

CRE

Colonia Real Estate AG

Next Generation Real Estate

Presentation Financial Report HY 2009
Turning the tide

Colonia Real Estate AG | August 2009



Agenda

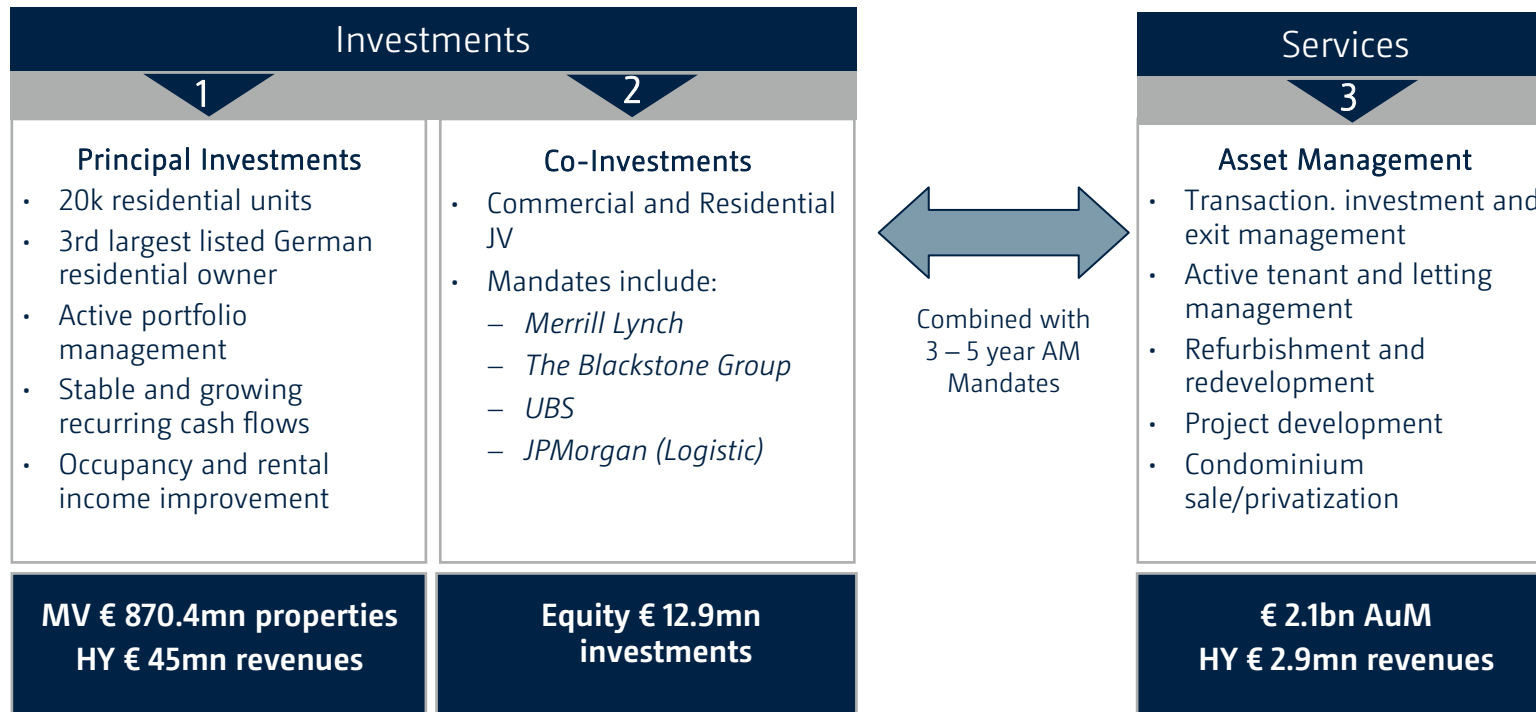


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 Streamlined Business model focused on 3 core segments and active portfolio management



- **HY 2009 net profit of € 6.3mn (HY 08: -€ 2.0mn). EBIT increased to 16.6mn (HY 08: € 5.6mn)** mainly driven by improved rents. reduced G&As and extraordinary gains from a refinancing
- **Strong core business with net rental income (NRI) from property € 30.3mn (HY 2008: € 28.9mn)** without rents from Hotel portfolio (€ 2mn per year) which was sold in Q3 2008. **Net operating Income (NOI) strongly increased by 17.4% to € 21.6mn (HY 2008: € 18.4mn)**
- **Compared to HY 2008 average rents improved 2.2% to € 4.63 per sqm and vacancy decreased 9.2 % from 15.2% to 13.8 % (same store basis)**
- **Administrative costs declined by almost 62% to € 5.9mn including restructuring cost of 0.3mn (HY 2008: € 15.6mn)** as a result of the comprehensive restructuring and cost-saving program started in September '08
- **AM net result decreased to € -1.1mn** due to on-off restructuring charges in Q2 09 of € 0.1mn and ongoing low transaction activity in the investment market
- **Capital increase and successful conversion of stock options improved equity ratio up to 26.1%. NAV declined by 14.9% to € 10.15 per share (Q1 2009: € 11.92 per share)**

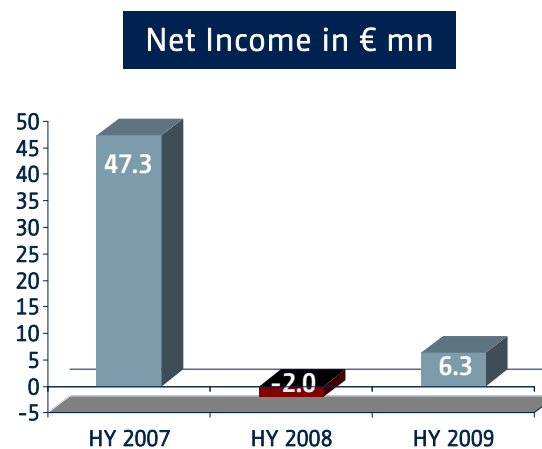
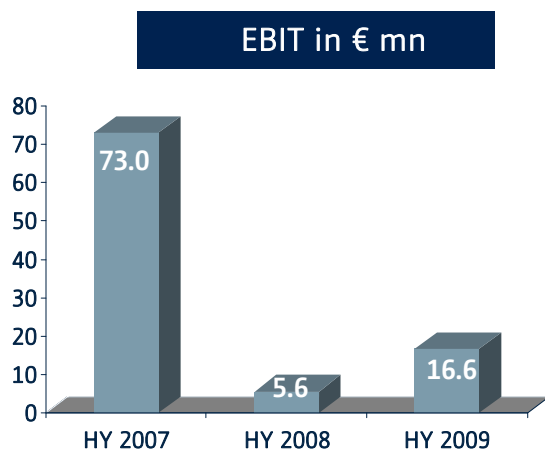
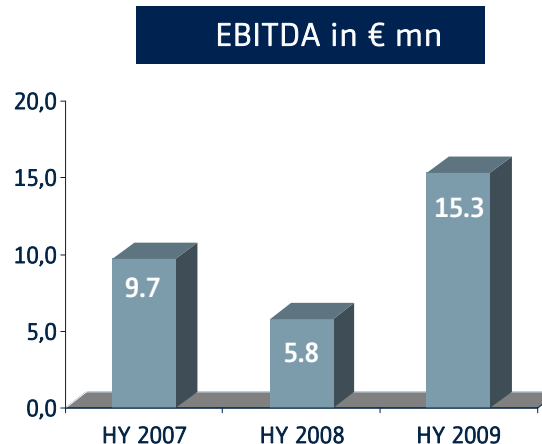
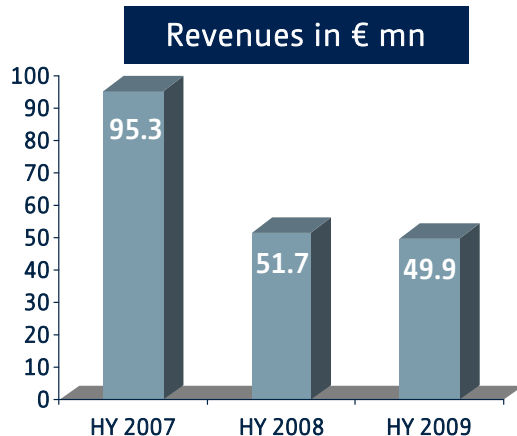
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Key Financials HY 2009 (1/2)

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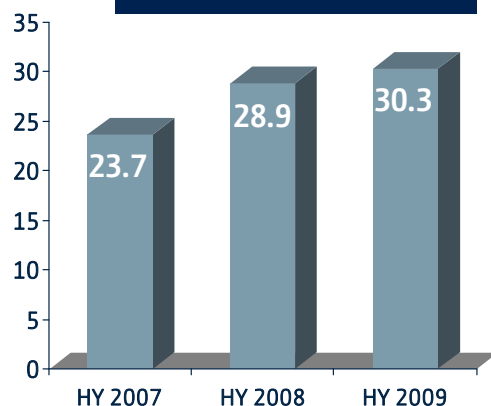
- Positive EBITDA of € 15.3mn underlines potential turnaround in 2009
- EBIT increased to € 16.6mn
- Net income came in at € 6.3mn on the back of improved rental income, slim cost structure and extraordinary gain from successful refinancing activities

Key Financials HY 2009 (2/2)

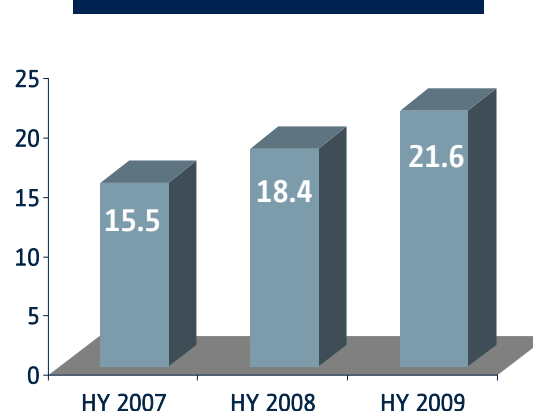


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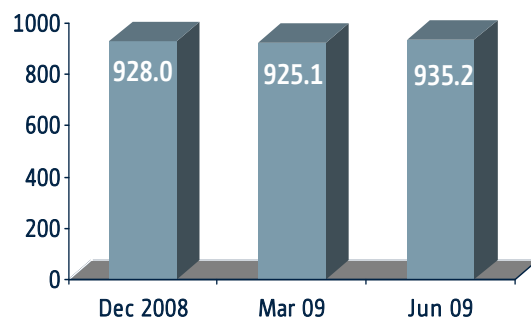
NRI in € mn



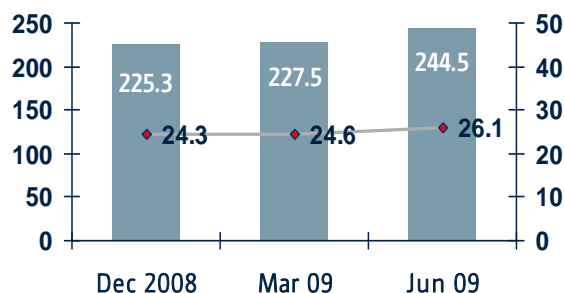
NOI in € mn



Total Assets in € mn



Equity in € mn and Ratio



- Ongoing solid development of Net Rental Income (NRI) to € 30.3mn (+4.8% yoy) and Net Operating Income¹ (NOI) to € 21.6 (+17.4% yoy)
- Group's Equity increased to € 244.5 with Equity ratio at 26.1%. within management long-term target range of 25 – 35%
- As part of the cost-cutting program general administrative cost (G&A) declined to € 5.9mn including restructuring cost of 0.3mn or 38% (HY 2008: € 15.6mn)

¹ Adjusted NOI excluding refurbishment and CAPEX

Income Statement HY 2009



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€ mn	HY 2009	HY 2008
	Total	Total
Total Income (excluding finance income)	49.9	51.7
Total expenses (excluding finance costs)	33.7	46.0
Net rental income	44.7	43.2
Property operating expenses	-23.1	-24.8
Net income on disposal of trading properties	0.0	0.0
Net income from Asset Management ¹	-1.1	0.6
Administrative expenses	-5.6	-15.6
Restructuring costs	-0.3	0.0
Other income (expenses). net valuation movements	0.6 1.4	2.1 0.0
EBIT	16.6	5.6
Financial expenses	-18.7	-17.0
Income from waiver of loan repayment	8.7	0.0
Financial income	0.2	10.0
Financial Result	-9.8	7.0
Consolidated results before tax	6.8	-1.4
Income tax	-0.5	-0.6
Consolidated results before minority interests	6.3	-2.0
Minority interests	0.2	-0.1
Consolidated results	6.1	-1.9

- Improved rental income to € 44.7mn without rents from Hotel portfolio (€ 2mn p.a.) which was sold in Q3 2008
- Administrative cost more than halved to € 5.6mn excluding restructuring cost
- Revaluation result of € 1.45mn increases transparency and indicates stabilizing market environment

¹ prior year includes Fund Management

Balance Sheet HY 2009 (1/2)

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€ mn	HY 2009	Q1 2009	FY 2008
ASSETS			
Non-current assets			
Intangible assets	3.2	3.1	3.2
Investment property	844.9	837.9	835.4
Property, plant & equipment	0.7	1.0	1.0
Investments in associates	7.1	7.1	7.1
Deferred taxes	10.9	10.8	10.7
Other non-current assets	5.8	5.8	6.2
Total non-current assets	872.6	865.7	863.6
Current assets			
Cash & cash equivalents	20.8	10.2	15.3
Non-current assets held for sale	6.3	6.3	4.1
Other current assets	9.9	13.5	15.6
Total current assets	37.0	30.0	35.0
Assets of a disposal group classified as held for sale	25.6	29.4	29.4
Total assets	935.2	925.1	928.0

- Non current asset held for sale of € 6.3mn are acquired apartments for immediate resale this year
- Asset for disposal of € 25.6mn are investment properties up for sale (SIGNA portfolio)

Balance Sheet HY 2009 (2/2)

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€ mn	HY 2009	Q1 2009	FY 2008
EQUITY & LIABILITIES			
Equity			
Equity attributable to group shareholders	243.7	226.9	224.2
Minority interest	0.8	0.6	1.1
Total equity	244.5	227.5	225.3
Non-current liabilities			
Financial liabilities	573.4	578.4	581.1
Deferred tax liabilities	40.4	39.6	40.5
Other non-current liabilities	11.2	12.5	7.7
Total non-current liabilities	625.0	630.5	629.3
Current liabilities			
Financial liabilities	45.2	40.5*	43.0*
Tax liabilities	1.1	1.1	1.1
Other current liabilities	19.4	25.5	29.3
Total current liabilities	65.7	67.1	73.4
Total equity & liabilities	935.2	925.1	928.0

- € 20.4mn of € 45.2mn financial liabilities are long-term loans related to assets for sale
- Equity ratio slightly increased to 26.1%
- Reducing the current liabilities of about € 10mn in HY 2009

Cash flow Statement HY 2009

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€ mn	HY 2009	Q1 2009	HY 2008
Proceeds from operating activities	9.5	3.7	11.3
Interest payments	-14.1	-7.5	-13.7
Redemption / Take-out	-0.8	1.5	23.7
Debt service	-14.9	-6.0	10.0
Investments	-3.9	-2.2	-20.1
Payment to minority interests	-0.5	-0.5	0.0
Issue of share capital	16.4	0.0	5.1
Dividends	0.0	0.0	-5.7
One-off effects			
Restructuring costs	-0.3	-0.3	0.0
Cash flow	6.3	-5.3	-0.6

- Proceeds from operating activities increased up to € 5.8mn in Q2
- Investments of € 3.9mn represents CAPEX in our portfolios
- Expected improved proceeds from operating activities from privatization starting in H2 2009
- Cash flow from operations in Q1 -€ 4.1mn; in Q2 just -€ 0.8mn

Valuation Profile as of June 2009



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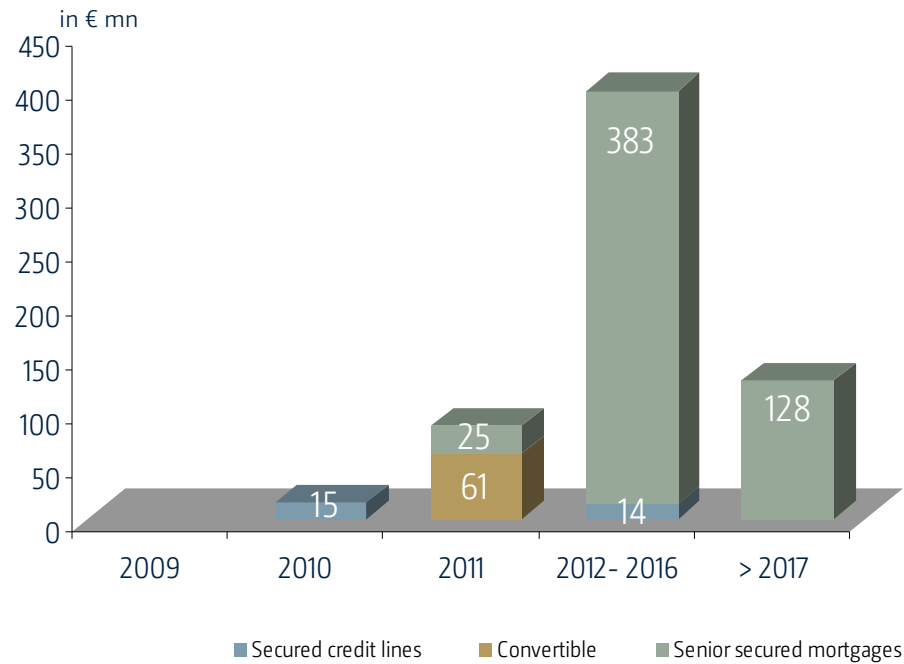
	Units	Fair Value in € mn	Fair Value in €/sm			Annual rate of rent increase		Discont rate		Capitalization rate	
		Q2 2009	New	Old	%	New	Old	New	Old	New	Old
Berlin	5,689	267,795,000 €	712 €	734 €	3.1%	1.88%	2.10%	6.98%	6.75%	5.99%	5.80%
North	12,199	493,038,000 €	650 €	646 €	-0.6%	2.51%	2.00%	7.24%	7.40%	6.21%	6.00%
West	591	37,188,000 €	921 €	838 €	-9.0%	3.22%	2.10%	6.96%	7.05%	6.24%	5.90%
Other	1,072	56,029,000 €	704 €	715 €	1.6%	2.86%	2.10%	7.08%	7.00%	6.48%	6.05%
Total	19,551	854,050,000 €	685 €	684 €	-0.1%	2.40%	2.10%	7.14%	7.05%	6.16%	5.90%

- New Valuation shows a net yield of 7.05% with € 685 per sqm and is very conservative in comparison to other peers in German residential
- Valuation change of € 1.45mn reflects stabilization of residential prices in Germany in the first half of 2009

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Debt Duration Profile



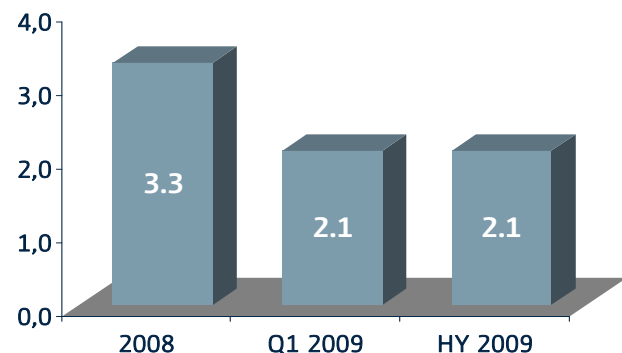
- Total debt volume: € 626mn
Long term debt: € 611mn
Short term debt: € 15mn
- Avg. interest rate: 4.7% p.a.
Average duration: 8.3 years
Hedging ratio: 95%
- No refinancing needs in 2009!

Key Financials – Asset Management HY 2009

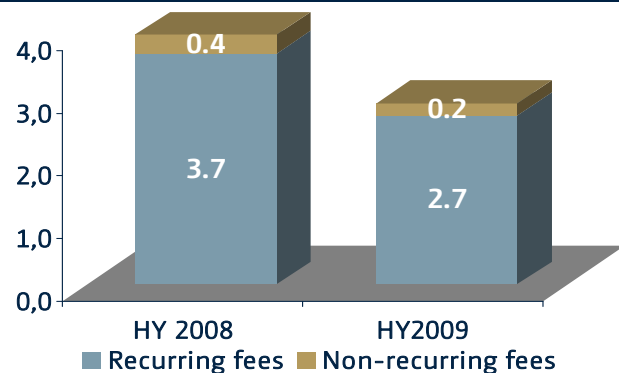


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Assets under Management (in € bn)



Fee Income Split by Type (in € mn)

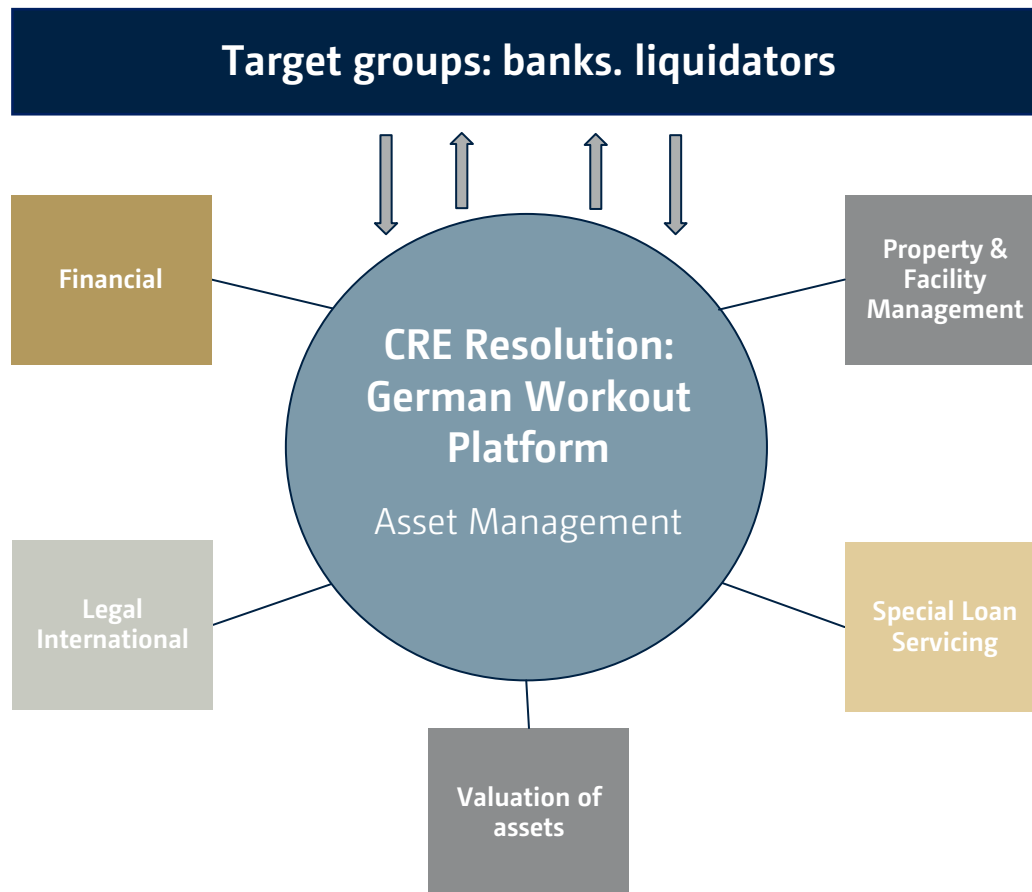


Asset Management HY 2009

(in € mn)

Revenues	2.9
- thereof recurring revenues	2.7
- thereof non-recurring revenues	0.2
Expenses	4.0
- thereof material costs	0.6
- thereof personnel salaries	2.2
- thereof depreciation	0.1
- thereof general & administration costs	1.1
EBIT	-1.1

- AM revenues declined by 24% to € 2.9mn yoy
- Restructuring charges of € 0.1mn due to the closing of D'dorf office and further layoffs
- New acquisitions and new work-out platform just started



The number of Non Performing Loans/ Workout Portfolios is rising and thus the banks involved can choose between three scenarios:

1. Bankruptcy of portfolio
2. Disposal of portfolio with discount
3. Optimization of portfolio in substance. management. letting activities and cash flow.

Target: Optimizing and sale of optimized asset or loan

- Optimizing LTV
- Asset Management. Property management. Legal & Financial
- Optional: Investment or disinvest

Realization: **German Workout Platform**

Agenda



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Market Developments
Signs of recovery in German Residential



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- 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
- Transaction market slightly opening up in Q2 09: Siemens (4,000 units), IMW (4,200 units), Vivacon (2,400 units)
- German Pfandbrief market comes back with € 11.6bn in placements in Q1 09³ and € 31bn in April and May alone
- Pick-up in demand for rented multi-family homes in good locations driven by private Investors (IVD just reported 46% increase in demand)
- A string of new Residential Real Estate Funds focusing of Germany entering the market (AXA, Warburg/Henderson, Schroders etc.)

CRE Residential Portfolio – Ongoing Value Creation



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- CRE owns almost 20.000 residential units of which 50% have been recently modernized investing CAPEX of € 54mn in the last 18 months



- Compared to HY 2008 average rents improved c. 2.2% to € 4.63 per sqm and vacancy decreased by 9.2% from 15.2 % to 13.8 % (same store basis)



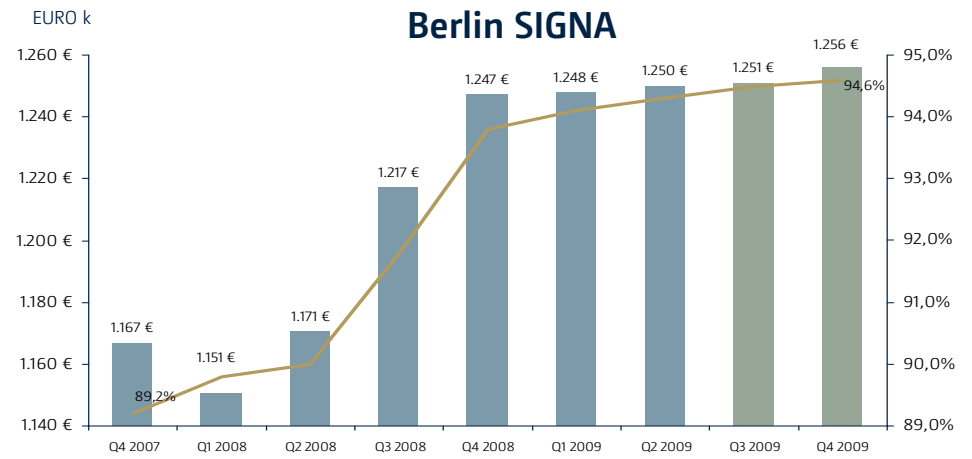
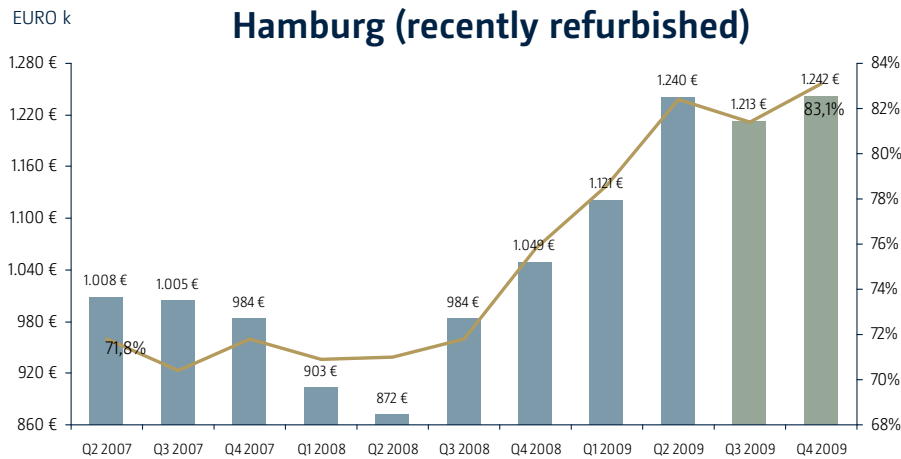
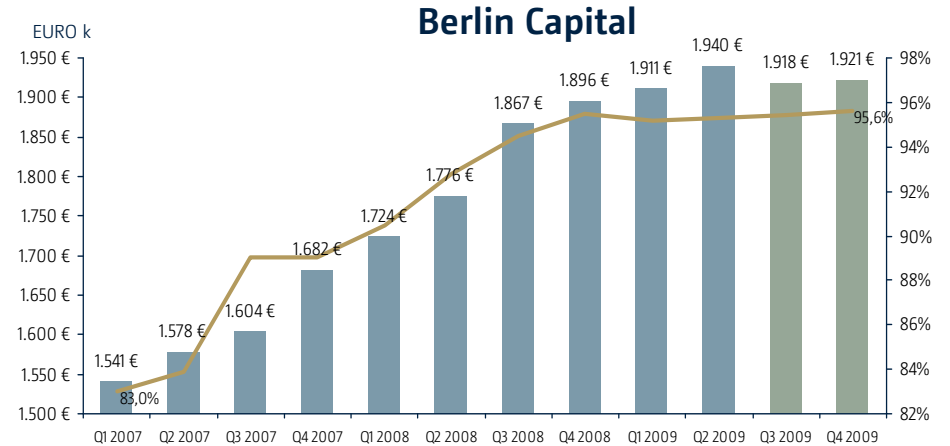
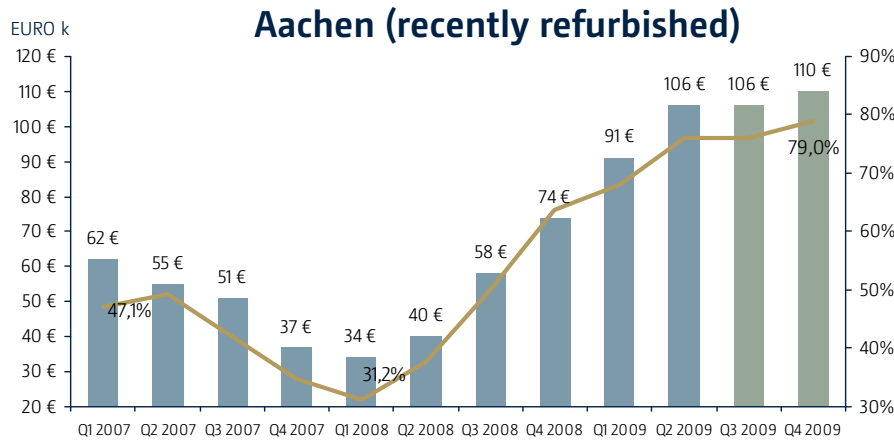
- Average new rents in refurbished areas increased by 19.3% from € 4.50 to € 5.37 per sqm after modernization



CRE Residential Portfolio – Case Studies for Value Creation



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■ NRI/actual rent — Occupancy rate

- **Sales business picked up significantly in Q2.** Flight to quality and increasing inflation fears favor **condominium sales and small block trades.** **First multi-tenant house sales in Q2 at 5.8% yields (17.2 X NCR)**
- CRE Resolution **won first work out mandate** directly from receiver representing 26.000 sqm of office space in Cologne (40% vacant); **further mandates** directly from banks in **final negotiations**
- Recent refinancing of northern German residential portfolio combined with a **loan waiver of € 8.7mn will enhance cash flow and generated one-off cash earnings** in H1 09
- **Strong first half with ongoing net absorption and improving rents and strongly improving NOI** on the back of modernization program finished in Q4 2008

Agenda

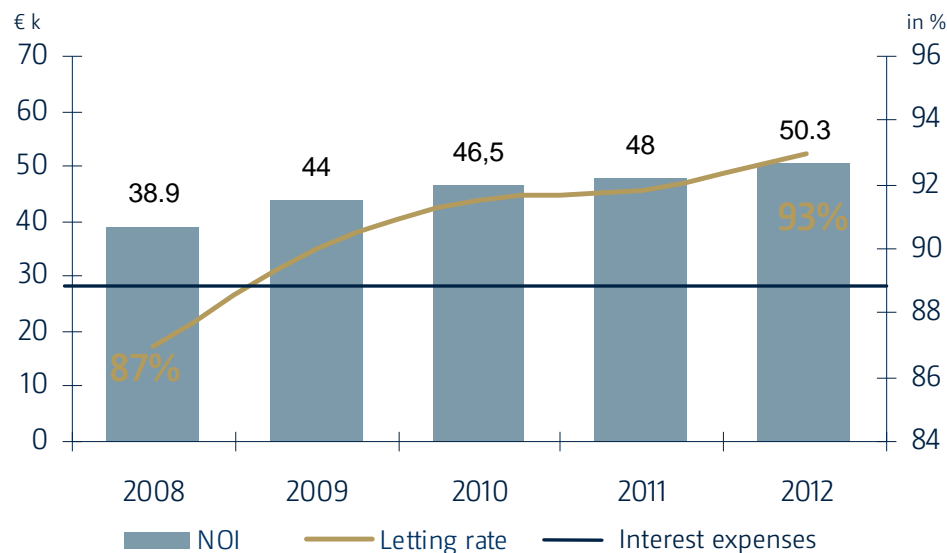


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Anticipated NOI Development



- On the back of strong H1 2009 NOI of € 21.6mn company is on track to reach € 44mn NOI in FY 2009
- Average new rents increased by 19.3% to € 5.37 sqm after modernization
- € 54mn modernization program in 07 and 08 supports strong reletting rate in 2009
- On a like-for-like basis compared to HY 2008 overall vacancy decreased 9.2% from 15.2% to 13.8% and average rents per sqm increase by 2.2% to € 4.63

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Share Details – Updated Version 08/2009

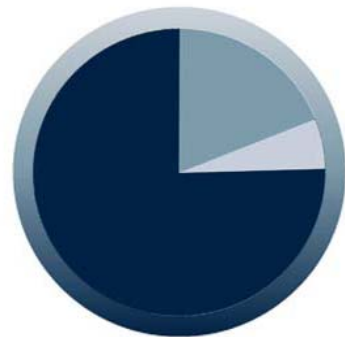


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- Average price € 3.11
- Market Cap € 75mn
- Number of shares 24.1mn
- Freefloat 76.94%

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. 17.98%
(State of Liechtenstein)

Minefa Holdings B.V. 5.08%

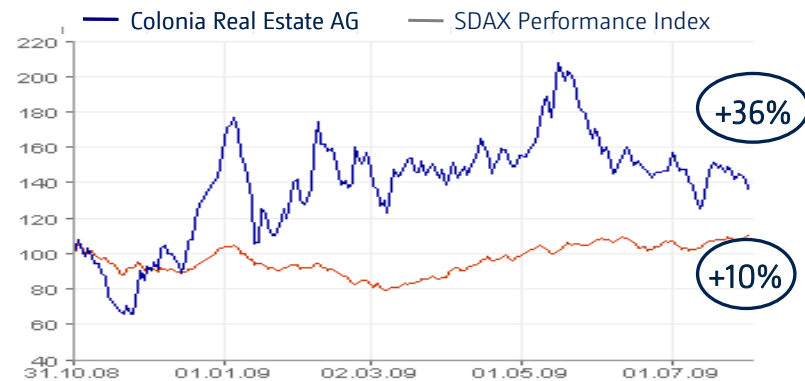
Free Float 76.94%

- Allianz Global Investors 3.08%
- Generali Investment France 3.40%

1 years Colonia Real Estate AG (KBU GY)



Performance CRE vs. SDAX



Turning the tide in rough waters



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- Healthy operating core business (Net Operating Income +17.4% yoy)
- Ongoing occupancy (+10%) and rent level improvements in line with business plan
- Comprehensive cost-cutting program (-63% vs H1 08) successful executed
- No short-term refinancing issues. sufficient liquidity position and strong debt structure
- Strong new sovereign-wealth core shareholder with long-term perspective
- NAV € of 10.15 per share represents almost 70% discount to current share price
- Strong privatization pipeline indicates operational turnaround and positive cash flow in 2009

CRE represents defensive value at deep discount



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Thank you for your attention

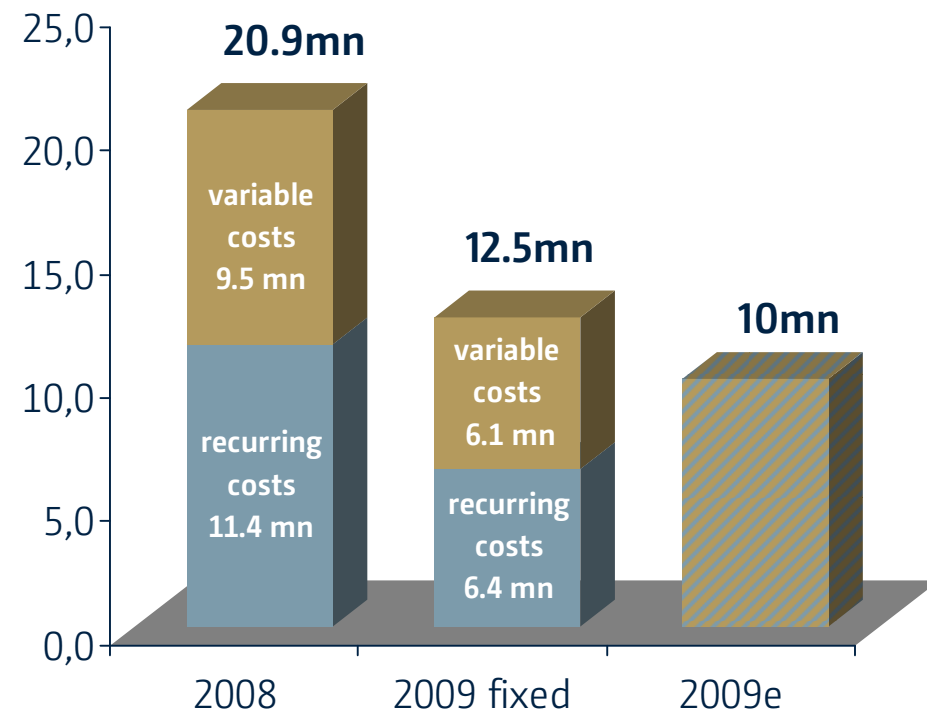
Stephan Rind. Chief Executive Officer
Volker Lemke. Chief Financial Officer
Colonia Real Estate AG. Zeppelinstraße 4 – 8. 50667 Cologne/Germany
Tel: +49 (0)221 7160 710. Internet: www.cre.ag. E-Mail: ir@cre.ag

Trimming the Cost Structure

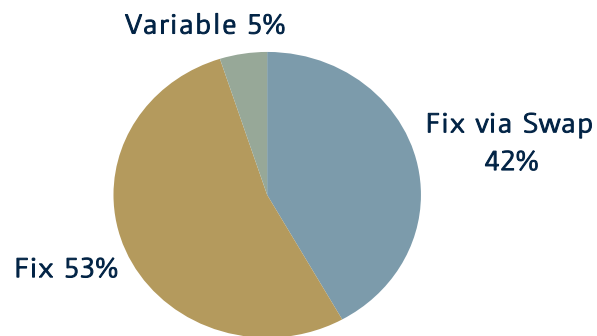


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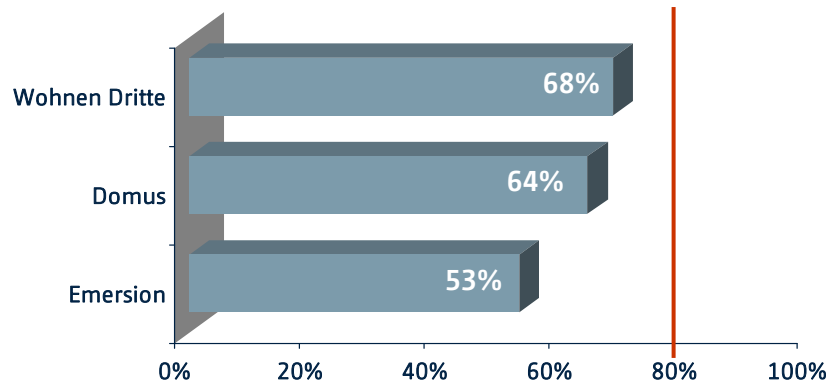
- CRE already implemented **annual cost savings of € 8.4mn** (€ 5mn recurring and € 3.4mn variable) further € 3mn planned
- With € 2.6mn administrative costs (excluding restructuring cost) in Q1 2009 on track to stay below € 12.5mn for the full year
- Biggest saving positions in recurring costs **include personnel (€ 2.5mn)**. Marketing/IT (€ 0.6mn) and audit and bookkeeping (€ 0.5mn)



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

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: 12,199

North

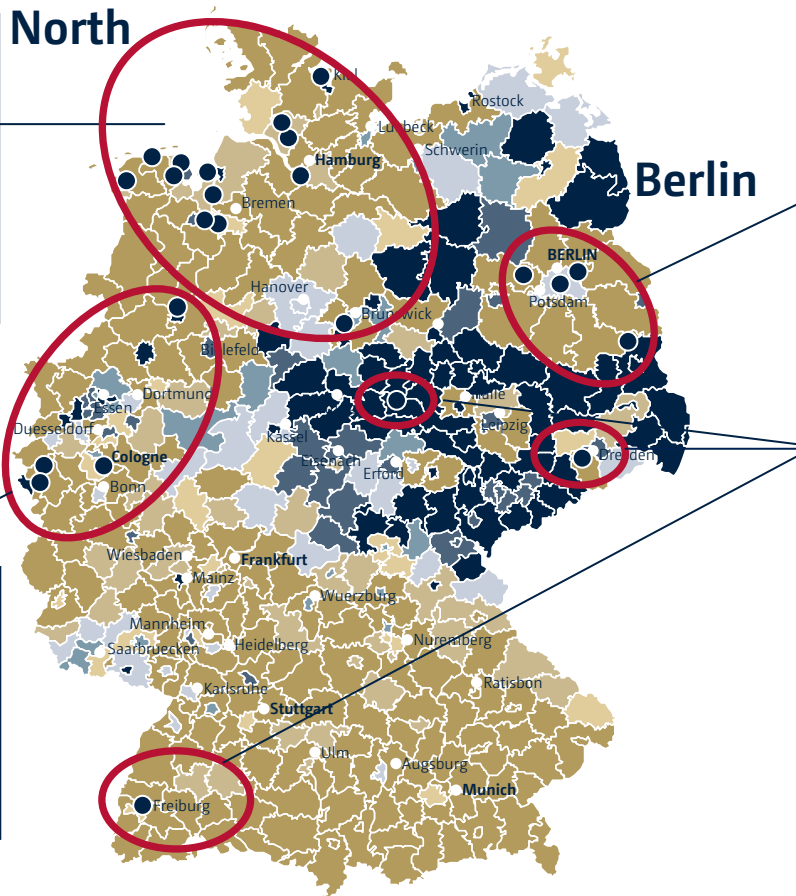
Region Berlin
 Average asset rent: € 4.74
 Rent new tenants: **€ 5.10 – € 6.50**
 Quality of property
 - energetic refurbishment 90%
 - market average 10%
 number of accommodation units: 5,689

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: 591

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



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

Disclaimer



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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."