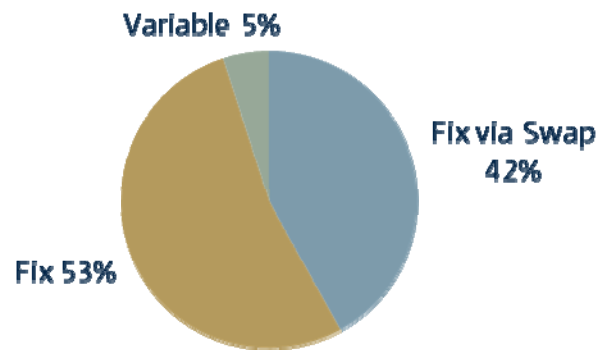
Debt Duration Profile

in €mn

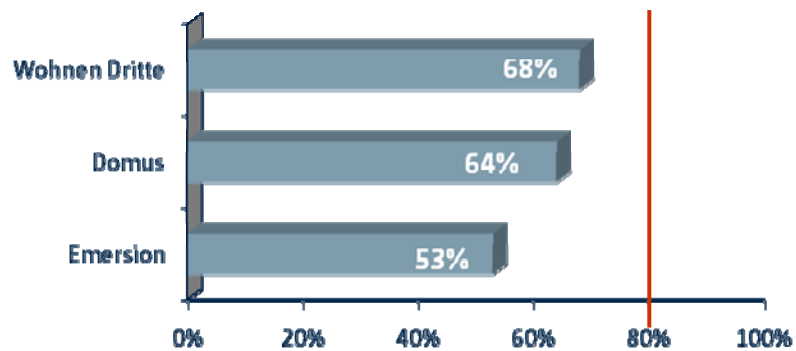


- Total debt volume: € 627mn
Long term debt: € 627mn
Short term debt: € 0mn
- Avg. interest rate: 4.7% p.a.
Average duration: 8.3 years
Hedging ratio: 95%
- In October 2008, CRE bought back € 33mn of debt and refinanced this amount with a 5.92%, 5 year fixed mortgage loan with a profit of € 3mn

Interest rate profile



LTV covenants trigger¹



- Fixed rate financings in 2008 have improved from 36% to 53%
- 3 out of 9 subportfolios have LTV covenants at 80% LTV. All 3 have high comfort zones before they trigger 80%.
- Other important covenants for the overall residential portfolio:
ICR: 158% (covenants 115 - 135%)
DCR: 135% (covenants 110 - 120%)

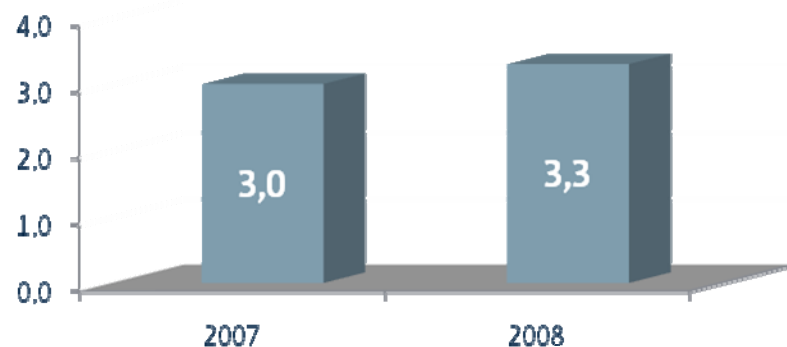
(1) After revaluation as of 31/12/2008

Key Financials – Asset Management

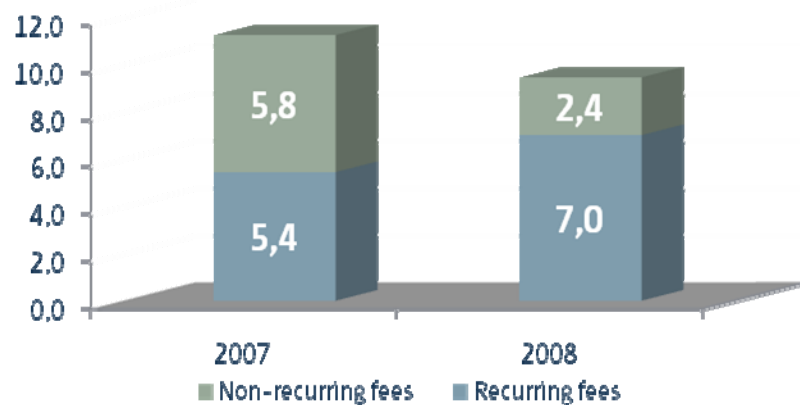
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Assets under Management (in EUR bn)



Fee Income Split by Type (in EUR mn)



Asset & Fund Management 2008 (in EUR mn)

Revenues	9,4
- thereof recurring revenues	7,0
- thereof non-recurring revenues	2,4
Expenses	10,6
- thereof material costs	1,9
- thereof personnel salaries	5,7
- thereof depreciation	0,4
- thereof general & administration costs	2,6
EBIT	-1,2

- AuM in 2009 will be declined on the back of the cancellation of the Oaktree mandate to € 2.1bn
- New acquisitions of € 320mn in 2008 and € 440mn in 2009
- Increase of recurring fees in 2008 of 30% yoy

Agenda



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Appendix

General Management Priorities

Streamline and focus



- ✓ Reduction on 3 core Business Segments with focus on residential portfolio

Cash and cash flow is King



- ✓ Selling business units with negative cash flow and secure liquidity
- ✓ Strict cost monitoring and reducing overhead

Riskmanagement



- ✓ Shift to long term liabilities with fixed interest rates

Restore credibility



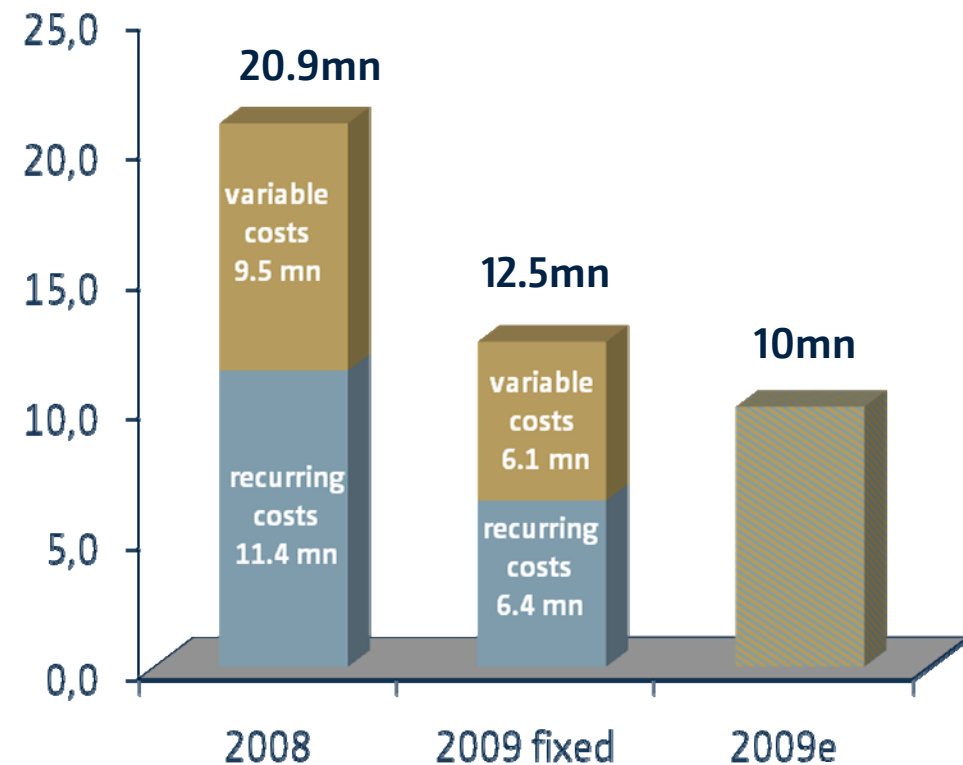
- ✓ Focus on facts, increase transparency and deliver

Trimming the cost structure



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- CRE already implemented **annual cost savings of € 8.4mn** (€ 5mn recurring and € 3.4mn variable) further € 3mn planned
- € 20.9mn admin costs in 2008 represent **32.6% reduction** (2007: € 31mn)
- Biggest saving positions in recurring cost include personnel (€ 2.5mn), Marketing/IT (€ 0.6mn) and audit and bookkeeping (€ 0.5mn)
- Biggest positions in variable include legal fees (€ 2.4mn) and advisory fees (€ 1.0mn)



Market developments
Signs of recovery in German residential



Colonia Real Estate AG

- All-time low of new developed apartments with 76,000 units since the German reunification versus medium-term requirement of 400,000 new developed apartments¹ per year
- Further increase of c. 820,000 private households is expected until 2020
- Siemens sold 4,000 apartments for approx. 1,100 Euro per sqm² in € 320mn transaction to German investor group
- German Pfandbrief market comes back with 11.6bn in placements in Q1 09³
- Terra Firma aims to buy back own CMBS for 6bn Euro with an anticipated discount of 45-50% of the nominal value due to market imbalance

CRE Residential Portfolio at a Glance



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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: 12.105

North

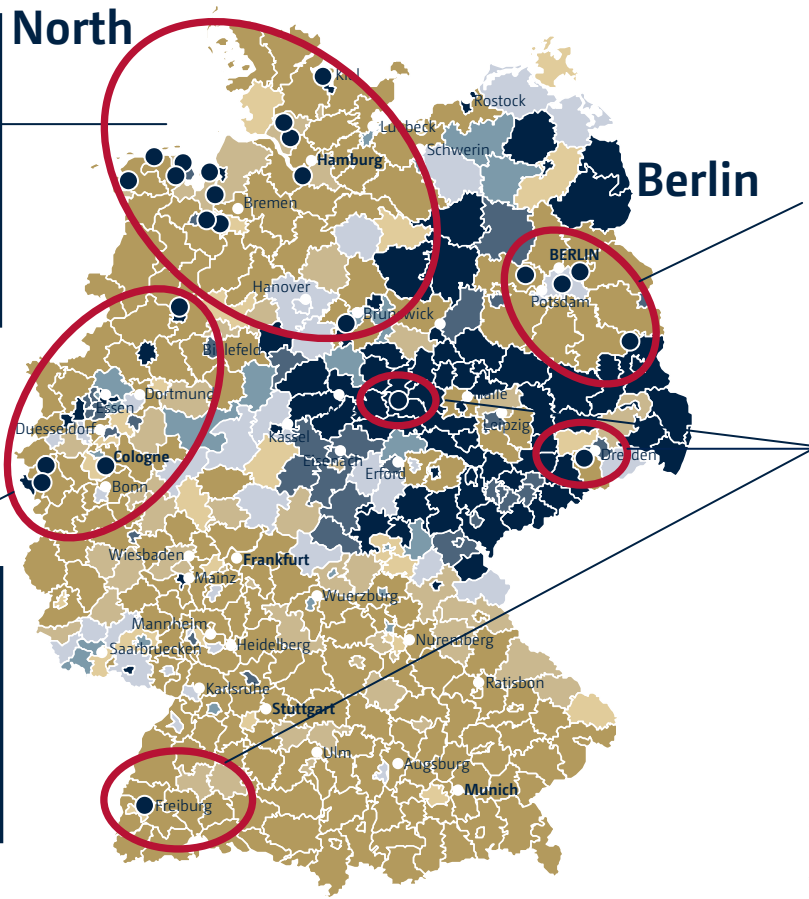
Region Berlin
 Average asset rent: € 4,74
 Rent new tenants: **€ 5,10 – € 6,50**
 Quality of property
 - energetic refurbishment 90%
 - market average 10%
 number of accommodation units: 5.690

Berlin

West

Region West
 Average asset rent: € 4,97
 Rent new tenants: **€ 5,45**
 Quality of property:
 - energetic refurbishment 84%
 - market average 16%
 number of accommodation units: 693

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: 1.071



Residential market – assets qualifying
 Relative change of the households from 2005 to 2020

- Residential Portfolio CRE AG
- more than 5
- 3 to 5
- 1 to 3
- -1 to 1
- -1 to -3
- -3 to -5
- less than -5

Source: L-Bank-IAW: Monitoring of the residential real estate market, Baden-Württemberg



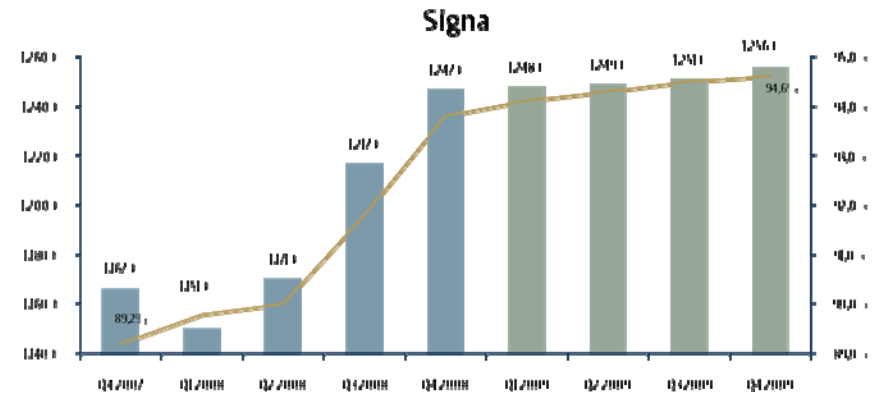
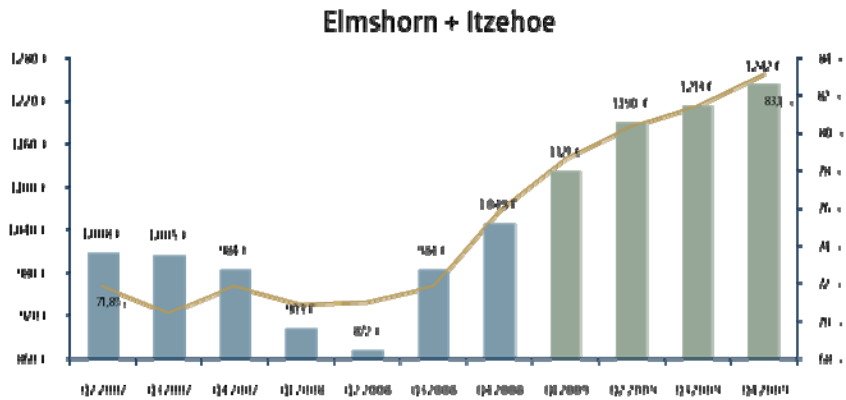
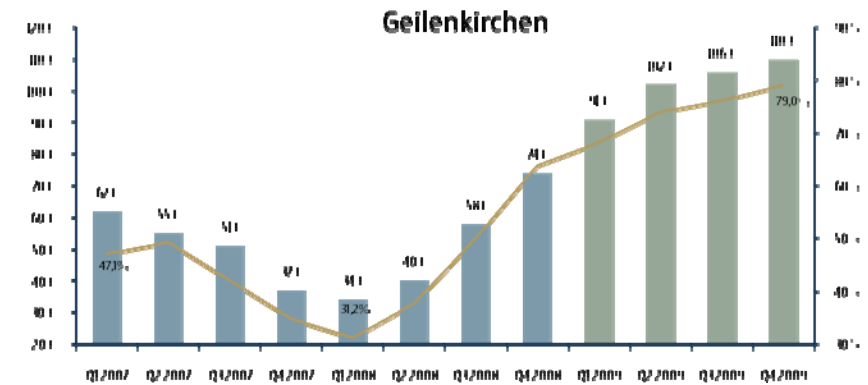
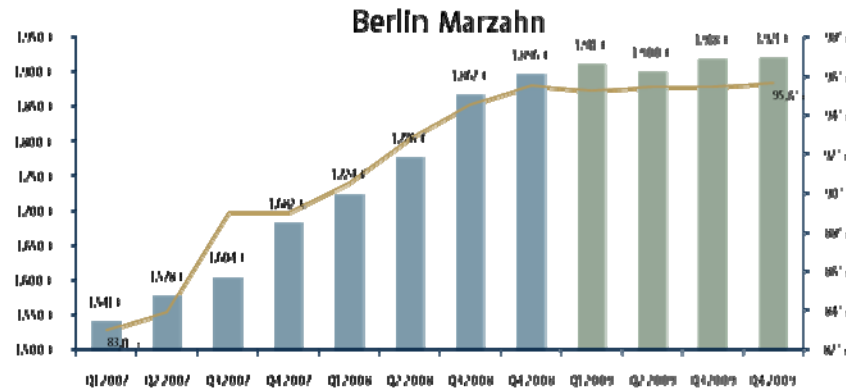
- CRE owns almost 20.000 residential units of which 60% have been recently modernized investing CAPEX of € 54mn in the last 15 months
- On a like-for-like basis overall vacancy decreased 13.8% from 15.1% to 13.1%¹ and average rents per sqm increase by 2% to € 4.62
- Average new rents in refurbished areas increased by 21.5% from € 4.50 to € 5.64 per sqm after modernization

CRE

Residential Portfolio – Case Studies for Value Creation



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■ NRI/actual rent — Occupancy rate

Agenda



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Appendix

- **CRE Accentro becomes exclusive sales manager for the resale management of 4,500 condominium (MV of c. € 330mn) and additional € 110mn special properties for GSW in Berlin**
- **The new mandate will generate an estimated additional € 2.5mn annual revenues with € 1mn net profits in 2009 annually until 2012**
- **Recent refinancing of northern German residential portfolio combined with a loan waiver of € 8.4mn will enhance cash flow and generate one-off cash earnings in the same amount**
- **Strong first quarter with ongoing net absorption and improved rents**

Anticipated NOI Development



- Strong further NOI growth expected and minimized operating costs
- Average new rents increased by 21.5% to € 5.64 sqm after modernization
- € 54mn modernization program completed in Q3
- First time privatizations achieved sales of € 2.1mn with a 14% margin

CRE

Share Details – Updated Version 03/2009

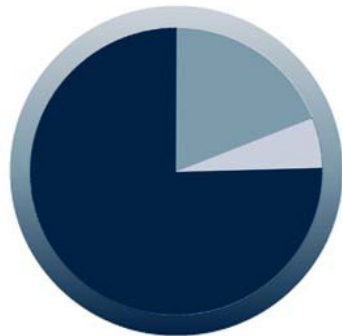


Colonia Real Estate AG

- Average price of March 2009 € 3.00
- Market Cap € 68mn
- Number of shares 22.8mn
- Freefloat 75.6%

Index memberships: SDAX, MSCI Germany Small Caps, EPRA, GPR 250 and E&G DIMAX

Research coverage: HSBC, WestLB, Commerzbank, UniCredit, Silvia Quandt Research GmbH, Sal. Oppenheim, Bankhaus Lampe, UBS

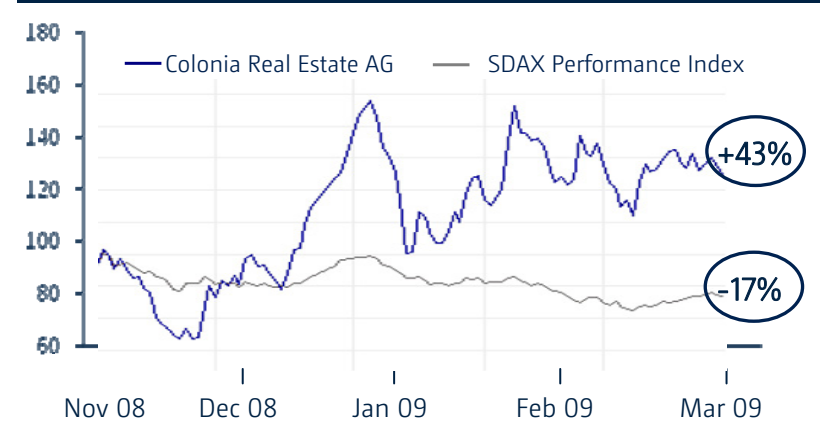


Milfolium Management Inc. 19% (State of Liechtenstein)
Minefa Holdings B.V. 5,37%
Free Float 75,63%
• Cominvest 3,12%
• Generali Investment France 3,16%

1 years Colonia Real Estate AG (KBU GY)



Performance CRE vs. SDAX



CRE
Defensive Value at a Deep Discount



Colonia Real Estate AG

- Healthy operating core business (Net Rental income +31% yoy)
- Ongoing occupancy and rent level improvements in line with business plan
- Comprehensive cost-cutting program will lead to positive cash flows in 2009
- No short-term refinancing issues, sufficient liquidity position and strong debt structure
- Strong new sovereign-wealth core shareholder with long-term perspective
- NAV € of 11.65 per share represents 74% discount to current share price
- Current market cap indicates valuation of € 553 per sqm or 8.64% net yield!

CRE as one of the leading investment and asset management platforms with a high exposure in the defensive German residential market offers 75% discount to its adjusted NAV



Colonia Real Estate AG

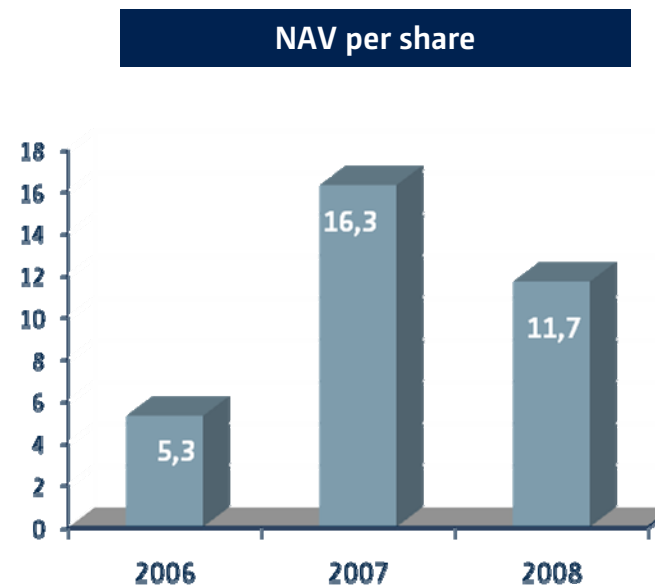
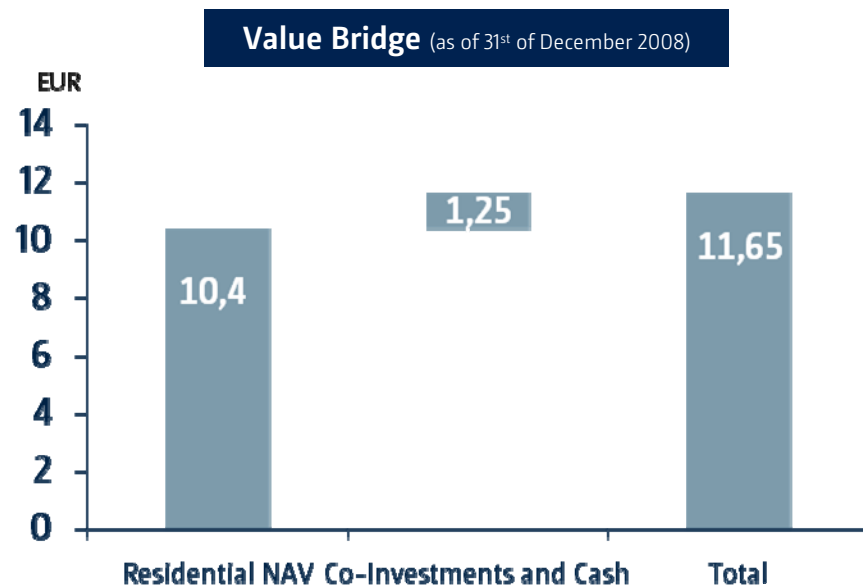
Thank you for your attention

Stephan Rind, Chief Executive Officer
Volker Lemke, Chief Financial Officer
Friedrich Thiele, Chief Investment Officer
Colonia Real Estate AG, Zeppelinstraße 4 – 8, 50667 Cologne/Germany
Tel: +49 (0)221 7160 710, Internet: www.cre.ag, E-Mail: ir@cre.ag

Value Bridge and NAV

CRE

Colonia Real Estate AG

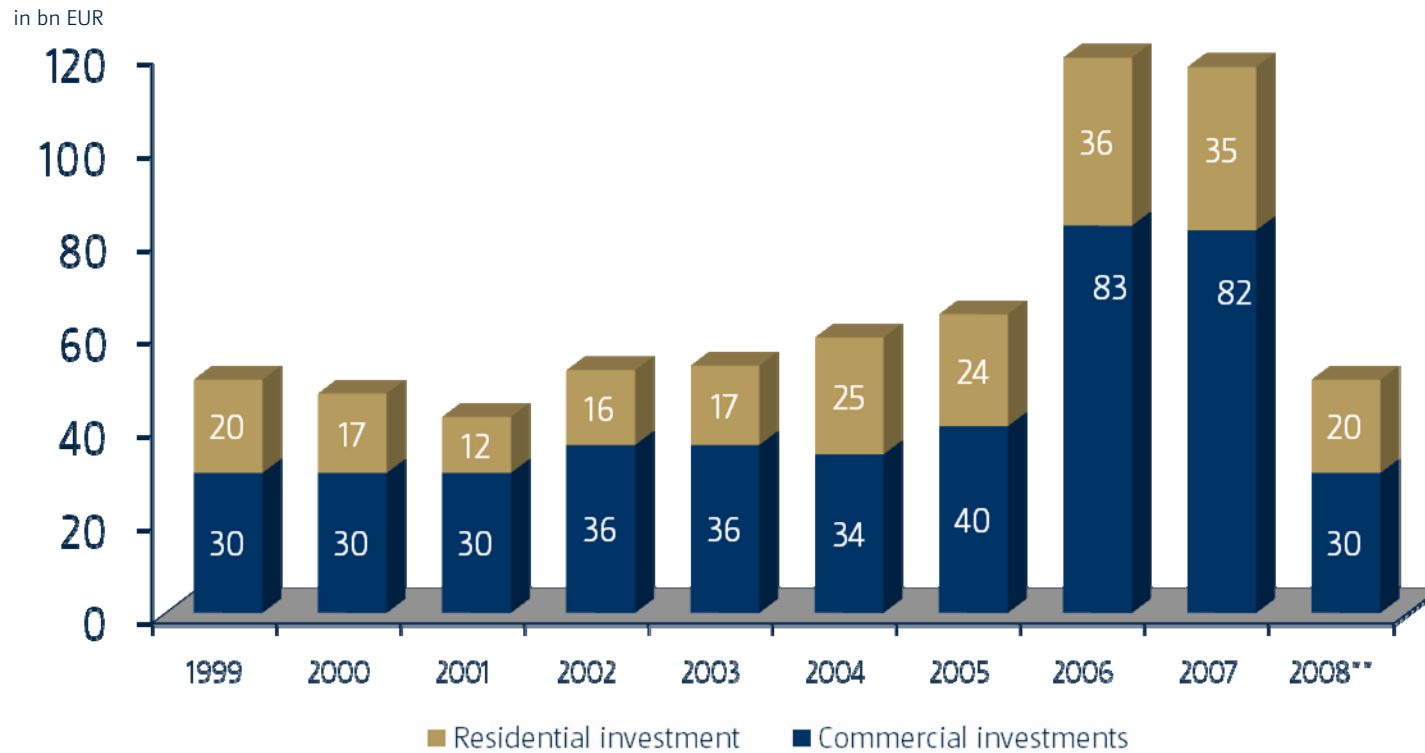


- NAV after revaluation and excluding service division decreased to € 11.7 per share

Transactionvolume Investment market Germany



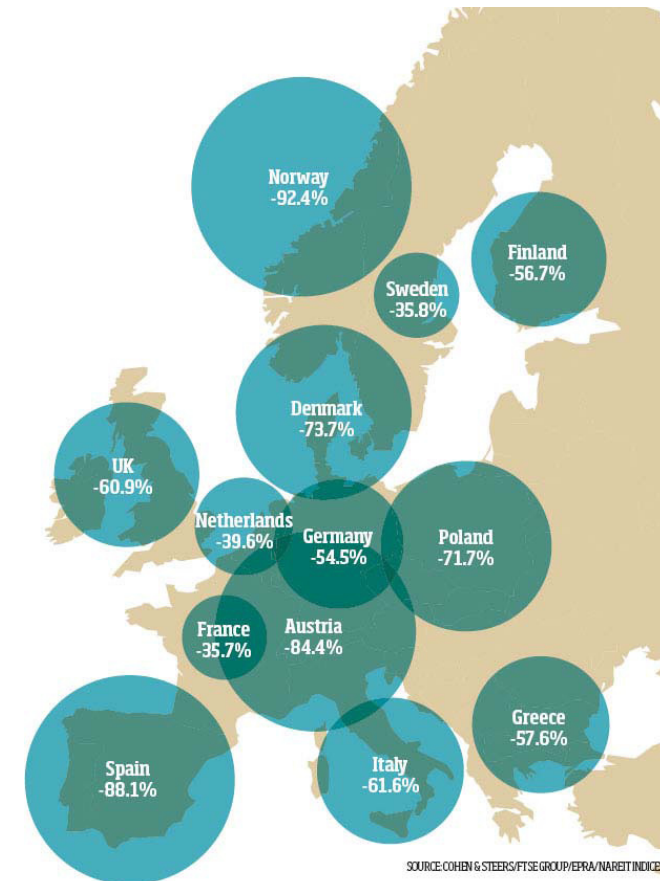
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•Asset-Deals ** preliminary acceptance
Source: Survey und calculation AENGEVELT RESEARCH based on the board of expert valuers of the federal states and the town council

Breakdown of how the downturn affected Europe

- The UK fell by 60.9%, as stocks were sold off sharply – driven by high consumer debt levels
- France performed better with a fall of 35.7%
- The Netherlands fell by 39.6%
- Austria plummeted by 84.4% amid concern over corporate governance and a reliance on new development
- Germany fell by 54.5%, thanks to its companies' high debt levels and inefficient operating structures



Source: Cohen&Steers/ FTSE Group/EPRA/NAREIT

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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.

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