



Colonia Real Estate AG

Quarterly Financial Report Q1 2009

Interim Group Management Report for the period from January 1 through March 31, 2009

Business developments and position of the Group

In fiscal 2009, Colonia Real Estate AG has been concentrating primarily on managing its properties to optimize added value further in all portfolios. Stable, slightly rising rental income from the residential portfolio, together with significantly decreasing administrative expenses, indicate a lasting turnaround in the Group's profits. Thus the goal of achieving a positive cash flow purely from operating activities during the course of the year should be achievable. Although initial signs of recovery appeared in the transaction market in March, the market environment for larger portfolios is still less than encouraging, because of the limited financing options available to buyers. For that reason, CRE carried out no major sales in Q1 2009. However, individual sales of residential units and residential buildings picked up – particularly in the third-party business in Berlin – and enjoy strong demand.

We met our ambitious targets in the core business of residential properties/investments. All in all, rental income increased once again, as did rental profits. Compared to the same period last year, omitting income from the hotel portfolios sold last year, rental income increased from EUR 21.6 million to EUR 22.2 million (+2.3 percent), and the profit from rentals grew from EUR 10.1 million to EUR 10.6 million (+5 percent).

The Asset Management segment – the segment represented by Group subsidiary CRE Resolution, and that specializes in areas such as transaction consulting and processing – is still suffering from the crisis. In the traditionally rather weak first quarter, Asset Management contributed a loss of EUR -0.3 million, similar to the EUR -0.4 million for the comparable period of 2008. But a positive note was struck by the rise in revenues against the same period a year ago, from EUR 1.2 million to EUR 1.4 million (+12 percent).

On the financing end, the Group is well positioned. The first refinancing, with a volume of EUR 17 million, is not pending until 2010, and as part of a refunding agreement for an existing mortgage loan, CRE was recently able to obtain a loan waiver for the amount of EUR 8.7 million. The Group's equity ratio is currently 24.6 percent, just short of the targeted range of 25-35 percent. The successful placement of a small capital increase at the beginning of April, with a cash inflow of EUR 3.6 million, brought the figure back within the target range.

With strongly reduced administrative costs of EUR 2.9 million including restructuring costs (same period last year: EUR 6.3 million), Colonia Real Estate AG generated a consolidated profit of EUR 7.7 million for the first three months of 2009 following a consolidated loss of EUR -10.1 million a year ago. Based on the consolidated profit and without the need for market value adjustments to the real estate portfolio, the NAV increased from EUR 11.62 to EUR 11.92 as of March 31, 2009.

The individual segments performed as follows in the first three months of 2009.

Investments in residential properties

The Group took active advantage of Q1 2009 to apply asset management toward further developing our existing residential portfolio of some 19,800 units. There were no additions or disposals (sales).

In managing the residential portfolio, we met our ambitious targets. By now, vacancies at our Berlin properties have been holding steady at a low level of about 5.0 percent in Marzahn and in the SIGNA portfolio. We acquired the properties in Marzahn not even two years ago, with a vacancy rate of more than 22 percent. A year ago, we acquired the SIGNA portfolio with vacancies of easily 11 percent. Both portfolios are showing a tendency toward stabilization that allows leeway for rent increases. The residential holdings in Salzgitter continue to see a rising tailwind. They showed positive net absorption (more new leases than terminations) again in Q1 2009. Although the lease termination levels for some months are still unsatisfactorily high, the trend toward a turnaround in Salzgitter continues. Leasing results for the Elmshorn/Itzehoe and Aachen (Geilenkirchen) portfolios were likewise very positive in Q1 2009. Here in fact the figures handily outperformed our projections. The average net “cold” rent for new rentals in the Elmshorn/Itzehoe portfolio has already risen to EUR 5.65 per m², compared to about EUR 4.65 per m² for 2007. In Aachen, the vacancy rate has been cut from nearly 70 percent at the beginning of 2008 to barely more than 25 percent by the end of Q1 2009. Here again, our “Blue Living” product – our extensive energy-saving renovation work – found a good reception in the rental market.

On the cost side, rigorous cost controls meant that we did not have to fully utilize budgets, especially for capital expenditure (capex) projects and residential updates, and we remained well within the set bounds. New requests for proposals for goods and services will make it possible once again to lower the operating costs that are passed on to tenants. We'll be able to pass on this advantage to tenants in the next billing cycle.

Given today's market environment, portfolio sales seem possible only on unfavorable terms. However, because of incipient concerns about inflation, private investors are now finding the market for multi-family buildings and single-family homes very attractive. The SIGNA portfolio, which mostly consists of attractive apartment buildings in the metropolitan Berlin region, is an interesting offering in this market. For that reason, we have begun work with our privatization subsidiary CRE Accentro to offer these properties individually on the market. As early as Q2 2009 it has already been possible to sign the first notarial purchase agreements for individual residential buildings, sometimes at prices well above their carrying amounts on the balance sheet. Over the course of the year, beginning with the second quarter, we expect this line to generate privatization income of at least EUR 30 million.

Co-investments in commercial properties

In previous years, Colonia Real Estate AG and its subsidiaries have engaged in several co-investments in commercial properties with such partners as Merrill Lynch Global Principal Investments, JPMorgan Asset Management, UBS Global Asset Management, Strategic Value Partners, and Oaktree.

Following a partial write-down at year's end of the co-investment with Oaktree Capital Management – the Herkules and Homer portfolios – total investments for minority interests, including the granted loans, came to EUR 12.9 million at the end of March 2009.

There is no longer an asset management engagement for the Herkules and Homer portfolios. The remaining documents were transferred to Oaktree's own successor company in Q1 2009. All other co-investment portfolios are performing largely as projected in the business plans. A positive note is that there were sales of about EUR 7.1 million from the Pepper portfolio, a joint venture with Merrill Lynch. In the logistics portfolio, which is held jointly with JPMorgan, the principal tenant has been insolvent since June 2008. However, overall cash flow is safeguarded by a nearly three-year rent guarantee. Promising discussions on follow-on rentals with individual parties are currently in progress.

In December 2008, the Disch-Haus in Cologne was successfully sold in a joint venture with UBS. The parties are meeting the terms of the purchase agreement on schedule.

No new co-investments were carried out in Q1 2009, and none are planned at the moment. Prospects of interesting investments are not expected until the fall of 2009 at the earliest.

Asset Management

Following the sale of Colonia Fonds Management GmbH, in Q1 2009 the Asset Management segment consisted of CRE Resolution GmbH and CRE Accentro GmbH. Since the sale of Colonia Fonds Management GmbH, we have continued to shift the focus of operations at Colonia Real Estate AG back to our core segments of investment and asset management; the Fund Management segment has been closed.

CRE Resolution GmbH handles asset management for the properties in the CRE Group's own portfolio and the portfolios in which the Company holds an interest as a co-investor. Real estate assets under management came to EUR 2.1 billion as of the end of March 2009.

The loss of the Herkules engagement for 49 commercial properties will reduce base fees by about EUR 1.2 million a year. Economic conditions are causing a decline in tenant demand, and thus also in leasing revenues. Nevertheless, some 15,500 m² of rental space was leased out under new or extended leases. Our projections for new leases in the remainder of 2009 are especially modest for properties in B and C-quality locations that do not measure up to the market's expectations. Intensive tenant support and active leasing work is growing ever more important.

The parties are carrying out as scheduled the terms of the sales agreement for the Disch-Haus in Cologne, announced in December 2008. CRE Resolution GmbH is still engaged to lease out the remaining space until the end of 2009. The last available retail space has now been rented out for a 15-year term. Inquiries are in hand for the office space that still remains open.

In transactions, we have logged sales of smaller properties to private investors. In this segment we hold firm to our projection that prices on suitable properties for private investors will remain stable, and may even rise.

Investment markets are suffering from substantial revenue shrinkage and falling prices for commercial properties. Our partners have further capital for acquisitions in the German market, but are holding off on new investments. We do not expect any extensive tendencies toward revival until Q4 2009 at the earliest. Core properties in good locations are significantly less affected by price corrections than B and C-grade properties in B and C-grade locations. Thus it is unlikely that price markdowns in these areas will be as substantial as have occurred in such places as London and Paris. The transaction team continues to look at interesting properties, but has been pared back somewhat. The freed-up capacity has been reassigned internally to business development activities.

In commercial asset management, we participated in several bidding procedures for new asset management engagements during the first quarter. We are optimistic that they will generate new contracts. Demand comes from banks, insolvency administrators, and investors who need an asset manager in this area for the first time. In the second quarter, we acquired the first new service engagement from an insolvency administrator, for a rather large office complex in Cologne with more than 26,000 m² of floor space.

Consequently one of our focuses in new business acquisition is on asset management for banks and insolvency administrators. We are currently developing a network with others from different sectors to make us an attractive partner that can provide a holistic approach to all aspects of troubled property companies and loans. We expect interesting opportunities from this new target group in the further course of the year.

In IT services, the decision was made to acquire a new professional asset management and reporting software package. It will enable CRE Resolution to manage large portfolios even more effectively, with even fewer errors.

Services in the residential asset management business will increasingly also be made available to third-party investors. We expect new business here in fiscal 2009.

CRE Accentro GmbH got off to a promising start in the new year. At three Berlin locations, it moved into new offices to handle the new GSW engagement, and built up the sales team. CRE Accentro GmbH is slightly ahead of the adopted business plan. In addition, it began individual marketing of the SIGNA portfolio in March. The first notarial purchase agreements have already been signed in the second quarter.

Net assets, financial position, and results of operations

Results of operations

The consolidated profit for the first three months of 2009 came to EUR 7.7 million, compared to a loss of EUR – 10.1 million for the same period last year. Last year's loss resulted mainly from expenses of about EUR 8.5 million for derivative financial instruments (swaps). Without those expenses, last year's loss would have been about EUR 1.6 million. Most of this year's profit is the result of income from a loan waiver connected with the refinancing of our North German real estate portfolio.

in EUR k	01.01.2009- 31.03.2009	01.01.2008- 31.03.2008
Estimated rental income	18.064,8	17.618,6
Income shortfalls and reduced rent	-2.975,2	-2.889,2
Net rent	15.089,6	14.729,4
Service charge income on principal basis/earnings from operating costs	7.093,0	6.893,8
Maintenance and renovation	-1.151,4	-1.704,4
Property operating costs	-10.453,6	-9.847,4
Result from residential property management	10.577,5	10.071,4
Sales Proceeds	84,3	0,0
Carrying amount of assets disposed	-67,3	0,0
Result from sales activities	17,0	0,0
Employee expenses	-1.183,6	-2.054,1
General administration expenses	-1.426,6	-4.225,1
Restructuring costs	-270,1	0,0
Administration expenses	-2.880,3	-6.279,17
Asset Management	-322,9	-424,3
Others	294,2	757,9
Further business segments	-28,7	333,5
EBITDA	7.685,5	4.125,8
Depreciation, amortization and impairment losses	-44,2	-215,7
EBIT	7.641,3	3.910,1
Market value adjustment of derivatives	0,0	-8.535,8
Income from waiver of loan repayment	8.700,2	0,0
Financial earnings	-8.516,0	-7.158,1
EBT	7.825,5	-11.783,8
Tax	-122,6	1.685,2
Earnings after tax	7.702,9	-10.098,7

The *rental of investment properties* generated EUR 22.2 million (prior year: EUR 21.6 million) in rental income and income from service charges passed on to tenants. This income was countered by expenses of EUR 11.6 million (prior year: EUR 11.5 million), so that rentals generated total net income of EUR 10.6 million (prior year: EUR 10.1 million).

In contrast to the first quarter of 2008, CRE Wohneigentum has already generated income from the *sale of properties held for sale*.

Administrative expenses including restructuring costs decreased a substantial 53 percent against the same period last year, thanks to the cost-cutting and efficiency-enhancement program, to EUR 2.9 million (prior year: EUR 6.3 million). This figure mainly comprises personnel expenses, legal and consultant fees, and expenses for stock options. Thus the Group is within its targeted range.

Earnings in the Asset Management segment improved slightly against the prior-year period; here the new asset management engagements for Merrill Lynch and JPMorgan made a major contribution. As in the first quarter of 2008, there was no transaction income.

Fair valuations of derivative financial instruments last year pertained to the result from the measurement of interest rate swaps. As of Q4 2008, changes in the fair value of interest rate swaps have been recognized directly in equity. *Income from a waiver of loan repayment* is connected with the refinancing of our North German real estate portfolio. The *net finance expense* deteriorated in the first quarter by about EUR 1.4 million, in part because of lower financial income.

Net assets and financial position

The Group's capital structure improved further during the past three months. Refinancing further improved the ratio of long-term and short-term financial debt relative to total debt against December 31, 2008 (3/31/2009: 79.9 percent; 12/31/2008: 80.2 percent). The equity ratio at March 31, 2009, was 24.6 percent, compared to 24.3 percent at December 31, 2008. This result is thus slightly below the target range of 25 to 30 percent.

In EUR k	31.03.2009	31.12.2008	Change
Assets			
Noncurrent assets	865.764,0	863.544,5	2.219,5
Current assets	29.991,0	35.024,5	-5.033,5
Noncurrent assets held for sale	29.400,0	29.400,0	0,0
Total assets	925.155,0	927.969,0	-2.814,0

in EUR k	31.03.2009	31.12.2008	Change
Equity and liabilities			
Equity	227.480,5	225.291,7	2.188,8
Noncurrent liabilities	630.578,2	629.299,0	1.279,2
Current liabilities	67.096,3	73.378,3	-6.282,0
Total equity and liabilities	925.155,0	927.969,0	-2.814,0

Noncurrent assets consist primarily of investment property (EUR 837.9 million; 12/31/2008: EUR 835.4 million) and minority interests and loans to real estate companies (EUR 12.9 million; 12/31/2008: EUR 13.2 million). Most of the increase in non-current assets resulted from capital expenditures associated with investment properties.

Further investments of about EUR 2.2 million in residential units intended for privatization increased the figure recognized for properties held for sale under current assets, compared to December 31, 2008; but on the whole, the reduction in receivables and other current assets produced a net decrease of about EUR 5.0 million in current assets.

Cash and cash equivalents at March 31, 2009, came to EUR 10.2 million (12/31/2008: EUR 15.3 million). The changes in cash funds for the first quarter of 2009 were as follows:

in EUR k	01.01.2009 - 31.03.2009	01.01.2008 - 31.03.2008	Change
Cash flows used in/from operating activities	-4.082,9	3.739,8	-7.822,7
Cash flows used in investing activities	-2.207,0	-5.660,1	3.453,1
Cash flows from financing activities	1.015,9	10.816,7	-9.800,8
Net change in cash and cash equivalents	-5.274,0	8.896,4	-14.170,4
Cash and cash equivalents at the beginning of the period	10.410,1	23.652,9	
Cash and cash equivalents at the end of the period	5.136,1	32.549,3	

Cash used in operating activities in the first three months of 2009 came to EUR –4.1 million. After adjustment for interest and tax payments, the cash generated by operating activities for the first quarter of 2009 comes to EUR 3.3 million.

The EUR 2.2 million in cash used in investing activities for the first quarter of 2009 came from capital expenditures for our real estate portfolio (renovation, etc.). The sale of the Disch-Haus in Cologne through our joint venture with UBS yielded a cash inflow of about EUR 0.3 million from co-investments.

Financing activities in the first quarter of 2009 were dominated primarily by the refinancing of our North German real estate portfolio. This generated cash of EUR 1.5 million. The redemption and retirement of loans of about EUR 28.4 million was countered by cash inflows of EUR 29.9 million from new borrowings. Most of the cash inflow from the same period last year came from the capital increase and from borrowings.

With the consolidated profit for the first quarter of 2009, it was possible to improve equity by about EUR 2.2 million (EUR 227.5 million vs. EUR 225.3 million). The negative fair valuation of EUR 5.3 million on interest rate swaps counteracted any further improvement in equity.

Long-term liabilities primarily comprise financial liabilities (EUR 522.2 million; 12/31/2008: EUR 525.6 million), convertible bonds (EUR 56.3 million; 12/31/2008: EUR 55.6 million), deferred taxes (EUR 39.7 million; 12/31/2008: EUR 40.5 million) and the long-term portion of derivative financial instruments (EUR 12.4 million, 12/31/2008: EUR 7.5 million). Although refinancing has reduced long-term financial debt, the negative fair valuation of the interest rate swap more than outbalanced this effect, causing long-term liabilities to increase.

Short-term liabilities saw a substantial decrease, in part from the refinancing of financial debt, but especially from a reduction of about EUR 5.3 million in trade and other payables (EUR 22.0 million; 12/31/2008: EUR 27.3 million).

Risk and opportunity report

The uncertainties in the financial and capital markets are now having a substantial effect on the German real estate sector. Because financing options still remain limited, few real estate transactions went through in the first three months of 2009. The transaction consulting and processing business at our asset manager CRE Resolution GmbH generated no revenues in the first quarter. Management is confident that the transaction business will pick up in the next few months, but because of the market situation it cannot be expected to contribute much to profits.

The current market environment could also cause further delays in the planned sales of portions of the portfolio, so that the invested liquidity cannot be realized until later.

Further material risks and opportunities inherent in future development are described in detail in the Group and parent-company management report for fiscal 2008; they did not change materially in the first quarter of 2009.

Events after the reporting date

In April 2009, with the consent of the Supervisory Board, the Board of Management of Colonia Real Estate AG decided to carry out a capital increase excluding shareholders' preemptive rights. The capital increase was carried out using the Authorized Capital approved by the shareholders' meeting of July 4, 2007, by issuing 1.3 million new no-par shares of stock with a notional par value of EUR 1.00 per share, in return for cash contributions. The capital increase has been placed with institutional investors at an issue price of EUR 2.77 per share; the shareholders' preemptive rights were excluded in accordance with the resolution of the shareholders' meeting. The gross proceeds from the issue totaled EUR 3.6 million.

Report on expected developments

The crisis in the international financial and capital markets will also have a sustained impact on the business results of Colonia Real Estate in 2009. Leading market research institutes like the German Business Institute in Cologne now expect a downswing in stagflation, and only slight growth of less than one percent.

Housing portfolio

Historically, the real estate sector has generally counted as a defensive investment, largely resistant to economic cycles. If one assumes a substantial slowdown in economic growth, the potential for rent increases and reductions of vacancies will be achievable in 2009 primarily through upgrade work. Because our extensive modernization program is largely complete, Colonia Real Estate AG believes it is well positioned to generate further potential from this source in 2009. Vacancies in modernized portfolios decreased at a good rate again

in the first quarter of 2009 – a trend that is currently continuing. The program to increase net rental income will also achieve further successes.

Plans still call for selling selected holdings as part of active portfolio management, albeit with a focus on small holdings.

Asset Management

Because of its strategic long-term focus as a leading integrated real estate investment and asset management group, the Colonia Real Estate Group holds a solid position in the real estate business. However, difficult refinancing conditions mean that the market in real estate transactions cannot be expected to pick up in the foreseeable future. This fact may have an adverse effect on the Group.

Projections for 2009

The announced sales of parts of our real estate holdings for at least EUR 30 million are likely to come about in 2009.

The increase in stable rental income from residential properties and the adjusted appraisal of the real estate portfolio, in combination with both implemented and planned cost savings, should make it possible for operating activities to generate sustainable profits starting in 2009. Management's cost-cutting and efficiency-enhancement program has already produced visible results in the first quarter, and raises expectations of a sustainable turnaround this year.

**Condensed interim financial statements of the Colonia Real Estate Group at March 31,
2009**

Consolidated balance sheet

Assets	in EUR k	31.03.2009	31.12.2008
Assets			
Investment properties		837.874,8	835.400,0
Property, plant and equipment, net		1.012,2	1.032,6
Intangible assets		3.108,9	3.154,5
Investments in associates		7.116,9	7.091,9
Other financial assets		5.813,3	6.152,1
Deferred tax assets		10.837,9	10.713,4
Total noncurrent assets		865.764,0	863.544,5
Properties held for sale		6.302,2	4.147,5
Income tax receivables		1.349,8	1.435,6
Receivables and other assets		12.121,3	14.109,5
Cash and cash equivalents		10.217,7	15.331,9
Total noncurrent assets		29.991,0	35.024,5
Noncurrent assets held for sale		29.400,0	29.400,0
Total assets		925.155,0	927.969,0

Consolidated balance sheet

Equity and liabilities	in EUR k	31.03.2009	31.12.2008
Equity and liabilities			
Equity			
Subscribed capital		22.825,6	22.825,6
Other reserves		222.556,0	222.292,8
Components of results for period not recognized in profit or loss		-19.610,1	-14.311,2
Treasury stock		-7,2	-7,2
Retained earnings		1.071,7	-6.567,5
Total shareholders' equity		226.836,0	224.232,5
Minority interests		644,5	1.059,2
Total equity		227.480,5	225.291,7
Liabilities			
Noncurrent liabilities			
Financial liabilities		522.183,4	525.569,3
Convertible bond		56.259,1	55.575,6
Provisions for pensions and similar obligations		131,2	127,1
Derivative financial instruments (noncurrent)		12.348,9	7.513,1
Deferred tax liabilities		39.655,6	40.513,9
Total noncurrent liabilities		630.578,2	629.299,0
Current liabilities			
Bank overdraft		5.081,6	4.921,8
Financial liabilities, current portion		35.461,6	38.067,6
Derivative financial instruments (current)		3.510,7	1.990,6
Account payables, trade and other payables		21.971,1	27.344,1
Tax liabilities		1.071,3	1.054,2
Total current liabilities		67.096,3	73.378,3
Total liabilities		697.674,5	702.677,3
Total equity and liabilities		925.155,0	927.969,0

Consolidated income statement

	01.01.2009 - 31.03.2009	01.01.2008 - 31.03.2008
in EUR k		
Total income (excluding finance income)	24.021,5	23.627,1
Total expenses (excluding finance costs)	-16.380,2	-19.717,0
Gross rental income from investment properties and service charge		
income on principal basis	22.182,6	21.623,3
Property operating expenses	-11.605,1	-11.551,9
Net rental income	10.577,5	10.071,4
Proceeds from Asset Management	1.400,1	1.230,9
Expenses for Asset Management	-1.723,0	-1.655,2
Net income from Asset Management	-322,9	-424,3
Proceeds from sale of trading properties	84,3	0,0
Carrying value of trading properties	-67,3	0,0
Profit on the sale of properties held for sale	17,0	0,0
Administrative expenses	-2.654,4	-6.494,8
Restructuring costs	-270,1	0,0
Other income	354,5	772,9
Other expenses	-60,3	-15,1
Other income (expenses), net	294,2	757,8
Result of disposal of investment properties	0,0	0,0
Valuation movements	0,0	0,0
Earnings before interest and tax	7.641,3	3.910,1
Finance expenses	-8.581,9	-16.287,3
Income from waiver of loan repayments	8.700,2	0,0
Finance income	65,9	593,4
Finance results	184,2	-15.693,9
Consolidated results before tax	7.825,5	-11.783,8
Income tax	-122,6	1.685,1
Consolidated results	7.702,9	-10.098,7
Attributable to:		
Equity holders of the parent	7.639,2	-9.869,1
Minority interests	63,7	-229,6
Consolidated results	7.702,9	-10.098,7
Earnings per share		
in EUR k		
Basic	0,34	-0,44
Diluted	0,35	-0,35

Recognized income and expenses for the period from January 1 through March 31, 2009

In EUR k	1/1/2009 - 3/31/2009	1/1/2008 - 3/31/2008
Consolidated profit /loss	7,639.2	-9,742.3
Consolidated profit /loss (attributable to minority interests)	63.7	-356.3
Fair valuation of hedging instruments (cash flow hedges)		
Noncash change	-6,356.0	0.0
Deferred taxes on changes in value recognized directly in equity	1,038.9	0.0
Total income and expenses recognized directly in equity	-5,317.1	0.0
Total recognized income and expenses (total net profit)	2,385.8	-10,098.6
Equity holders of the Group	2,367.6	-9,742.3
Minority interests	18.2	-356.3

Consolidated cash flow statement

in EUR k	01.01.2009 - 31.03.2009	01.01.2008 - 31.03.2008
Operating activities		
Consolidated results	7.702,9	-10.098,7
Plus finance results	-184,2	15.693,9
Plus income tax	122,6	-1.685,2
= Net operating profit before finance results and tax	7.641,3	3.910,0
Share-based compensation	263,1	909,0
Depreciation/Amortization	112,0	215,7
Change in pension provisions	4,1	0,0
Changes in properties held for sale	-2.154,7	-514,1
Changes in financial liabilities attributable to properties held for sale	355,2	8.200,0
Changes in receivables	1.988,2	325,2
Changes in liabilities	-4.934,6	-3.320,6
Cash generated from operations	3.274,6	9.725,2
Interest paid	-7.459,5	-6.576,7
Interest received	65,9	593,4
Income taxes paid	36,1	-2,2
Cash flows from operating activities	-4.082,9	3.739,7
Investing activities		
Capital expenditure on investment properties	-2.474,8	-5.265,2
Capital expenditure on investment properties	-46,0	-157,6
Proceeds/payments for/from investments in associates and loans	313,8	-237,3
Cash flows used in investing activities	-2.207,0	-5.660,1
Financing activities		
Proceeds from issue of share capital	0,0	5.490,0
Payment of transaction costs for issue of share capital	0,0	-408,6
Payment to minority interests	-460,2	0,0
Proceeds from borrowings	29.916,6	6.709,7
Repayment of borrowings	-28.440,5	-974,4
Cash flows from financing activities	1.015,9	10.816,7
Net change in cash and cash equivalents	-5.274,0	8.896,3
Cash and cash equivalents at beginning of period	10.410,1	23.652,9
Cash and cash equivalents at end of period	5.136,1	32.549,2

Statement of changes in consolidated equity

in EUR k	Equity attributable to equity holders of the parent					Components of result for period not recognized in profit or loss	Total	Minority interest	Total
	Subscribed capital	Other reserves	Retained earnings	Treasury stock					
At Jan.1,2008	22.465,6	216.635,2	81.705,7	-42,5	0,0	320.764,0	1.705,2	322.469,2	
Net loss on cash flow hedges	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Total profit or loss recognized directly in equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Profit for the period	0,0	0,0	-9.869,1	0,0	0,0	-9.869,1	-229,6	-10.098,7	
Total profit or loss for period	0,0	0,0	-9.869,1	0,0	0,0	-9.869,1	-229,6	-10.098,7	
Cash capital increase	360,0	5.130,0	0,0	0,0	0,0	5.490,0	0,0	5.490,0	
Cost of cash capital increase after tax	0,0	-249,3	0,0	0,0	0,0	-249,3	0,0	-249,3	
Share-based compensation	0,0	909,0	0,0	0,0	0,0	909,0	0,0	909,0	
Changes of minority interest	0,0	0,0	0,0	0,0	0,0	0,0	-1.143,5	-1.143,5	
At March 31, 2008	22.825,6	222.424,9	71.836,6	-42,5	0,0	317.044,6	332,1	317.376,7	
At April 1,2008	22.825,6	222.424,9	71.836,6	-42,5	0,0	317.044,6	332,1	317.376,7	
Net loss on cash flow hedges	0,0	0,0	0,0	0,0	-14.311,2	-14.311,2	-49,5	-14.360,7	
Total profit or loss recognized directly in equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	
Profit for the period	0,0	0,0	-72.698,3	0,0	0,0	-72.698,3	-126,7	-72.825,0	
Total profit or loss for period	0,0	0,0	-72.698,3	0,0	-14.311,2	-87.009,5	-176,2	-87.185,7	
Cost of cash capital increase after tax	0,0	-30,3	0,0	0,0	0,0	-30,3	0,0	-30,3	
Dividends	0,0	0,0	-5.705,8	0,0	0,0	-5.705,8	0,0	-5.705,8	
Share-based compensation	0,0	-66,4	0,0	0,0	0,0	-66,4	0,0	-66,4	
Treasury stock	0,0	-35,4	0,0	35,4	0,0	0,0	0,0	0,0	
Acquisition of minority interests	0,0	0,0	0,0	0,0	0,0	0,0	503,7	503,7	
Changes of minority interest	0,0	0,0	0,0	0,0	0,0	0,0	399,6	399,6	
At Dec. 31,2008	22.825,6	222.292,8	-6.567,5	-7,1	-14.311,2	224.232,6	1.059,2	225.291,8	

Equity attributable to equity holders of the parent								
in EUR k	Subscribed capital	Other reserves	Retained earnings	Treasury stock	Components of result for period not recognized in profit or loss	Total	Minority interest	Total
At Jan.1,2009	22.825,6	222.292,8	-6.567,5	-7,1	-14.311,2	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	-5.298,9	-18,2	-5.317,1
Total profit or loss recognized directly in equity	0,0	0,0	0,0	0,0	-5.298,9	-5.298,9	-18,2	-5.317,1
Profit for the period	0,0	0,0	7.639,2	0,0	0,0	7.639,2	63,7	7.702,9
Total profit or loss for period	0,0	0,0	7.639,2	0,0	-5.298,9	2.340,3	45,5	2.385,8
Share-based compensation	0,0	263,2	0,0	0,0	0,0	263,2	0,0	263,2
Changes of minority interest	0,0	0,0	0,0	0,0	0,0	0,0	-460,2	-460,2
At March 31, 2009	22.825,6	222.556,0	1.071,7	-7,1	-19.610,1	226.836,1	644,5	227.480,6

Explanatory notes

General information

Colonia Real Estate AG and its subsidiaries (together called the Colonia Real Estate Group, here CRE) are engaged in the acquisition, sale and management of real estate and investment companies, as well as in real estate asset management. The Group's business activities concentrate on Germany. At present, CRE's portfolio is divided into three segments: Residential Real Estate, Commercial Real Estate and Asset Management.

Colonia Real Estate AG is a German stock corporation (*Aktiengesellschaft*) listed on an official exchange, and has its registered office and principal place of business at Zeppelinstrasse 4-8, Cologne, Germany. The company is entered in the Commercial Register of Cologne Local Court, under No. HRB 54006.

Colonia Real Estate stock is listed for trading on the official market of the Frankfurt Stock Exchange, and has been included in that exchange's SDAX index since March 20, 2006.

Accounting principles

The quarterly financial report of Colonia Real Estate AG as of March 31, 2009, was prepared in compliance with Sec. 37x (3) in conjunction with Sec. 37w (2) of the German Securities Trading Act (WpHG), and in accordance with International Financial Reporting Standards (IFRS) as they apply in the European Union (EU), as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

The accounting and consolidation principles used in preparing the quarterly financial report are the same as those used in the consolidated financial statements as of December 31, 2008, taking account of International Accounting Standard (IAS) 34, "Interim Financial Reporting." Accordingly, this quarterly financial report does not include all information and notes that would be required under IFRS for year-end consolidated financial statements.

The quarterly financial report was not reviewed by the independent auditors, nor has it been audited as provided under Sec. 317 of the German Commercial Code (HGB).

Significant accounting judgments, estimates and assumptions

The preparation of the quarterly financial report in accordance with IFRS requires management in some cases to make estimates and assumptions in regard to recognition and measurement that may affect the amounts of income, expenses, assets or liabilities recognized at the reporting date.

More complex areas and areas that involve broader scope for estimation are explained in the consolidated financial statements at December 31, 2008, as are any areas in which assumptions and estimates are of critical importance for the consolidated interim financial statements.

Any and all estimates and evaluations are continuously reassessed, and are founded on historical experience and other factors, including expectations of future events that seem plausible and rational under current circumstances. The Group makes forward-looking estimates and assumptions. By their very nature, the resulting estimates are only rarely borne out by actual later events.

Scope of consolidation

The consolidated financial statements incorporate the financial statements of Colonia Real Estate AG and all its subsidiaries as of March 31, 2009. Subsidiaries' financial statements are prepared using the same accounting policies and the same reporting date as the financial statements of the parent company. The scope of consolidation changed as follows during the first quarter of 2009, as compared to the consolidated financial statements at December 31, 2008:

CRE Gewerbeimmobilien GmbH, Gerespro One GmbH and CRE Retail Immobilien GmbH were merged into Colonia Real Estate AG under notarial instruments dated January 20, 2009. This merely reduced the number of Group companies; it made no change within the Group in economic terms.

As of March 31, 2009, the Group consolidated a total of 19 subsidiaries, 13 of them in Germany and 6 of them in other countries.

Cash flow statement

The cash flow statement shows the change in cash and cash equivalents of the Colonia Real Estate Group. Cash includes cash on hand and deposits with banks. The cash flow statement was prepared in conformity with IAS 7, and organizes changes in cash into cash flows from operating, investing and financing activities. The cash flow from operating activities is determined by the indirect method.

Total cash funds consist of the following:

in EUR k	31.03.2009	31.03.2008
Cash and cash equivalents	10.217,7	32.549,3
Bank overdraft	-5.081,6	0,0
Cash funds	5.136,1	32.549,3

Segment reporting

The Group is managed by way of business segments that are grouped together on the basis of the economic characteristics of their business, the nature of their products and production processes, and the nature of their customer relationships or the characteristics of their sales organizations. At present the Group consists of only three segments: Commercial Properties, Residential Properties, 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. These items pertain primarily to the management operations of Colonia Real Estate AG.

Q1 - 2009

in EUR k	Residential	Commercial	Asset Management	Reconciliation	Group
Income	22.844,5	338,7	1.352,9	-645,8	23.890,3
EBIT	10.116,2	244,1	-389,8	-2.329,2	7.641,3

Q1 - 2008

in EUR k	Residential	Commercial/Hotel	Asset Management	Fund Management	Reconciliation	Group
Income	21.510,2	893,6	1.147,2	368,4	-292,3	23.627,1
EBIT	7.678,5	714,5	-309,7	-62,0	-4.111,2	3.910,1

Related party transactions

In March 2009, Liechtensteinische Landesbank Aktiengesellschaft, of Vaduz, extended a loan totaling EUR 2.0 million to Colonia Real Estate AG. The term of the loan ends on January 31, 2010. The loan bears interest at the 3-month Euribor rate plus 8.5 percent.

Otherwise there have been no changes in related party transactions as compared to the consolidated financial statements at December 31, 2008.

Material events after the end of the period

On April 9, 2009, with the consent of the Supervisory Board, the Board of Management of Colonia Real Estate AG decided to carry out a capital increase excluding shareholders' preemptive rights. The capital increase was carried out using the Authorized Capital approved by the shareholders' meeting of July 4, 2007, by issuing 1.3 million new no-par shares of common stock with a notional par value of EUR 1.00 per share, in return for cash contributions. The capital increase was placed successfully with institutional investors at an issue price of EUR 2.77 per share; the shareholders' preemptive rights were excluded in accordance with the resolution of the shareholders' meeting. This has generated gross issue proceeds totaling EUR 3.6 million for the Company.

Cologne, May 13, 2009

Colonia Real Estate AG



Stephan Rind
CEO



Volker Lemke
CFO



Friedrich Thiele
CIO