

Schedule 1
Form of Conversion Notice
in accordance with § 8(b) of the Terms and Conditions

5.875% Convertible Bonds due 2015 convertible into ordinary bearer shares with no par-value of
Colonia Real Estate AG

To:

Citigroup Global Markets Deutschland AG & Co. KGaA
Germany Agency & Trust
Reuterweg 16
60323 Frankfurt am Main
Germany
Tel: +49 (0) 69 1366 1256
Fax.: + 49 (0) 69 1366 1429

[date]

Dear Sirs,

- 1** On 21 April 2010, the Issuer decided to issue convertible bonds with an aggregate principal amount of up to approximately €19,000,000 due 2015, each such bond with an initial conversion right for one ordinary bearer share of the Company with no par value and representing a notional par value of €1.00, ISIN DE000A1EMFA2, of Colonia Real Estate AG (the "**Settlement Shares**"), represented by bonds (the "**Bonds**" and each a "**Bond**"), entitling the holders of the Bonds (the "**Holders**" and each a "**Holder**") to convert the Bonds at any time during the Conversion Period as defined in, and subject to, the terms and conditions of the Bonds (the "**Terms and Conditions**") into the Settlement Shares.
- 2** I/We, the undersigned, being the Holder/Holders of [number] Bond/Bonds, hereby irrevocably elect to exercise our Conversion Right as defined in, and in accordance with, the Terms and Conditions and exercise the aggregate principal amount and number of Bonds specified in paragraph 3.2 below (the "**Conversion Bonds**") for such corresponding number of Settlement Shares as to be determined in accordance with the Terms and Conditions.
- 3** I/We hereby request that the number of Settlement Shares corresponding to the Conversion Bonds in respect of which the Conversion Rights attached thereto have been exercised by me/us pursuant to § 8(b) of the Terms and Conditions will be delivered to me/us or to the nominee(s) as stated in paragraph 3.1.2 below, respectively, according to the following instructions:

3.1 Holder's Details

3.1.1 Our/My details are:

(Name(s)/Company)

(Address(es)/Domicile)

(Citizenship/Place of incorporation or domicile)

3.1.2 Details of the nominee to which the number of Settlement Shares shall be delivered, if different from paragraph 3.1.1:

(Name(s)/Company)

(Address(es)/Domicile)

(Citizenship/Place of incorporation or domicile)

3.2 Conversion Bonds

3.2.1 Aggregate number of Bonds with respect to which the Conversion Right shall be exercised:

3.2.2 Aggregate Principal Amount for Conversion Bonds

€ _____

3.2.3 I/We exercise the Conversion Right (pursuant to § 8 of the Terms and Conditions)

3.3 I/we irrevocably instruct the Conversion Agent to make arrangements to deliver the Settlement Shares to the following securities account with a bank or other financial intermediary in the European Union:

Bank:

(Name of bank or other financial intermediary)

Bank Sort Code:

Account number:

Account of:

Favour of:

3.4 I/We request that any cash sum I am/we are entitled to receive pursuant to the Terms and Conditions is paid by the Conversion Agent by way of transfer to the following euro account with a bank or other financial intermediary in the European Union:

Bank:

(Name of bank or other financial intermediary)

Bank Sort Code:

Account number:

Account of:

Favour of:

3.5 I/We hereby represent and warrant that the Conversion Bonds are free from all liens, charges, encumbrances and other third party rights.

3.6 I/We agree that we will transfer the number of Bonds as specified in paragraph 3.2.1 to the following clearing system account of the Conversion Agent, not later than 4:00 p.m. (Frankfurt time) on the last day of the Holder Conversion Period:

Bank Clearstream Banking AG, Frankfurt am Main

Account number: [●] 7262

- 3.7** I/We, or the person(s) who has/have a beneficial interest in the Conversion Bonds in respect of which the Conversion Rights attached thereto are hereby exercised, certify, at the time of signing and delivery of the Conversion Notice, that (i) I am / we are not U.S. Persons (as defined in Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) or persons who are within the United States (as defined in Regulation S under the Securities Act; (ii) I am / we are not acting for the account or benefit of a U.S. Person or a person within the United States; (iii) I / we acquired the Conversion Bonds, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or 904 of Regulation S; and (iv) I am / we are acquiring the Shares to be delivered upon exercise of the Conversion Bonds in an offshore transaction (as defined in Regulation S) made in accordance with Rule 903 or Rule 904 of Regulation S.
- 3.8** I/We certify that I/we understand that the Settlement Shares to be delivered upon exercise of the Conversion Rights attached to the Conversion Bonds have not been and will not be registered under the Securities Act and may only be offered, sold, pledged or otherwise transferred in compliance with the Securities Act and other applicable laws.
- 4** I/We hereby grant power of attorney to the Conversion Agent to declare the subscription upon exercise of the Conversion Bonds pursuant to § 198(1) German Stock Corporation Act (*Aktiengesetz*) on my/our behalf and on my/our account to [●].
- 5** Each Conversion Agent is exempt from the restrictions set forth in § 181 German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions of the applicable laws of other countries.
- 6** I/We hereby authorise the production of this Conversion Notice in any administrative or legal proceedings instituted in connection with any Bond to which this Conversion Notice relates.

Yours faithfully,

By: