

## **2009 DECLARATION OF CONFORMITY**

The Board of Management and the Supervisory Board of Colonia Real Estate AG declare that with the following exceptions, the Company has complied and will comply with the recommendations of the Government Commission on the Corporate Governance Code in the version of June 6, 2008, promulgated by the German Federal Ministry of Justice in the official portion of the electronic version of the Bundesanzeiger:

### **1. Agreement on possibility of limitations on the long-term compensation incentive system for the Board of Management in the event of extraordinary, unforeseen developments (cap)**

Item 4.3.2 Sentence 8 of the German Corporate Governance Code provides that the Supervisory Board should arrange for the possibility of limitations (caps) on the long-term compensation incentive system for the Board of Management in the event of extraordinary, unforeseen developments.

The option agreements between Colonia Real Estate AG and the members of the Board of Management provide the possibility for the options to be revised in certain cases, for example if a change of control event occurs. Colonia Real Estate AG does not believe it necessary to provide a generalized possibility of limiting this incentive system because of extraordinary, unforeseen developments. Moreover, the holders' exercise of the options is already contingent on numerous conditions. For example, there is a two-year vesting period for the exercise of the options after their grant date, and the options may be exercised only if the holder is employed by Colonia Real Estate AG and no notice of termination has been served. Moreover, no limitation such as the one provided under the Code has been submitted under the agenda items on "stock options" for a resolution by either the most recent shareholders' meeting or previous ones.

### **2. Limitation on severance payments in event of early termination of membership on the Board of Management (severance cap) and in the event of termination because of a change of control**

Item 4.2.3 Sentence 9 of the Corporate Governance Code recommends, in signing contracts for members of the Board of Management, that care should be taken that payments to a member of the Board of Management in the event of early termination that is not for cause, including perquisites, should not exceed the value of two years' compensation (severance cap).

The contracts for the Board of Management members Thiele and Lemke, appointed after August 8, 2008, do not include explicit provisions limiting severance payments. However, both members have been appointed for a term of only two years. To that extent, in economic terms the Company has complied with the Code's recommendation even without an explicit contractual provision, since the remaining terms of the contract are always less than two years.

In 2008, prior to the effective date of the most recent version of the German Corporate Governance Code, Mr. Rind was reappointed for five years, and his contract was extended accordingly. His contract for services on the Board of Management does not provide for a severance cap. The Company believes that the severance cap is not mandatory for members of the Board of Management appointed prior to the effective date of this provision of the Code. However, Mr. Rind has voluntarily accepted such a cap.

The Supervisory Board of Colonia Real Estate AG furthermore believes that in cases where a member of the Board of Management is terminated without cause, the member should

receive the compensation for the remaining term of the contract even if the contract has a remaining term of more than two years.

Under Item 4.2.3 Sentence 11 of the Corporate Governance Code, any commitments for benefits for premature termination of membership in the Board of Management because of a change of control should not exceed 150 percent of the severance cap.

The contracts for the members of the Board of Management in office following the effective date of this Code recommendation, as of December 31, 2008, include specific change of control provisions. No cap provision was agreed for board members Thiele and Lemke, since both members were appointed for only a two-year term. In the case of Mr. Rind, who was reappointed for five years in 2008 prior to the effective date of the latest version of the German Corporate Governance Code, and for whom the Company believes implementation of the above cap under the Code is not mandatory, Mr. Rind's contract does not include a cap as provided under the Code. However, Mr. Rind has voluntarily accepted such a cap.

### **3. Formation of committees of the Supervisory Board**

Under Item 5.3.1. of the Corporate Governance Code, the Supervisory Board should form qualified committees, depending on the specific circumstances of the entity and the number of members of the Supervisory Board.

Item 5.3.2 of the Code provides that the Supervisory Board should establish an Audit Committee to deal particularly with matters of reporting, risk management and compliance, the requisite independence of the auditors of the financial statements, the engagement of the auditors to audit the financial statements, the definition of points of focus for audits, and agreements on fees.

Item 5.3.3 of the Code recommends that the Supervisory Board should form a Nominating Committee composed entirely of shareholder representatives, which should propose suitable candidates to the Supervisory Board to be nominated at the shareholders meeting.

The Supervisory Board of Colonia Real Estate AG has only three members. Because of the number of members, it is not necessary to form committees, and their formation would therefore not improve the efficiency of the board's supervisory work. For that reason, the Board does not comply with the recommendations under Items 5.3.1, 5.3.2 and 5.3.3 of the Corporate Governance Code.

### **4. Information about shares held by members of the Supervisory Board and Board of Management**

Above and beyond the statutory obligation to immediately report and disclose transactions in the company's stock, according to Item 6.6 of the Corporate Governance Code the ownership of company stock or financial instruments relating thereto by members of the Board of Management and Supervisory Board should be disclosed if any of these holdings are directly or indirectly greater than one percent of the shares issued by the company. If the holdings of all members of the Board of Management and Supervisory Board combined exceed one percent of the shares issued by the company, the combined holdings should be disclosed separately for the Board of Management and Supervisory Board. The above disclosures should be included in the corporate governance report.

Colonia Real Estate AG provides open, transparent, up-to-date communications by immediately disclosing the appropriate information to the appropriate entities. For that reason, Colonia Real Estate AG always endeavors to disclose management members' transactions in Company stock ("directors' dealings") as promptly as possible after they have been reported to the Company, in accordance with Sec. 15a of the German Securities Trading Act. The Board of Management and Supervisory Board believe that repeating the information in a corporate governance report is not necessary in order to improve transparency. For that reason, we have not complied with this recommendation.

#### **5. Disclosure of consolidated financial statements**

Under Item 7.1.2 Sentence 3 of the Corporate Governance Code, the consolidated financial statements should be made available to the public within 90 days after the end of the fiscal year.

Colonia Real Estate AG considers itself bound, in keeping with the Code, to release its annual financial statements as promptly as possible. However, it believes careful presentation of all business events in the Group is the first priority, not compliance with fixed deadlines. In light of the quality requirements associated with the careful preparation of the consolidated financial statements, in individual cases the recommended deadlines may be briefly overrun. Because of business events – such as extensive structural changes within the Group – it has not been possible to meet the deadline for releasing the consolidated financial statements within 90 days after the end of the fiscal year for the 2008 consolidated financial statements.

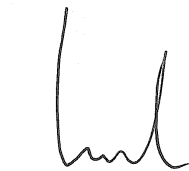
Cologne, April 30, 2009

Colonia Real Estate AG

For the Board of Management



Stephan Rind

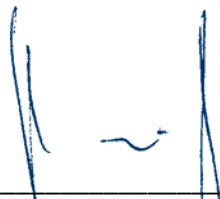


Volker Lemke



Friedrich Thiele

For the Supervisory Board



Prof. Dr. Klaus B. Steiger