The large cities of the Ruhr Area were all able to list record turnovers in the office market last year. The fact that thereby large letting performances were registered as well as that groups and big enterprises from the region proved to be willing to expand in space and invest again, emphasizes that the upward trend was on a steady basis. Considering the office take-up only, the Ruhr Area was not able to maintain the nationwide third rank like as in the first-half result 2007. However, it achieved a respectable fifth rank, with altogether 528,000 m² office space take-up at the end of the year. The Ruhr Area is almost on eye-level with Berlin and even leaves the economic area of Düsseldorf behind.

CUBION has established as a regional real estate property consultancy in that area. Only through our clients’ confidence, we were able to develop in one of the market leading real estate property consultancies in the metropolis Ruhr within less than three years. We are grateful for all the confidence we received. It strengthens our way of making business and we will follow our guideline. Besides our headquarters in Mülheim at the Ruhr, located at the border of Duisburg, we have founded a new branch in the Essen city centre in order to be even more close to our clients. This new branch is our signal for the company expansion, which we are going to accelerate in the upcoming years.

Do you have questions concerning the Ruhr Area market or tasks of real estate management in the region? We support you with always detailed and well-founded market data, many years of experience as well as a well-rehearsed and flexible team. We are looking forward to cooperate with you in the future.

Get in touch with us.

Stefan Orts

Markus Büchte

Headquarter

CUBION Immobilien AG

in Mülheim at the Ruhr
All business is local...

...if not, we are partner of NAI apollo.

NAI apollo belongs to the market leaders on the brokerage of commercial properties in the Rhein-Main area, one of the most important property markets in Germany.

Further regional teams of experts with offices in Berlin, Cologne, Düsseldorf and twice in the Ruhr Area support NAI apollo.

The transaction volume stood at EUR 700 mn in 2007 arising from single transactions as well as total letting performances in the area of commercial properties with more than 200,000 m².

The world’s largest network of owner-operated real estate organisations stands behind NAI.

Our 8,000 agents in more than 375 offices in 55 countries currently assist 40 bn transaction volumes per year.

Amsterdam  Copenhagen  Jakarta  Istanbul  Miami  Sao Paolo
Atlanta  Dallas  Jakarta  Johannesburg  Montevideo  Seattle
Bangalore  Dublin  Kopenhagen  Kuala Lumpur  Montreal  Seoul
Bangkok  Düsseldorf  Lima  Mülheim/Duisburg  Shanghai
Berlin  Edinburgh  Manila  Munich  Seoul
Boston  Essen  London  New York  Stockholm
Sao Paolo  Miami  Los Angeles  Ottawa  Tokyo
Bucharest  Glasgow  Lyon  Paris  Toronto
Chicago  Hong Kong  Marseille  Rennes  Vancouver
Cologne  Houston  Mexico City  San Francisco  Washington D.C.

More than 375 offices worldwide in 55 countries.

Our market worldwide.

Our market in the metropolis Ruhr.

CUBION Immobilien:
You your reliable partner for sales nationwide and commercial lettings in the Ruhr Area.

Many years of market experience
Our company is still quite young, but successful. In less than two years we have become one of the market leading real estate property consultancies in the Ruhr Area.

Our team leaders on the whole dispose of over 70 years of professional experience and several million arranged square meters during that time.

Quality research
Our office market research is based on numerous transactions in that region – and is regarded as the best and most detailed for the metropolis Ruhr.

Our clients benefit from the market transparency we are able to offer due to our longstanding and detailed data material.

An honest word
Likewise they do benefit from our consequent honesty regarding marketability of their projects.

We do not promise anything we cannot keep.

Of course we reject marketing contracts of which we are not convinced to be successful.

Advantage of an owner-operated company
We count on values and fortés of an owner-operated company.

Every action arises from our business-minded personality and therefore is focused on a long-term nature and sustainability.

For the benefit of our clients and at the same time for our own.

Working together as partners
The development of a long-lasting partnership cooperation has priority to any possibility of a “fast business”.

This philosophy determines our action – its success has been proven already today several times.

Our market in the metropolis Ruhr.
The metropolis Ruhr area approx. 4,435 km²
population (2006) approx. 5.3 mn.
employees (2006) approx. 2.1 mn.
thereof in the service sector approx. 68 %
unemployment rate (February 2008) approx. 4.1 %

Source: regional bureau for urban research and strategic planning

The 5 largest cities of the Ruhr Area:
- Dortmund 587,137 inhabitants
- Essen 582,764 inhabitants
- Duisburg 497,845 inhabitants
- Bochum 392,195 inhabitants
- Gelsenkirchen 266,082 inhabitants

The 25 top-selling companies of the metropolis Ruhr:
1. Deutsche BP AG, Bochum, 54.3 bn, 8/100*  
2. Thyssen Krupp AG, Essen, 47.1 bn, 10/100*  
3. RWE AG, Essen, 44.3 bn, 11/100*  
4. Franz Haniel & Cie. GmbH, Duisburg, 27.7 bn, 23/100*  
5. Unilever & Gruppe Tengelmann, Mülheim, 25.7 bn, 26/100*  
6. E.on Ruhrgas AG, Essen, 25.0 bn, 27/100*  
7. Aldi Nord / Süd, Essen, 21.2 bn, 30/100*  
8. Hochtief AG, Essen, 15.0 bn, 38/100*  
9. Evonik Industries AG, Essen, 14.8 bn, 44/100*  
10. Schering AG, Essen, 13.2 bn, 48/100*  
11. Arcandor AG, Essen, 13.2 bn, 50/100*  
12. Brenntag Holding, Mülheim, 6.1 bn  
13. Köckner & Co. AG, Duisburg, 5.5 bn  
14. GEA Group AG, Bochum, 4.3 bn  
15. Remondis AG & Co. KG, Lünen/district Unna, 4.0 bn  
16. Alpha Management GmbH, Duisburg, 3.0 bn  
17. Douglas Holding AG, Hagen, 3.0 bn  
18. Deichmann-Gruppe, Essen, 2.7 bn  
19. NCWEA eG Apotheke, Essen, 2.3 bn  
20. Hälttnaglia GmbH, Bochum, 2.1 bn  
21. WAZ Mediengruppe, Essen, 2.0 bn  
22. TSI Recycling GmbH & Co.KG, Bottrop, 2.0 bn  
23. Hüttenwerke, Krupp Mannesmann GmbH, Duisburg, 1.9 bn  
24. Medion AG, Essen, 1.6 bn  
25. Altorf Flugreisen GmbH, Duisburg, 1.4 bn  

* Ranking among the 100 largest companies in Germany  
Figures rounded up; measured relative to on-site accounted turnover; dependent subsidiaries and branches not considered  
Sources: Wirtschaftsblatt, CUBION RESEARCH
Office market data Germany

Office markets Germany 2007
Overview

<table>
<thead>
<tr>
<th>City</th>
<th>Inventory in m²</th>
<th>Vacancy in %</th>
<th>Letting in m²</th>
<th>Top rent in EUR/m²</th>
<th>Completion volume in m²</th>
<th>Top-yield office in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berlin</td>
<td>18,290,000</td>
<td>8.99%</td>
<td>1,620,000</td>
<td>910,000</td>
<td>22.0%</td>
<td>90,000</td>
</tr>
<tr>
<td>Dortmund</td>
<td>2,815,000</td>
<td>9.90%</td>
<td>143,000</td>
<td>73,300</td>
<td>12.49%</td>
<td>17,000</td>
</tr>
<tr>
<td>Düsseldorf</td>
<td>3,422,500</td>
<td>3.80%</td>
<td>63,000</td>
<td>70,300</td>
<td>12.39%</td>
<td>30,300</td>
</tr>
<tr>
<td>Essen</td>
<td>5,500,000</td>
<td>10.89%</td>
<td>895,000</td>
<td>432,000</td>
<td>22.50%</td>
<td>75,000</td>
</tr>
<tr>
<td>Frankfurt</td>
<td>5,450,400</td>
<td>5.00%</td>
<td>171,000</td>
<td>117,000</td>
<td>12.50%</td>
<td>20,300</td>
</tr>
<tr>
<td>Hamburg</td>
<td>11,600,000</td>
<td>15.41%</td>
<td>1,787,600</td>
<td>647,300</td>
<td>40.00%</td>
<td>84,800</td>
</tr>
<tr>
<td>Hamburg</td>
<td>13,710,000</td>
<td>7.40%</td>
<td>1,014,000</td>
<td>580,000</td>
<td>23.50%</td>
<td>230,000</td>
</tr>
<tr>
<td>Cologne</td>
<td>7,090,000</td>
<td>8.74%</td>
<td>628,000</td>
<td>272,000</td>
<td>20.60%</td>
<td>130,000</td>
</tr>
<tr>
<td>Munich</td>
<td>10,010,000</td>
<td>7.88%</td>
<td>1,580,000</td>
<td>836,700</td>
<td>36.50%</td>
<td>135,000</td>
</tr>
<tr>
<td>Stuttgart</td>
<td>7,390,000</td>
<td>6.35%</td>
<td>479,000</td>
<td>170,000</td>
<td>19.0%</td>
<td>97,000</td>
</tr>
<tr>
<td>Total 2007</td>
<td>94,239,900</td>
<td>8.00%</td>
<td>8,162,300</td>
<td>3,648,300</td>
<td>28.60%</td>
<td>832,000</td>
</tr>
<tr>
<td>Total 2006</td>
<td>92,785,400</td>
<td>9.49%</td>
<td>8,866,800</td>
<td>3,184,300</td>
<td>26.80%</td>
<td>732,100</td>
</tr>
<tr>
<td>Difference</td>
<td>1,441,500</td>
<td>-7.06%</td>
<td>-724,500</td>
<td>-68,000</td>
<td>-14.59%</td>
<td>97,900</td>
</tr>
<tr>
<td>% change</td>
<td>1.59%</td>
<td>-14.59%</td>
<td>-8.06%</td>
<td>-14.59%</td>
<td>-7.06%</td>
<td>-7.06%</td>
</tr>
</tbody>
</table>

Arrows = tendency 2008


Growth rate of the GNP in constant prices (1995) - change in % of the prior-year

Annual average rate of change of the harmonised index of consumer prices (HVPI)

The office markets of the metropolis Ruhr are absolutely remarkable. Together they are strong. Besides a constant market development and presentable letting take-ups, the region stands out by a traditionally modest building activity and a healthy supply reserve. The vacancy rates are one of the lowest nationwide.
Brief overview

Big cranes rotate across Essen – the Capital of Culture 2010 appears as a kind of pushed rocket regarding time and economy. The numerous major projects are taking shape. A web cam at the building site of the ThyssenKrupp quarter proves the daily progress. E.ON Ruhrgas has begun with the excavation for the new headquarter at the fairground and the shopping centre at the Limbecker Platz (Limbecker square) has been formally opened. Currently just the old historic facade of the Glückaufhaus (Glückauf House) exists and will be integrated in the reconstruction conducted by the project developer Kölbl Kruse for the renter ifm electronic, and the foundation for the new Folkwang museum at the Bernruckerstraße has been laid. Moreover, the building works for the re-creation of Essen’s main railway station have started as well.

As expected, the office market in Essen remarkably contributed to the developments and listed its absolute record year in 2007. By so far unbroken office space turnovers, tenants as well as owner-occupiers caused skyrocketing results in Essen.

The course is set for 2008. Even though we should not reckon with the exceptional prior-year figures, probably the good turnovers at the turn of millennium will be used as a starting point and a sales performance of about 100,000 m² can be achieved.

Structure data

<table>
<thead>
<tr>
<th>Category</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhabitants (06/2007)</td>
<td>582,764</td>
</tr>
<tr>
<td>employees subject to social insurance contribution in the area of service</td>
<td>about 88,764</td>
</tr>
<tr>
<td>Unemployment rate (02/2008)</td>
<td>about 14.1%</td>
</tr>
</tbody>
</table>

Tax rates

<table>
<thead>
<tr>
<th>Category</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade tax assessment rate (2007)</td>
<td>4%</td>
</tr>
<tr>
<td>Property tax assessment rate (2007)</td>
<td>510%</td>
</tr>
</tbody>
</table>
Office market Essen 2007

Take-up

Compared with 2006, Essen doubled its take-up with about 180,500 m² in 2007. About 63,000 m² accounted for owner-occupiers. Both the take-up by lettings and the take-up by owner-occupation achieved absolute record figures for the Ruhr metropolis Essen. The total annual turnover of 150,000 m² forecasted by CUBION already has been clearly exceeded by mid-year.

In 2007 the owner-occupier rate with almost 35% was on a very high level – a fact that is especially caused by the move of the ThyssenKrupp group as well as further new building projects (e.g. RWE AG or Deichmann). With about 37,000 m² office space established by ThyssenKrupp in the first stage of construction for the new headquarter as owner-occupier, the DAX group significantly contributes to this development. Besides the new building of the “Krupp-gürtel” (Krupp belt), the company also allocated subsidiaries elsewhere in inventory properties in Essen.

The obvious invigoration of Essen’s market forecasted by CUBION in the prior year also appeared in a 61% increase of the rental volume. Once again in 2007 the importance of large enterprises is high on the list of priorities. The largest turnovers arose from the DAX giants ThyssenKrupp, E.ON and RWE. But also Hochtief, rarely noticed, expanded in their own headquarter at the Alfredstraße – additional spaces with a volume of more than 6,000 m². 26 lettings, each larger than 1,000 m² rental space and 10 lease contracts each larger than 3,000 m², were concluded. Dimensions that failed to come in the previous years.

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Locations

The south district was - as almost always in Essen - very favored. In 2007 about 45% (prior year 55%) of lettings have been concluded at the “City fringe south” and in the “other southern city zone”. The city centre with 11% was not focussed by the users, but at least reached 17% in 2006. One notable feature was that significant leases in 2007 were recorded in less demanded locations (and in properties being vacant for a long time). So at least 23% of the leases accounted for the location segment “other northern city zone” (prior year: 7%) and 12% for the “other eastern city zone” (prior year: 6%).

Vacancy

In line with the letting record, the vacancy rate of Essen clearly decreased. Compared with 2006, this rate including market relevant sublease offers within a period of one year fell from 6.8% to 5.0%. This corresponds to a vacancy reduction of about 63,000 m² in one year. Another record for the office market in Essen.

Space quality

In contrast to the general trend, in 2007 high quality spaces have not been preferred solely. Even properties being vacant for a long time in rather unpopular locations managed to get leased. The share of spaces with “simple rental value” at the total vacancy declined in Essen and stood at 21% at the end of the year. The supply of newly built spaces used for the first time declined from 21,500 m² at the end of 2006 to only 13,000 m² by the end of 2007.

Sectors

The analysis of sectors in 2007 shows that there was rarely demand from the sectors “media, publishing” as well as “IT, telecommunication and EDP” with 2% or rather 1% while in 2006 at least about 9% accounted for these sectors. In exchange, the share of the public sector being 11% in 2006 rose to 18% in 2007 and the companies belonging to “commerce, trade and transportation” were able to considerably raise their relative share of 33% to 45%.

Vacancy 2007

<table>
<thead>
<tr>
<th>Location</th>
<th>Letting</th>
<th>Lease contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>30,000</td>
<td>22,000</td>
</tr>
<tr>
<td>City fringe</td>
<td>25,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Other city zone</td>
<td>5,000</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Vacancy rate: 5.0%
Completions
The new building completions remained with about 20,000 m² on a moderate level in 2007. The average of the earlier five years was at least almost the double – 39,000 m². Due to the high pre-leasing rates within the few projects, only a small number of shares of the new building spaces came on the market. As the supply of spaces being in good condition is already short in Essen, the situation will continue to intensify within the next months.

Rents
Run by a shortage of spaces in the area of new buildings and in the high quality segment, the top rent increased from EUR 11.75 to EUR 12.50 within one year. The current market events, however, could not affect the average rent. At the end of 2007 the average rent was still at about EUR 9.00 per square meter.

The building license for the new E.ON Ruhrgas headquarter at the fairground causes a volume of about 48,500 m² rentable area reflecting in the turnover statistics for 2008. Additionally, in the first weeks of the new year there have already been conclusions of about other 12,000 m² office space, so that already by mid February the sales volume comprised about 70 % of the 5 year average. These figures represent a respectable start in the office-letting year 2008, for which CUBION expects an office space take-up of about 100,000 m². A further increase of the top rent, which will be encouraged by the spaces shortage in the area of new buildings, but especially by the current building price development for future projects, is unavoidable. The users will have to get used to rents of around about EUR/m² 13.50.

Remarkable sales of office buildings 2007 (extract)

<table>
<thead>
<tr>
<th>street</th>
<th>property name</th>
<th>seller</th>
<th>buyer</th>
<th>property volume (approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Altendorfer Str. 101</td>
<td>„Opti Gewerbepark“</td>
<td>Wealthcap</td>
<td>JER Fonds</td>
<td>20,900 m²</td>
</tr>
<tr>
<td>Bamlerstr. 1-5</td>
<td>„Bamler-Service-Park“</td>
<td>mfi</td>
<td>Alstria</td>
<td>36,500 m²</td>
</tr>
<tr>
<td>Gladbecker Str. 425-435</td>
<td>„Servicepark Gladbecker Str.“</td>
<td>SEB</td>
<td>DIC</td>
<td>11,600 m²</td>
</tr>
<tr>
<td>Opernplatz 2 u.a.</td>
<td>„Hochtief-Verwaltung“</td>
<td>Hochtief</td>
<td>Prime Office AG</td>
<td>22,000 m²</td>
</tr>
<tr>
<td>Schützenbahn 60</td>
<td>„schuetzenbahn.de“</td>
<td>Strabag</td>
<td>UBS</td>
<td>3,400 m²</td>
</tr>
</tbody>
</table>
Brief overview

It is no surprise at all that also the third office stronghold of the Ruhr Area Dortmund – besides Essen and Duisburg – achieved a turnover and letting record in 2007; a fact predicted by CUBION already at mid-year and being the result of an outstanding well-developing metropolis Ruhr.

The office market of Dortmund appears to be in top condition. A letting volume of almost 33% above the five-year average has been generated and the turnover achieved by owner-occupiers was presentable due to the new building project of the Volkswohl Bund Lebensversicherung (Life Insurance). With this result, Dortmund again posted a little higher take-up than Duisburg and was the second strongest sub-segment of the region.

The vacancy declined significantly, the volume of new building completions reached the lowest level and the top rent increased consequently. Key data characterising a thriving office location.

<table>
<thead>
<tr>
<th>Structure data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inhabitants (06/2007)</td>
</tr>
<tr>
<td>employees subject to social insurance contribution in the area service</td>
</tr>
<tr>
<td>unemployment rate (02/2008)</td>
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<tbody>
<tr>
<td>trade tax assessment rate (2007)</td>
</tr>
<tr>
<td>property tax assessment rate (2007)</td>
</tr>
</tbody>
</table>
Office market Dortmund 2007

Take-up

In the year 2006 the economic area Dortmund achieved a take-up of about 95,000 m². About 22,000 m² accounted for owner-occupiers. And so the turnover result of the previous year has been exceeded by about 41 %.

As well the clear letting performance with about 73,000 m² in Dortmund in the last year presented a top result never reached before. By the new building of the Volkswohlb Bund Lebensversicherung a. G. with about 20,000 m² for the new headquarter in Dortmund at the Südwall, also the turnover generated by the owner occupancy could achieve a respectable volume.

In 2007 there was no lack of large lettings. So the Deutsche Angestellten Krankenkasse (DAK) (German Employee Health Insurance) leased about 7,100 m² in the Brinkhoffstraße 4 – the so-called “U” of Dortmund. The Kassenärztliche Vereinigung (association under health insurance) obtained the Kampstraße 45 with about 6,550 m² and moreover in the “Harpen Haus” at the Volksuhte 38 approximately 3,760 m². The city of Dortmund saved about 3,600 m² office space for its own purposes at the orchestra centre in the truckstrasse.

Locations

About 38 % of all leased spaces in 2007 accounted for the city centre that just achieved to post the largest share of lettings. This interest for inner-city locations in Dortmund is not taken for granted (prior year about 17 %). Followed by the “other city zone” with about 36 %, while the second-rate locations with about 23 % continued to lose their position (2006 or rather 2005: 29 % and 33 %).
Sectors

The list was headed with the sector “other services” with a relative share of 35% in 2007; the sector “health” including health insurances is considered as well. Followed by “commerce, trade and transportation companies” with 18% as well as with 15% the “consulting companies”. Regarding the relative power of the single sectors, strong fluctuations have been noticed in Dortmund.

As a matter of fact, “financial services” only achieved about 5% - but being on top with about 25% the year before. Rarely one single sector is the source of demand for office spaces for several years - what supports the balanced demand at the location Dortmund and characterises this office market.

Vacancy

The vacancy rate with sub-lease offers declined in the economic area Dortmund (including airport area Holwickede) within a period of one year clearly by 1.2% to now about 5.0%. This figure corresponds to about 142,000 m² empty office space.

Space quality

At the end of 2007 more than two-thirds of the vacancy disposed of a low or medium rental value. Only 20% of spaces as new building for first time occupancy were available. In proportion to the neighbouring cities, that was a good figure due to the strong building activity in the previous years, however was only 24% at mid-year and will continue to decrease.

### Remarkable sales of office buildings 2007 (extract)

<table>
<thead>
<tr>
<th>street</th>
<th>property name</th>
<th>seller</th>
<th>buyer</th>
<th>property volume (approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Königswall 21</td>
<td>„Harenberg-City-Center“</td>
<td>Hannover Leasing</td>
<td>JP Morgan</td>
<td>21,000 m²</td>
</tr>
<tr>
<td>Lindemannstr. 79 u.a.</td>
<td>„Wesercenter“</td>
<td>KVK</td>
<td>AFIAA Germany AG</td>
<td>28,000 m²</td>
</tr>
<tr>
<td>Max-Eyth-Str. 2</td>
<td>„Office Park Rheinlanddamm“</td>
<td>UBS</td>
<td>Aetna</td>
<td>4,400 m²</td>
</tr>
<tr>
<td>Rheinlanddamm 199</td>
<td>„Office Park Rheinlanddamm“</td>
<td>Rheinbau</td>
<td>ING Real Estate</td>
<td>12,000 m²</td>
</tr>
<tr>
<td>Löwenstr. 11-13</td>
<td>„Märkisches Tor“</td>
<td>UBS</td>
<td></td>
<td>13,500 m²</td>
</tr>
</tbody>
</table>

### Remarkable lettings 2007

<table>
<thead>
<tr>
<th>location</th>
<th>property volume (approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deutsche Angestellten Krankenkasse</td>
<td>7,100 m²</td>
</tr>
<tr>
<td>Kassenärztliche Vereinigung</td>
<td>6,550 m²</td>
</tr>
<tr>
<td>Kassenärztliche Vereinigung</td>
<td>3,760 m²</td>
</tr>
<tr>
<td>Stadt Dortmund</td>
<td>3,600 m²</td>
</tr>
<tr>
<td>RWE TSO Gas GmbH</td>
<td>3,300 m²</td>
</tr>
</tbody>
</table>
Due to the lowest level in history regarding new building completion in 2007 with only 17,600 m$^2$ (10 year average 47,000 m$^2$) and expecting similar low completion in 2008 as well as high pre-lease rates within the few projects, a further clear fall of the office space inventory, especially high quality, is expected.

**Rents**

The effective top rent increased during the course of 2007 from EUR 11.75 to about EUR 12.40 per m$^2$/monthly, while the average rents considerably maintained steady and just changed from about EUR/m$^2$ 8.00 to EUR/m$^2$ 8.25. Still great incentives were necessary for tenants leasing spaces in less demanded locations.

**Propects 2008.**

Cranes rotate across Dortmund, some major projects are under construction. Currently there are two major projects arising: the new building of the Volkswohl Bund Insurance at the city ring as well as the “WestfalenTower” at the highway 1. However, both properties will be completed in 2009 or rather 2010. But there will be one completion this year: the second section of construction of the ADAC centre at the “Stadtkrone Ost” will hopefully be ready for the first time occupation in autumn this year. This property will slightly reduce the lack of new building spaces, as currently only 60 % of the new arising 7,000 m$^2$ are available. Regarding letting performance, a fall will be expected when considering the good result of 2007, although there are some larger demands on the market that will certainly achieve contract conclusions in 2008. In view of the current building price development and the ongoing declining supply of high quality spaces, the top rent should continue to rise.
Brief overview

Duisburg maintained its positive development and increased its record turnover of 2006 with a remarkable result in 2007. A strong fourth quarter was responsible for the surprisingly new record: In 2006 the excellent letting performance was outstanding, so in 2007 it was the total take-up of office spaces reaching its so far highest level of 90,000 m².

Again two of the five major contracts in 2007 were concluded at the Inner Harbour and three other building projects are just in for completing the outstanding area. The project developers Köbl Kruse reconstruct and expand the RWSG Speicher for the state archive. The ORCO Property Group builds the second structural element of the “H2-Office” at the Schifferstraße and Köbl Kruse has already begun with the new building of the “Looper” – an attractive office building next to the Alltours headquarter.

Besides the Inner Harbour, considerable letting turnovers were posted even in the other areas of the city – as a result Duisburg’s power does not only depend on the representative location at the waterfront.

Structure data

- Inhabitants (06/2007): 497,845
- Employees subject to social insurance contribution in the area service: ca. 66.0 %
- Unemployment rate (02/2008): ca. 15.7 %

Tax rates

- Trade tax assessment rate (2007): 470 %
- Property tax assessment rate (2007): 500 %
Indeed the letting performance in 2007 fell to about 70,000 m² (prior year: 81,000 m²), in exchange on the other side the turnover arising from owner-occupiers with about 20,000 m² (prior year: 5,500 m²) increased clearly. On the whole, this development caused a record figure in the total turnover. The amount of the relevant analysed lease contracts - 128 in number - maintained on a constant high level (prior year: 134 contracts). The trend from 2006 regarding increased demands in dimensions between 500 and 1,500 m² proved being true in 2007. The particle size distribution remained almost the same.

Owing to the completed spaces at the Inner Harbour being 100% leased (e.g. PIER EINS, Five Boats, Kontorhaus or Speicher Allgemeine), the first lease contracts for upcoming projects have already been signed. For instance, the Landesarchiv NRW (State Archive North Rhine-Westphalia) leased about 6,000 m² in the RWSG Speicher which needs to be reconstructed and the START Zeitarbeit NRW GmbH as well as the SBB Cargo GmbH reserved almost 1,800 m² each in the project "Looper", which will be erected next to the Altours headquarter at the Schifferstraße.

The fact that due to space shortage at the Inner Harbour, the other areas of Duisburg’s city will benefit from the demand in space, confirms the forecast made by CUBION. This time most of the spaces were not leased at the Inner Harbour but about 41% in the area of "other city zone". Only one quarter of the lettings accounted for the basin, while it was 39% in 2006.

As in previous years the most-demanding sectors in Duisburg were companies from commerce, trade and transportation with about 40% (prior year: 49%). Followed by - just as the year before - public authorities, which almost doubled its relative share of lettings from 15% to 32%. The consulting companies were ranked 3 with 16% in the sector analysis.

Industriereifenkontor Lüdtke
Keetmannstraße 3-9
1,900 m²

Top 5-lettings 2006:

<table>
<thead>
<tr>
<th>Company</th>
<th>Address</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitachi Power Europe</td>
<td>Schifferstraße 88</td>
<td>19,000</td>
</tr>
<tr>
<td>ARGE Job Center West</td>
<td>Könerplatz 1</td>
<td>3,000</td>
</tr>
<tr>
<td>Xella International GmbH</td>
<td>Ruhrorter Straße 187</td>
<td>2,400</td>
</tr>
<tr>
<td>Industrieleitenkontor Lüdtke</td>
<td>Logport</td>
<td>2,000</td>
</tr>
<tr>
<td>ARGE Job Center Mitte</td>
<td>Keetmannstraße 3-9</td>
<td>1,900</td>
</tr>
</tbody>
</table>
**Vacancy**

The vacancy rate again fell to dramatically 2.6 % - in the year before 2.9 %, including vacancy relevant sub-lease spaces. This rate corresponded to an absolute space of about 65,000 m² and reached an alluring figure as only 20 % of these could be accounted for a high quality level. Consequently, it was impossible to present a satisfactory offer to all companies interested in office spaces.

**Space Quality**

The low rate (about 20 %) of the offered spaces with a rental value from good to very good was a weakness of Duisburg’s office market. The predominant part of vacancies was in elder office buildings of sub-standard quality.

**Rental prices**

The shortage of good premises – especially in the basin – caused an increase of the top rent from EUR/m² 11.80 to EUR/m² 12.50. The average rent did not change and remained at decent EUR/m² 7.80.

**Remarkable sales of office buildings 2007 (extract)**

<table>
<thead>
<tr>
<th>Street</th>
<th>Property Name</th>
<th>Seller</th>
<th>Buyer</th>
<th>Property Volume (approx.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Am Silberpalais 1-3</td>
<td>„Prisma-Haus“</td>
<td>Fortress</td>
<td>Goldman Sachs</td>
<td>8,000 m²</td>
</tr>
<tr>
<td>Philosopheweg 31-33</td>
<td>„Bukantei 21“</td>
<td>b. UN - Tochterges.</td>
<td>Nucl Estate Ltd</td>
<td>37,000 m²</td>
</tr>
<tr>
<td>Philosopheweg 31-33</td>
<td>„Business Kontor Innenhafen“</td>
<td>Privatinvestor</td>
<td>Privatinvestor</td>
<td>3,500 m²</td>
</tr>
<tr>
<td>Schifferstr. 210</td>
<td>„PIER EINS“</td>
<td>ORCO Group</td>
<td>Privatinvestor</td>
<td>12,800 m²</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9,700 m²</td>
</tr>
</tbody>
</table>

**Completions**

After unimpressive results last year (8,600 m²), this year a volume of about 32,000 m² new building completions was achieved: almost exceeding the 10 year average.

**Rental prsices**

The shortage of good premises – especially in the basin – caused an increase of the top rent from EUR/m² 11.80 to EUR/m² 12.50. The average rent did not change and remained at decent EUR/m² 7.80.
Another record result may not be expected in 2008. However, the prospects for Duisburg are solid. The trend of the previous 5 years, in which the average annual turnover was about 68,000 m², sets higher standards in Duisburg in the upcoming year.

Further on the office market is in great demand – it might be too much for the declining supply in the area of high-quality spaces. This development certainly causes that the office projects appearing on the agenda in Duisburg will be realised. So the start for the second construction stage of the H2 Office, for which CUBION has the exclusive order, is expected.

The top rents will continue to increase as well – the reason for this is the shortage of spaces and the building price development.

ORCO Germany establishes H2 Office.

ORCO Germany will complete the H2 Office at the Inner Harbour of Duisburg and will begin constructing the second building this year.

The vanguard architecture of the first structural element by BRT Bothe, Richter, Teherani maintains. However, technically the flagship of the Inner Harbour continues to develop in a remarkable way.

By means of innovative building services and an effective energy concept, the H2 Office will be one of the most modern in Duisburg.

In terms of energy supply, the project developer counts on geothermic. By using geothermal power, energy costs for heating and cooling will be saved. A modern concrete core activation and sun-protection glass arrange for comfortable temperatures in the summer time. Additionally a BUS system in the area of electrical installation, so that for instance room lighting and jalousies can be controlled, is planned. Moreover, the basic cabling of the IT network will be pre-installed. On the whole, there will be about 20,500 m² office space available and about 1,500 m² catering and leisure space. CUBION has the exclusive order.

There will be even smaller spaces from approximately 200 m² available. The H2 Office bridges a gap in the market, as this size was not available on the market so far.
### Letting

All published contract conclusions of a calendar year are registered in the letting performance, the date of conclusion is relevant, not the time of occupancy.

### Conditions

Contract extensions or conclusions with modified conditions are not regarded as letting performance. Rental spaces below 200 m² are recorded all-inclusive as far as they are not known.

### Owner-occupier/

Owner-occupancy

Owner-occupiers are companies/institutions etc., which do not lease a building but purchase it for own purposes. Time of purchase is considered, but not time of occupancy.

### Total take-up

Amount of letting performance plus amount of owner-occupiers.

### Rental prices

All rental prices are considered as base rent (rent exclusive heating costs). The nominal rent is valid as far as the warranted incentives do not cause a market distortion (example: nominal rent EUR/m²/monthly 14.00 at a rent-free period of 12 months and a 5 year contract with EUR/m²/monthly 11.29 will be evaluated). Rent-free times up to 3 months or corresponding monetary counter value will not be considered.

### Supply reserve/Vacancy

Vacancy includes all rental spaces, which are ready for occupancy within 3 months. Spaces to be reconstructed or spaces, which are not available to the market short-term, are not considered. Sub-lease spaces are included in the supply reserve as these spaces are market relevant as well and reflect in the turnover in case of successful letting.

### Spaces

The rental spaces are adopted in the contract as a stated figure (usually space calculation MF-G of gif = Gesellschaft für Immobilienforschung). Office space inventory and completions are indicated in m² GFA (gross floor area). The determining factor is not the time of the first letting performance, but the building completion.

### Net absorption

Spaces appearing new on the market minus the outflow of office spaces and the difference between vacancy at the end and at the beginning of the examined period.
Animation of the Inner Harbour, Duisburg.

References / Picture credits.

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