

The logo for Colonia Real Estate AG, consisting of the letters 'CRE' in white on a dark blue square background.

Colonia Real Estate AG

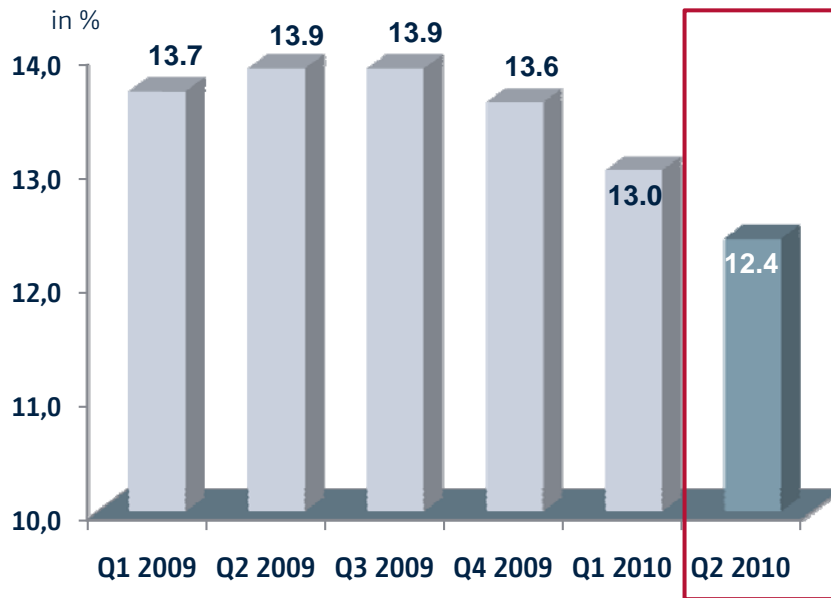
*Next Generation Real Estate*

# *CRE 2. Quarter 2010*

## *Business Highlights and Financials*

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## Vacancy Rate



\* like-for-like basis

### Vacancy rates

In Q2 2010 vacancy rate decreased once more by 0.6% to **12.4%**.

Overall in H1 2010 we were able to lower vacancy 1.2%, this corresponds to a vacancy reduction of almost 8.8%.

### Investments

Significant rise of investments in our residential portfolio to lower vacancies and to enhance the value of our properties.

Expenses H1 2010 more than EUR 6.0 mn; only in Q2 2010 EUR 4.0 mn.

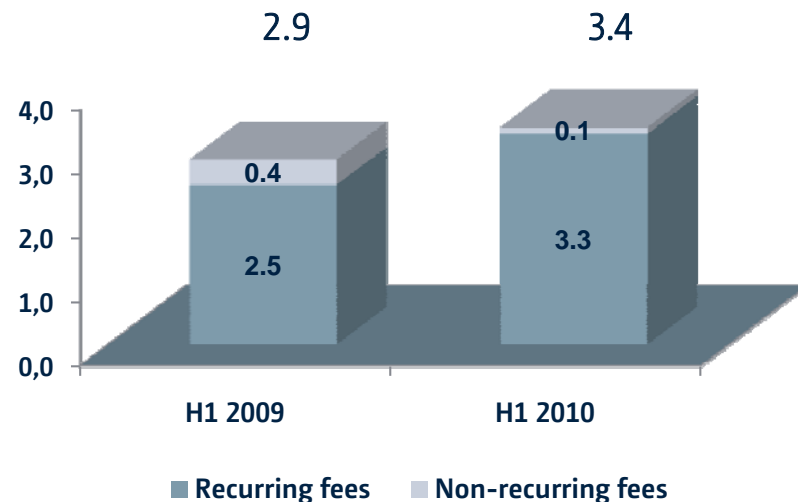
### Valuation

Valuation gains of EUR 4.0 mn or 0.5% of the whole residential portfolio.

## CRE Asset Management Net Result H1 2010

	1. Half 2010	1. Half 2009
in EUR mn	01.01.- 30.06.2010	01.01.- 30.06.2009
Income from Asset Management	3.4	2.9
Expenses for Asset Management	-3.4	-4.0
<b>Net result from Asset Management</b>	<b>-0.05</b>	<b>-1.1</b>

## CRE Asset Management Fee Structure



### Net result

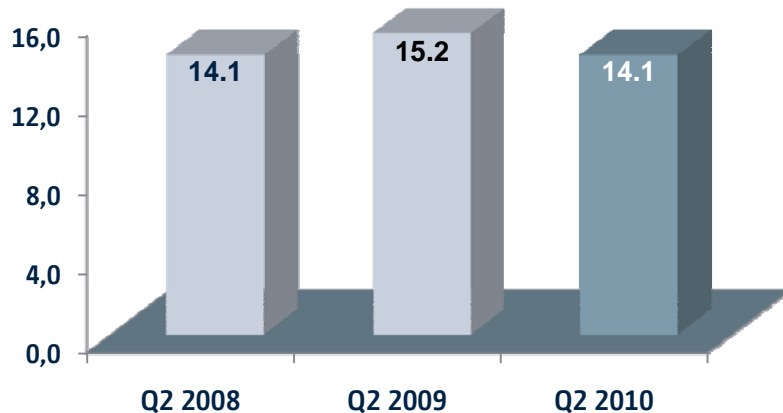
CRE Asset Management reduced half year loss from EUR -1.1 mn to EUR -0.05 mn in H1 2010. But estimated transaction fees and rise of Assets under Management will lead to a profitable full year result.

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- **Net rental income** in H1 2010 with EUR 28.2 mn slightly lower than H1 2009 (EUR 30.3 mn) due to the sale of 1.000 units in Q3 2009.
- On a quarterly bases **NRI** with EUR 14.1 mn stable.
- Vacancy reductions of Q1 and Q2 will positively effect rental income in the 2<sup>nd</sup> half 2010.

## Net Rental Income Q2 2010

in EUR mn.



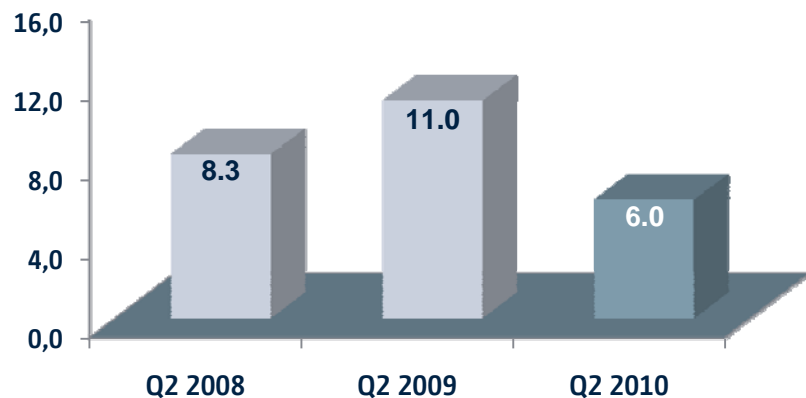
## Net Rental Income H1 2010

	Q1 2010 01.01.- 31.03.2010	Q2 2010 01.04.- 30.06.2010	H1 2010 01.01.- 30.06.2010	H1 2009 01.01.- 30.06.2009
in EUR mn				
Net Rental Income	14.1	14.1	28.2	30.3

- Due to investments in our residential portfolio of more than EUR 6.0 mn in H1 2010 **net operating income** with EUR 16.5 mn lower than Q2 2009 (EUR 21.6 mn).
- Also on a quarterly bases NOI decreased from EUR 10.4 mn in Q1 2010 to EUR 6.0 mn. But only in Q2 2010 investments of EUR 4.0 mn.

## Net Operating Income Q2 2010

in EUR mn.



## Net Operating Income H1 2010

	Q1 2010	Q2 2010	H1 2010	H1 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.01.- 30.06.2010	01.01.- 30.06.2009
Net Operating Income	10.4	6.0	16.5	21.6

- **Administrative expenses** with EUR 2.9 mn stable in comparison to Q2 2009.
- On a quarterly bases administrative expenses of Q2 2010 increased EUR 0,4 mn due to one time effects.



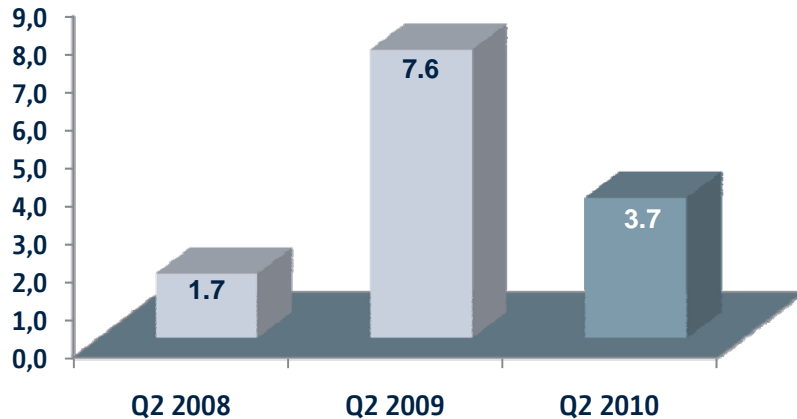
### Administrative Expenses H1 2010

	Q1 2010	Q2 2010	H1 2010
	01.01.-31.03.2010	01.04.-30.06.2010	01.01.-30.06.2010
	in EUR mn.		
Personnel expenses	-0.9	-1.1	-2.0
Operating expenses	-1.5	-1.8	-3.3
Depreciation	-0.1	-0.04	-0.1
<b>Administrative expenses</b>	<b>-2.5</b>	<b>-2.9</b>	<b>-5.5</b>

- Corresponding to Net Operating Income **EBITDA** of H1 2010 **decreased** also to **EUR 12.1 mn** (H1 2009: EUR 15.3 mn). The decrease is also the result of higher maintenance and modernization spendings.

## EBITDA Q2 2010

in EUR mn.



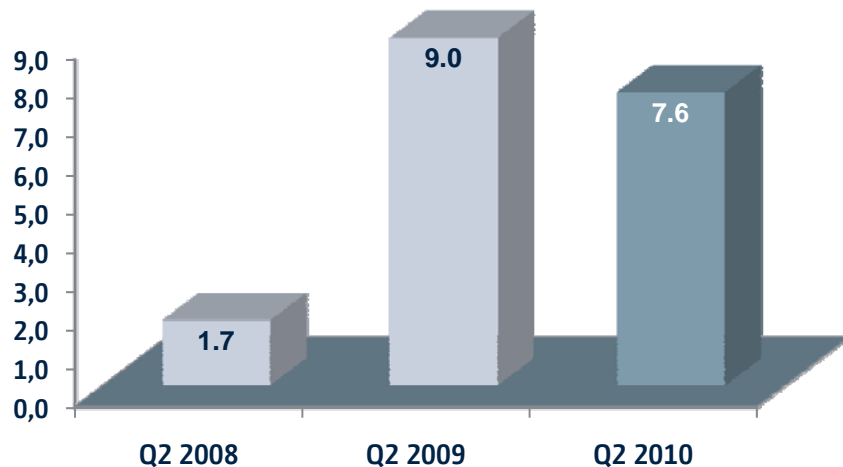
## EBITDA H1 2010

	Q1 2010 01.01.- 31.03.2010	Q2 2010 01.04.- 30.06.2010	H1 2010 01.01.- 30.06.2010	H1 2009 01.01.- 30.06.2009
in EUR mn				
<b>EBITDA</b>	<b>8.4</b>	<b>3.7</b>	<b>12.1</b>	<b>15.3</b>

- Regular revaluation of our residential portfolio twice a year to increase transparency of the portfolio value.
- Positive valuation gains of EUR 4.0 mn leads to an EBIT of EUR 7.6 mn in Q2 2010.
- Compared to H1 2009 (EUR 16.6 mn) EBIT of first six month 2010 decreased 4.9% to EUR 15.9 mn.

## EBIT Q2 2010

in EUR mn.



## EBIT H1 2010

	Q1 2010	Q2 2010	H1 2010	H1 2009
in EUR mn	01.01.- 31.03.2010	01.04.- 30.06.2010	01.01.- 30.06.2010	01.01.- 30.06.2009
EBIT	8.2	7.6	15.9	16.6

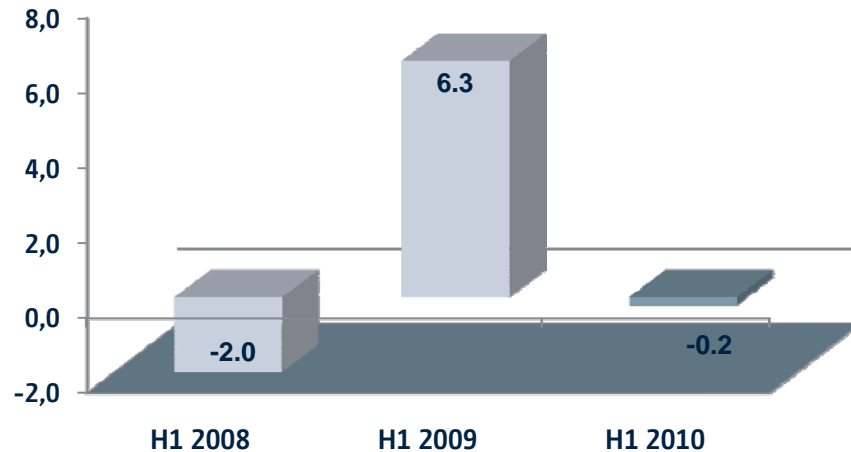
## Consolidated Profit in EUR mn

	1. Quarter 2010	2. Quarter 2010	1. Half 2010	1. Half 2009
in EURmn	1/1-3/31/2010	4/1-6/30/2009	1/1-6/30/2010	1/1-6/30/2009
Interest on long-term loans	-7.6	-7.6	-15.3	-17.7
Interest on short-term liabilities	-0.2	-0.3	-0.5	-0.6
Ineffective portions of swaps	-0.3	-0.3	-0.6	-0.5
<b>Finance costs</b>	<b>-8.1</b>	<b>-8.2</b>	<b>-16.3</b>	<b>-18.8</b>
<b>Income from loan waiver</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>8.7</b>
<b>Finance income</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.3</b>
<b>FINANCIAL RESULT</b>	<b>-7.9</b>	<b>-8.0</b>	<b>-15.9</b>	<b>-9.8</b>

- Financial expenses of H1 2010 decreased in comparison to last years half due to lower interest payments
- With regard to the financial result H1 2009 was positively effected by income of a loan waver of EUR 8.7 mn

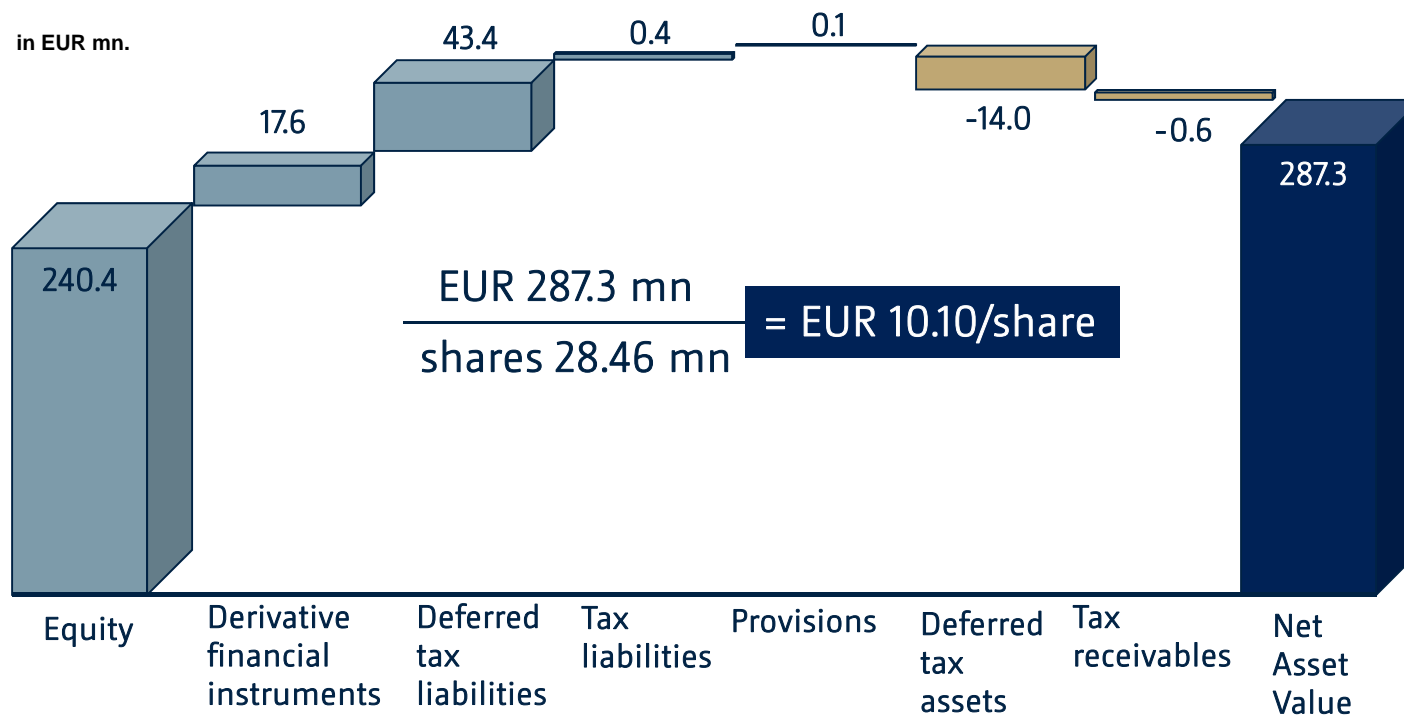
## Consolidated Profit in EUR mn

in EUR mn.

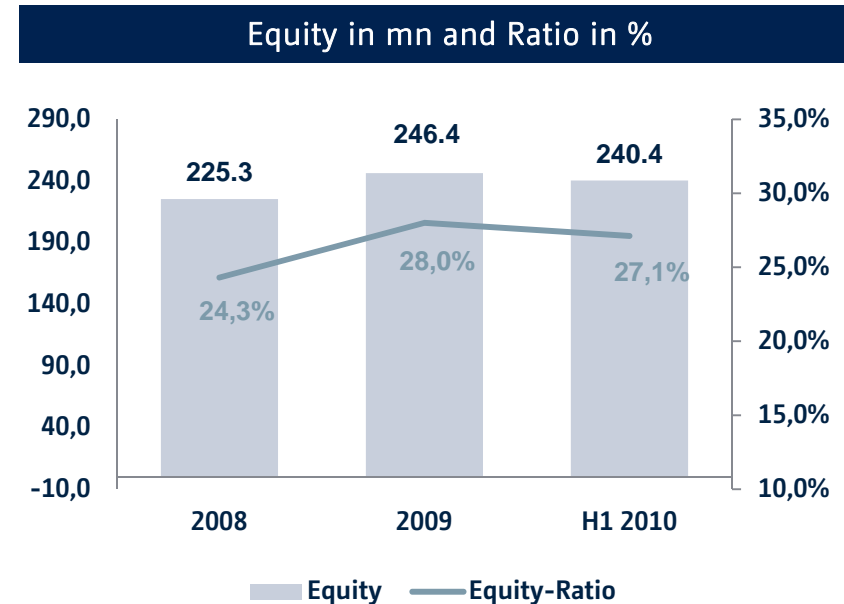
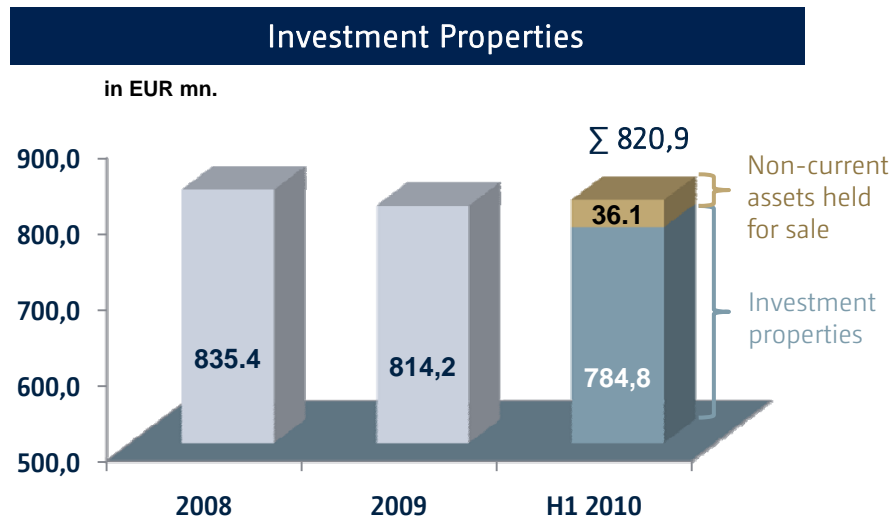


- In comparison to H1 2009 consolidated profit decreased from EUR 6.3 mn to EUR -0.2 mn. But profit in H1 2009 was positively effected by income of a loan waver of EUR 8.7 mn.

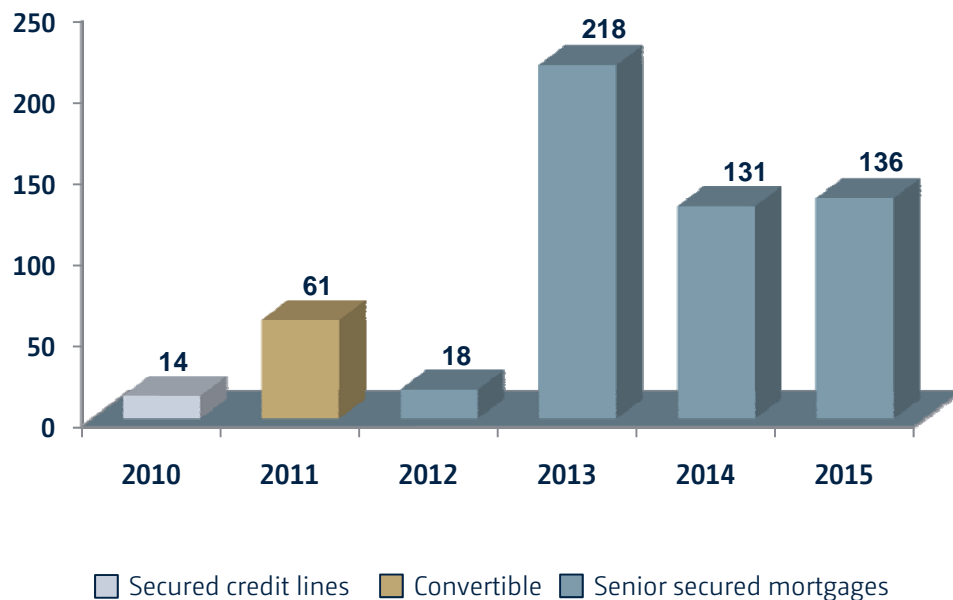
- Net Asset Value per share with EUR 10.10 almost stable.
- Continuously significant discount of share price to NAV.



- Reduction of investment properties based on the reclassification of one smaller portfolio (EUR 36.1 mn) to non-current assets held for sale.
- Equity decreased slightly to EUR 240.4 mn. Equity ratio from 28.0% to 27.1%.

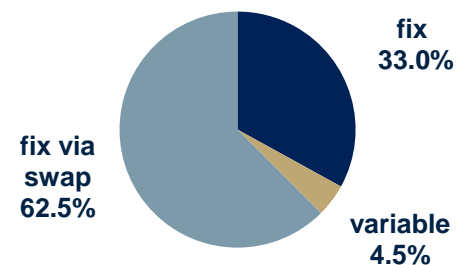


## Debt Duration Profile



- Total debt volume: EUR 579 mn  
Long term debt: EUR 564 mn  
Short term debt: EUR 14 mn
- Avg. interest rate: 4.5 % p.a.  
Average duration: 8 years  
Hedging ratio: 95.5 %

## Interest Rate Profile



## Cash Flow Statement in EUR mn

in EUR mn	H1 2010	H1 2009
	01.01.-31.03.2010	01.01.-30.06.2010
Cash and Cash equivalents at beginning of period	<b>9.6</b>	<b>10.4</b>
Cash flow generated/used for operating activities	<b>0.7</b>	<b>-4.9</b>
Net cash used in investing activities	-5.6	-3.9
Net cash generated by financing activities	5.3	15.1
Changes in cash and cash equivalents	<b>0.4</b>	<b>6.3</b>
Cash and cash equivalents at end of period	<b>10.0</b>	<b>16.7</b>

- Cash flow generated by operating activities rose from minus EUR 4.9 mn to positive EUR 0.7 mn.
- Positive changes in cash and cash equivalents of EUR 0.4 mn in H1 2010 despite higher investments.

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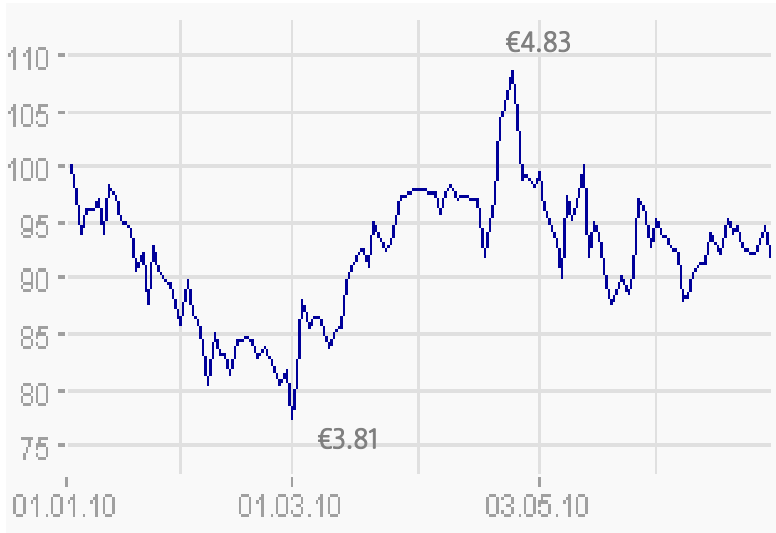
- **Vacancy rate** decreased in first six months 2010 from 13.6% to 12.4% - net absorption round about 200 units.
- More than EUR 6.0 mn **investments** in maintenance and modernization in H1 2010; thereof EUR 4.0 mn in Q2 2010.
- **Valuation** gains of EUR 4.0 mn end of June 2010. All our residential properties are reviewed and reappraised twice a year also by external appraisers.

	1. Quarter 2009	2. Quarter 2009	3. Quarter 2009	4. Quarter 2009	1. Quarter 2010	2. 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	01.04.- 30.06.2010
Vacancy rate in %	13.7	13.9	13.9	13.6	13.0	12.4
Average rent per sqm in Euro	4.58	4.59	4.59	4.59	4.60	4.59

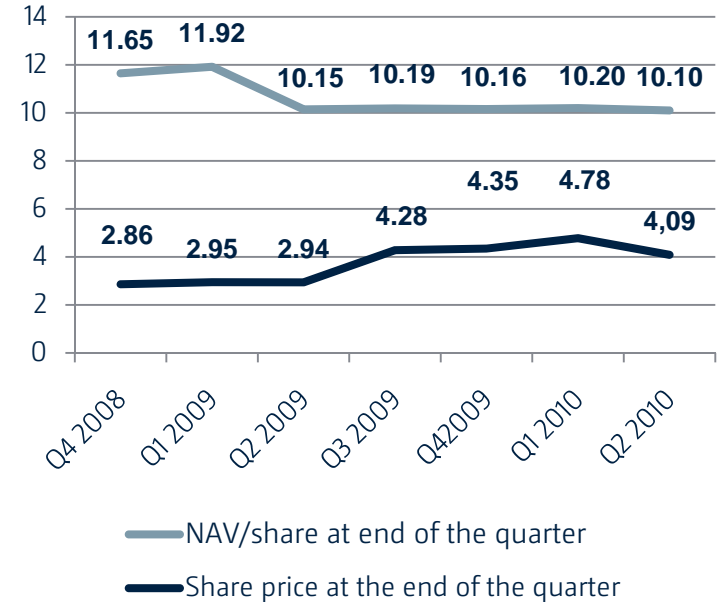
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<b>Investments</b>	Increase expenses for maintenance and modernizations to enhance the value of our residential portfolio and to lower vacancies.
<b>Vacancy rate</b>	Significant reduction of our vacancy rate to 11 - 12%.
<b>Cost structure</b>	Stable operating and administrative cost structure.
<b>Cashflow</b>	Continuous enhancement of cash flow. Due to developments of rents and lowering vacancies increase and stabilization of cash income out of our real estate portfolio.
<b>Portfolio</b>	Selling small partial portfolios with a transaction volume of between EUR 20 – 30 mn.

## KBU Share Price Overview



## Share Price vs NAV/Share



**Discount to NAV**

One of our main goals is to reduce the gap between share price and NAV/share

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# Balance Sheet 1. Half 2010 – Assets



in EUR mn.	Dec. 31, 2009	June 30, 2010
<b>Investment properties</b>	814.2	784.8
<b>Property, plant &amp; equipment</b>	0.7	0.7
<b>Intangible assets</b>	3.4	3.4
<b>Investments in associates</b>	8.2	8.2
<b>Other Financial assets</b>	6.3	6.6
<b>Deferred tax assets</b>	12.6	14.0
<b>TOTAL non-current assets</b>	845.4	817.7
<b>Properties held for sale</b>	6.3	11.1
<b>Income tax receivables</b>	1.7	0.6
<b>Receivables and other assets</b>	14.4	8.3
<b>Cash and cash equivalents</b>	13.1	12.9
<b>TOTAL current assets</b>	35.5	32.9
<b>Non-current assets held for sale</b>	0.0	36.1
<b>TOTAL ASSETS</b>	880.9	886.7

# Balance Sheet 1.Half 2010 – Equity and Liabilities



in EUR mn.	Dec. 31, 2009	June 30, 2010
<b>TOTAL equity</b>	246.4	240.4
<b>Financial liabilities</b>	477.5	448.7
<b>Convertible bond</b>	57.4	69.4
<b>Provisions for pensions</b>	0.1	0.1
<b>Derivative financial instruments</b>	9.7	12.0
<b>Deferred tax liabilities</b>	42.7	43.4
<b>TOTAL non-current liabilities</b>	587.4	573.6
<b>Bank loans (current)</b>	3.4	2.9
<b>Financial liabilities (current)</b>	23.6	25.0
<b>Derivative financial instruments (current)</b>	3.7	5.6
<b>Account payables, trade and other payments</b>	15.4	14.0
<b>Tax liabilities</b>	1.0	0.4
<b>TOTAL current liabilities</b>	47.1	47.8
<b>Liabilities from assets classified as held for sale</b>	0.0	24.9
<b>TOTAL EQUITY AND LIABILITIES</b>	880.9	886.7

# 1. Half 2010 - Income Statement



	H1 2009	H1 2010
	EUR mn	EUR mn
Net operating income from rents	21.6	16.5
Net income from Asset Management	-1.1	-0,05
Profit on the sale of properties held for sale	0.01	0.1
Administrative expenses	-5.6	-5.5
Restructuring costs	-0.3	-0.0
Other income / expenses (net)	0.6	0.8
Profit on disposal of investment property	0.0	-0.05
Valuation movements	1.45	4.0
Operating profit before finance costs (EBIT)	16.6	15.8
Financial result	-9.8	-15.9
Consolidated result before tax (EBT)	6.8	-0.2

*Thank you for your attention*



Colonia Real Estate AG

## **Financial calendar**

**August 12, 2010**      **Interim Report 2<sup>nd</sup> quarter 2010**

**October 4-6, 2010**      **EXPO Real, Munich**

**November 10, 2010**      **Interim Report 3<sup>rd</sup> quarter 2010**

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

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## "Important Notice: Forward-Looking Statements

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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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