

CRE

Colonia Real Estate AG

Next Generation Real Estate

*Excellence in Real Estate Investment
and Asset Management*

Initiative Immobilien Aktie 2007 - Frankfurt am Main | 25./ 26.10.2007



Focused and Integrated Business Model



Colonia Real Estate AG

Sales HY 07: EUR 95.3mn
EBIT HY 07: EUR 73.0mn

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Net earnings HY 07: EUR 47.3mn
Total Assets HY 07: EUR 1,065mn

Investments

Residential Real Estate

- Long term net buyer
- Active portfolio management
- Strong recurring cash flows

Commercial real estate

- Opportunistic co-investments mainly in prime office
- Joint ventures with JPM asset management in logistics and light industrial real estate
- Customer include Merrill Lynch, Oaktree Capital Management, UBS

Asset Management

- Market screening
- Transaction, investment and exit management
- Project, refurbishment and redevelopment management

Funds Management

- Creating and structuring tailor-made concepts
- Placement
- Portfolio management

Investment Portfolio - Overview



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Key investment focus

- Off-market transactions with value appreciation potential
- Mid-sized residential portfolios
- Highly sophisticated screening process

Operating excellence

- Unique experience in creating incentives to attract new tenants
- Potential of successful vacancy reductions at low cost

Historic evidence

	Acquisition date	Residential units	Commercial units	sqm	Initial investment (€mn)	Initial rent (€mn)	Net rental (yield %)	Vacancy rates	
								At closing of acquisition %	Current**
Grasmus	06/05	1,384	6	78,100	29.8	3.8	12.9	5.6	6.6
Bremen	08/06	470	-	27,253	9.4	1.1	12.1	8.1	9.6
Berlin Capital	09/06	2,492	10	149,141	83.2	6.1	7.4	22.4	11.8
Aachen	11/06	925	-	54,417	18.4	2.0	10.8	11.0	19.0
Hamburg	12/06	1,577	4	101,069	38.2	4.8	12.4	23.7	28.2
Berlin Pike	12/06	2,125	61	132,732	72.5	6.6	9.0	9.5	4.4
Maximilian	02/07	9,857	70	624,783	360.0	30.0	8.3	16.1	16.3
Berlin Signa	09/07	948	86	78,100	c. 76.0	5.0	6.6	7.5	7.5
Total/Average***		19,778	237	1,245,595	687.5	59.4	8.8	15.1	14.3

* Defined as initial net rent divided by initial investment (equal purchase price)

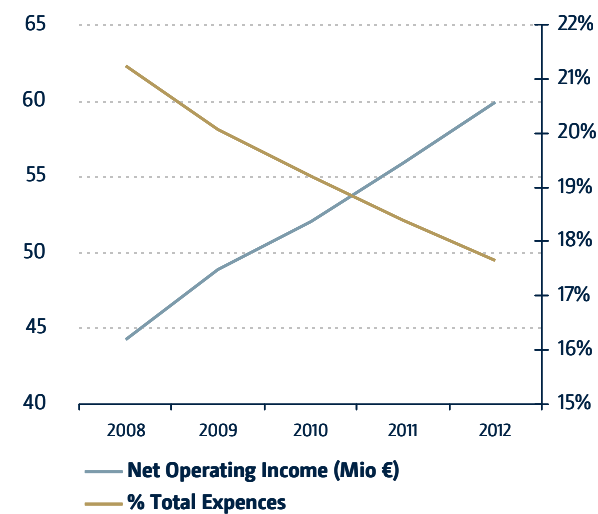
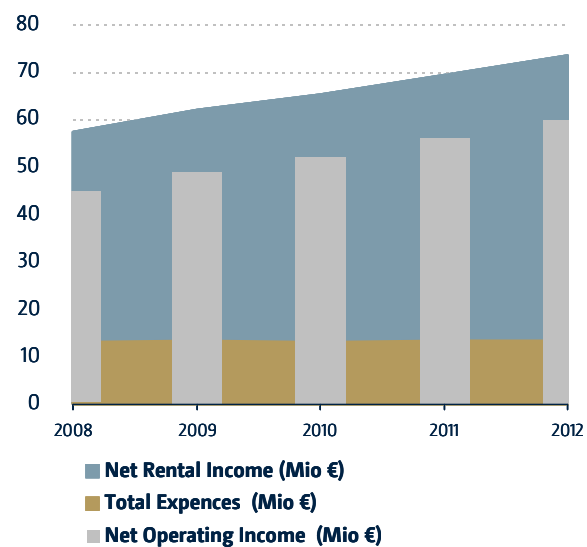
** As of end of August 07; vacancy in Bremen & Aachen portfolios artificially inflated due to current implementation of modernization measures

Investment Portfolio – Positive Scenario



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Year	2008	2009	2010	2011	2012
NRI	57	62	65	69	73
EXP	13	13	13	13	13
NOI	44	49	52	56	60
INT	27	27	27	27	27
EBT	16	20	23	27	31

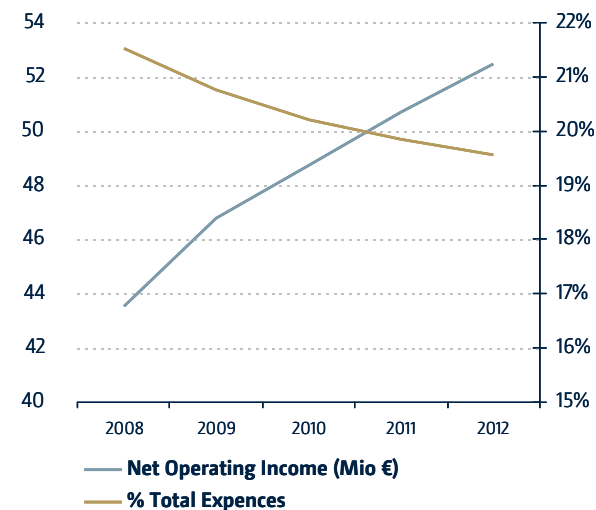
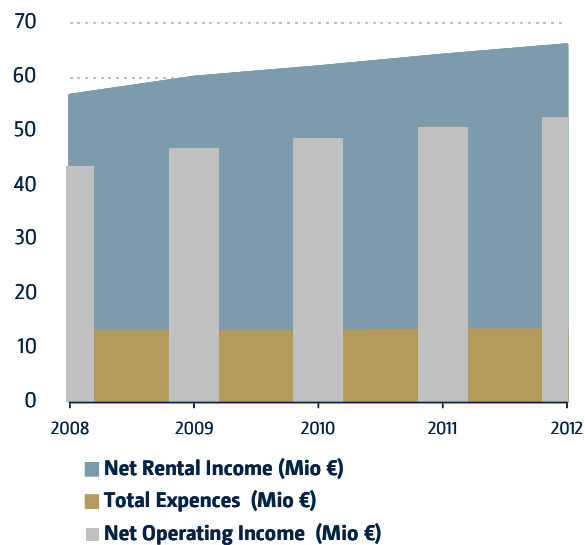


Investment Portfolio – Conservative Scenario



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Year	2008	2009	2010	2011	2012
NRI	57	60	62	64	66
EXP	13	13	13	13	13
NOI	44	47	49	51	52
INT	27	27	27	27	27
EBT	15	18	20	22	24



Co-Investments Value Creation - Opportunistic



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Successful precedent of leveraging asset management capabilities

Situation:	Acquisition of the “Herkules” office portfolio together with Oaktree in 10/ 06
Location:	Premium cities in Germany: Frankfurt, Dusseldorf, Hamburg, Munich, Berlin, Cologne
Portfolio:	49 buildings (primarily office) with more than 520,000 sqm rental space
Purchase Price:	approx. € 1bn
CRE Co-Investment:	4.8% stake
Initial net yield:	approx. 5.0%
Initial Vacancy:	approx. 24.0%
Current vacancy:	approx. 21.0%



“Herkules” is a potential REIT portfolio



Office building before redevelopment

- Office building in Düsseldorf
- Year of construction 1973
- Currently 100% vacancy
- One of the best residential living areas
- Gross floor space: c. 15,000 sqm



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Financial Highlights – Half Year 2007



	HY 2007	HY 2006
Revenue	€ 95.3mn	€ 19.6mn
EBIT	€ 73.0mn	€ 14.6mn
Group income after tax	€ 47.3mn	€ 8.9mn
Earnings per share	€ 2.60	€ 0.59
Real estate assets	€ 789mn	€ 353mn
Total assets	€ 1,065mn	€ 420mn
Equity ratio	30.0%	23.8 %

Financial Highlights – Half Year 2007 Segments

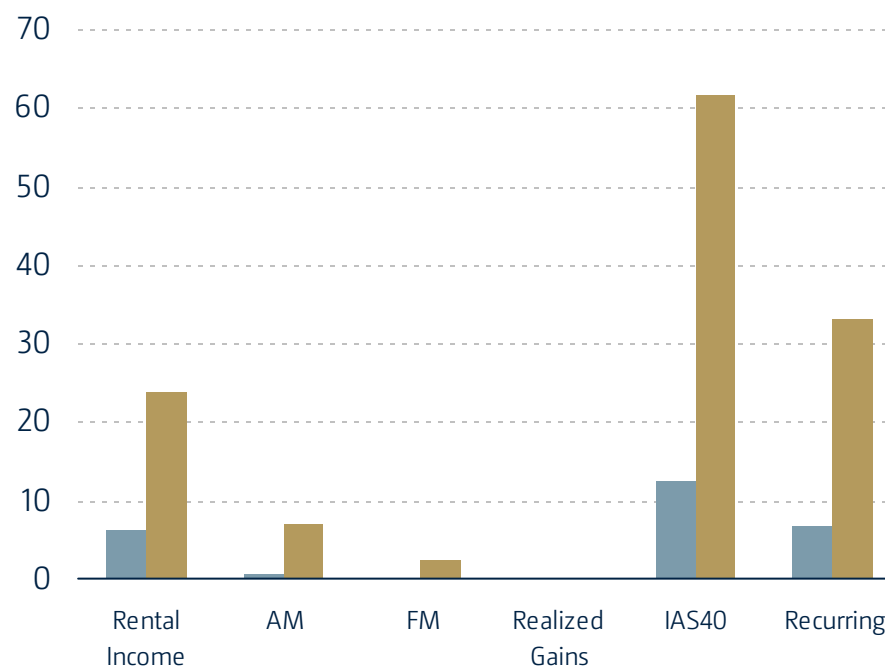


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Recurring Revenues

	HY 2007	HY 2006
Rental income	€ 23.7mn	€ 6.0mn
Asset management	€ 7.0mn	€ 0.5mn
Fund management	€ 2.4mn	N/A
TOTAL	€ 33.1mn	€ 6.5mn
Realized gains	€ 0.0mn	€ 0.0 mn
IAS40	€ 61.5mn	€ 12.4mn

■ HY 2006 in mn
■ HY 2007 in mn



- Our loan portfolio is 100% fix financed with an average interest rate of 4.9% and 4.8 years maturity
- New refinancing with an increased margin of around 30-50 bps
- Company benefits from 2008 corporate tax reform – effective tax rate of approximately 20%
- Full interest deductibility in 2008 through claim of „escape clause“
- IAS40 valuation currently with a comfortable cushion and upside potential compared to market transaction levels (EUR 640,- vs. c. EUR 1,000,-)

Company Valuation – NAV of CRE (as of 23/10/07)



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ASSETS

• Investment Properties	EUR	+ 875mn	(CRE 7.0% yield)
• Property liquidation value	EUR	+ 145mn	(Peer group 6.0% yield)
• Co-Investments, Cash, Equivalents	<u>EUR</u>	<u>+ 140mn</u>	(93mn cash, 47mn Co-Investments)
• TOTAL ASSETS	EUR	+1,160mn	

LIABILITIES

• Long-term debt + convertible Bond	EUR	- 630mn	
• Short-term debt	<u>EUR</u>	<u>- 34mn</u>	
• TOTAL LIABILITIES	<u>EUR</u>	<u>- 664mn</u>	

Net Asset Value EUR + 496mn (EUR 22.55/ share on 22mn shares)

Asset and Fund Management (10xEBIT next year) EUR + 120mn (EUR 5.45/ share on 22mn shares)

NET ASSET VALUE + AM + FM Valuation EUR + 616mn or EUR 28,- per share



Strategy and targets

- Further dynamic expansion on both our principal residential portfolio, commercial co-investments and third party asset management
- Establishing our leading position as a German real estate platforms which combines a nationwide real estate investment and asset management expertise for third parties
- Year end targets 2007:

Residential: 25k-30k units (12 months target)

3rd party AuM: EUR 3.0bn

Net result: EUR 62m - 65m

Financial facts as of Q2 2007

• Balance sheet	EUR	1,065mn
• Real estate assets	EUR	790mn
• Cash	EUR	215mn
• Equity	EUR	320mn
• Fix debt (100%@ 4.1%)	EUR	670mn
• Equity ratio		> 30%
• Net margin		> 48%
• CAGR 06-09e		> 45%**
• PE 07e		8.0x
• PEG 07e		0.15
• Tax rate 2007	c.	28%
• Tax rate 2008	c.	20%

* based as of half year 2007 figures

** based on assumptions of the management and external analysts

CRE Colonia Real Estate Share Details



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Share details

- Price as of 15.10.07 EUR 22.00
- Market Cap EUR 485mn
- Number of shares 22mn
- Freefloat c. 74%

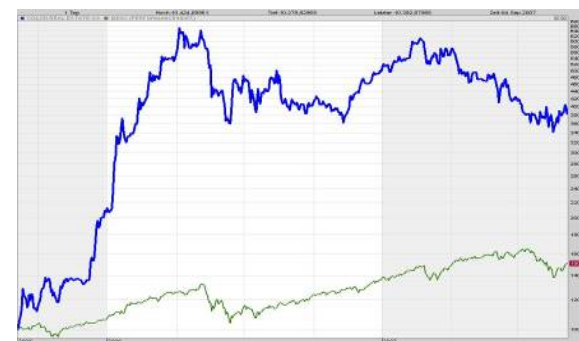
Index memberships

- SDAX, MSCI Germany Small Caps, EPRA, GPR 250 and E&G DIMAX

Announced share holdings

- Swiss Real Estate 25.53%
- DWS 3.05%
- UBS 3.01%
- William Blair & Company 3.03%
- Cominvest 2.98%
- ADIA 2.92%
- Wellington Management 2.48%
- Fortman Cline 0.61%

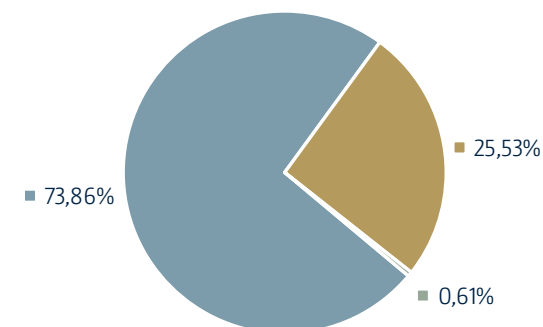
2 years KBU (blue) vs MDAX (green)



■ Freefloat

■ Swiss RE

■ Forman Cline



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