

**Remarks by Fritz Schramma, Mayor of the City of Cologne,
at the Koelnmesse Annual Report 2007 Press Conference on 25th June 2008**

- **"Cologne and the surrounding region need to have a healthy and active trade fair company — and vice-versa."**
- **"Investment in Koelnmesse is an investment in the future of Cologne as a business location"**

The Koelnmesse Group has a new Chief Executive Officer: Gerald Böse. On behalf of not only the company but also the entire city and surrounding region, I would like to say how pleased we are about this new strong addition to our executive team, with which we will continue to work hard in the future.

I have come to know Gerald Böse as a creative practitioner who has brought many fresh ideas to the company and, in addition to Koelnmesse, is also greatly concerned about the further development of the Cologne region. You've already heard about the initial successes, including the most recent additions to the program - the JAM jeans fair and dmex, the leading trade fair for the digital marketing sector.

Many things were accomplished at Koelnmesse in 2007 as well, however, which is why I'd like to express my thanks to Herbert Marner, the other members of the Koelnmesse Management Board, and all of the Koelnmesse team for the outstanding job they did last year.

All of you worked hard to ensure continuity over a period of ten months as you moved ahead with important decisions and achieved notable successes, the most spectacular of which was certainly the acquisition of gamescom. With this fair, Cologne is underscoring its position as one of the leading centres for the IT industry in Germany. The fact that major IT companies such as Microsoft and Mindtree have moved here also shows that this forward-looking sector has recognised the benefits that Cologne and the surrounding region offer for their businesses.

As you can see, I'm now focusing more on my position as mayor rather than chairman of the Supervisory Board. That's because I'd like to leave the detailed presentation of the past business year's results to the executive management team. Before that, however, I'd like to make some comments in my capacity as Cologne's mayor.

The Cologne exhibition centre and its infrastructure provide the essential foundation for our ability to stage international trade fairs here and obtain new shows as well.

Koelnmesse now has a top-quality exhibition centre, one which the company urgently needs if it wishes to continue competing on an international level by staging outstanding events. Koelnmesse also needs this centre to be able to operate

successfully. Without the exhibition centre, we would never have seen the positive coverage of the new events staged by Koelnmesse over the past few months.

The city of Cologne and its surrounding region need a healthy and active trade fair company that stages numerous international events and attracts many guests from around the world. We benefit tremendously from Koelnmesse even if the company itself fails to record positive earnings, as was the case in 2007.

We need a healthy and active trade fair company to generate the billion euros or so of revenue just in Cologne each year — not to mention the 11,000 full-time jobs this economic activity creates for the city.

We need a healthy and active trade fair company to fill our hotels, restaurants, bars, the flights to and from the city and the public transport system. We also need it for the international flair it gives our city. Well over half of the approximately 2.5 million visitors who stayed at least one night in Cologne in 2007 were trade fair participants. These people take with them around the world the many positive experiences that Cologne and Koelnmesse have given them, thus serving as multipliers.

In other words, an investment in Koelnmesse is an investment in the future of Cologne as a business location.

Without Koelnmesse, only half as many people would come to Cologne as do now. Koelnmesse thus makes a crucial long-term contribution to making Cologne even more well known around the world. Whether it's the "China Campaign" or our activities in India and other emerging markets — Koelnmesse is a powerful instrument for helping our city grow. Its participation in events around the world designed to promote Cologne as a business location is extremely important.

Moreover, every fair staged by Koelnmesse in Mumbai, Bangkok, Moscow, Shanghai, Macao, or Singapore transfers the Cologne brand, as it were, to these markets as well. This is especially true of the EXPO 2010 in Shanghai, where Koelnmesse International GmbH will organize the German pavilion. For six months, high-ranking visitors from Asia and Europe who will be among the guests at the spectacular pavilion will not only see everything Germany has to offer. They will also be aware of the fact that they're experiencing a top-class presentation made in Cologne.

In the end, these activities also have an impact here in Cologne, as every trade fair visitor is a potential investor, and those who come from afar to attend our fairs bring with them decision-making responsibility. The fact that this important target group is in Cologne on a regular basis gives a big boost to our efforts to promote the city as a business location.

I've been speaking here, of course, about the interrelationships between the city and Koelnmesse that generate mutual benefits. Cologne needs its fairs and Koelnmesse

needs Cologne. Ultimately, Cologne's appeal helps Koelnmesse market its events, which is why we should always take the needs of Koelnmesse into consideration when promoting the city's economic development. We have seen on several occasions just how important it is to have a flexible, modern, and attractive exhibition centre. We also know that had we not invested in this centre, there would be no gamescom fair coming to Cologne next year.

Our top priority over the last few years was to implement the Koelnmesse Master Plan in order to create an infrastructure that would be able to meet the future demands of the trade fair industry. However, what we've accomplished on the right bank of the Rhine will most certainly have a positive effect on the surrounding area as well. The Deutz district of Cologne offers a very good example of how different activities can have a mutually beneficial effect.

Consider the following:

- For many years after the extensive decline of the right bank's traditional industrial base, Koelnmesse stood alone here. However, its modernisation of the exhibition centre has sparked further development — thanks, for example, to the centre's connection to its surroundings such as the Köln Messe/Deutz railway station, and through the access routes and signs, which extend well beyond the exhibition centre site itself.
- These developments have been ideally complemented by the construction of the Kölnarena, which is now known as Lanxess Arena Köln, and the Stadthaus, which has also provided decisive momentum to the improvement of both the right bank and the entire city.
- Lufthansa, which remains in Cologne, our new neighbour Atradius and, in the near future, Talanx and RTL represent the foundation for the further development of this area, and will themselves attract service providers, suppliers and media companies. Much has happened in a short time and some issues remain unresolved. At the same time, great potential remains to be tapped with the Rheinpark Halls and the area between Entrance South and the train station, where we could, for example, build a new venue for musicals or perhaps a congress centre.

There's no doubt that the appeal of a city not only to tourists but also to business travellers is increasingly linked to so-called soft factors. We therefore not only need the exhibition centre to attract international trade fair participants but also our Cathedral, the people of Cologne, and a pleasant and friendly business atmosphere. All of these things make Koelnmesse even more attractive as a venue for conferences and other events.

Conversely, the activities of the Koelnmesse trade fair company also play a major role in the city's economic development. We need to keep this in mind when we talk about results and balance sheet totals. Naturally, the mayor of a city with a majority holding in a company is not as happy when that firm doesn't make a profit as he is when the company channels earnings into the city's coffers.

Nevertheless, Koelnmesse gives to the city of Cologne much more than the cold numbers of its current financial statement indicate. The economic input the company's trade fair activities provide to our region justifies the support we offer

- by creating an attractive urban environment,
- by temporarily forgoing profits,
- and also by assuming losses if necessary, which we guaranteed to do as part of the sale of the Rhineland Halls to the city.

As the mayor of the city of Cologne and chairman of the Koelnmesse Supervisory Board, I expect to see cost consciousness and a responsible management style that doesn't rely too heavily on the city, but also doesn't cut costs to the detriment of the company's events and customers.

I expect to see Koelnmesse earn enough to begin paying its rent in full as early as possible. I also expect it to continue to acquire new events, develop new formats, and generate additional revenue.

I'm confident that Koelnmesse, its new chairman, Gerald Böse, and its proven team will consistently work on these issues and successfully continue on its course of innovation and creativity. The Cologne trade fair location has outstanding prospects for the future — and we intend to shape and exploit them.