04

THE **TRIANGLE REGION**

PROPERTY MARKET REPORT 2004

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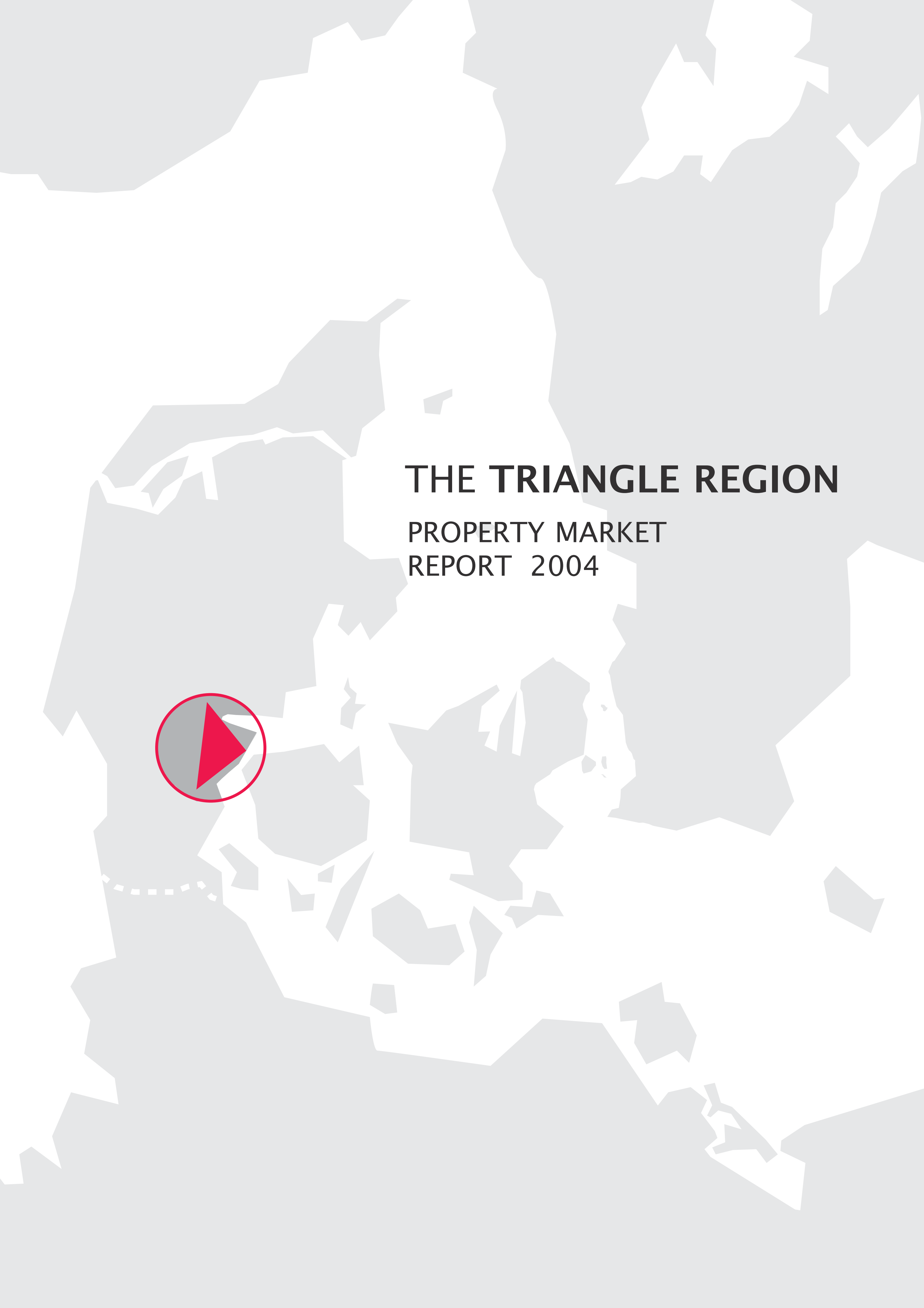


THE **TRIANGLE REGION**

PROPERTY MARKET REPORT 2004

Peter Winther *Carl Erik Dalbøge*

For more than 35 years Sadolin & Albæk has been a leading, independent firm of consultants operating in the field of commercial property in Greater Copenhagen, Aarhus and the rest of Denmark.

We continuously strive to expand and develop our highly specialised organisation of property professionals to enhance the quality of our services, always based on an in-depth understanding of the market, integrity and honesty.

Our professionals have backgrounds in real estate, business and finance, and hold advanced degrees in economy, finance and law.

Investment sales and acquisitions
Office and mixed-use properties
Retail/Shopping centres
Industrial/Distribution
Residential complexes
Hotels
Land/Development projects
Property companies

Sadolin & Albæk is a market leader in mediating the purchase and sale of major commercial and investment properties. Our in-depth market expertise and close relations with virtually every important decision-maker in the commercial property community give us a significant competitive edge when mediating even the largest property or portfolio investment deals as well as when managing the sales and acquisition process in the best interest of our clients.

Investment consulting
Portfolio analysis
Portfolio strategies
Asset management

In response to the increasing focus on enhancing returns on investment property portfolios and the increasing complexity of the marketplace, we are continuously developing our tools and skills within investment consulting services, including asset management. Our advanced forecasting models enable us to take a proactive approach to property port-

Jeanette Rosenberg Andreas Grønbæk Kurt Albæk

folio management. That means developing, redeveloping, buying and selling with the right timing.

Commercial leasing

Landlord representation
Tenant representation

We know that understanding the needs of property users is key to leasing services. In today's market, occupiers want more than mere space – they want flexible, efficient and cost-effective premises, meeting the exact needs of their organisations now and in future.

Our tenant representation service concept includes location and space planning, quality standard considerations, identification of potential premises and sites, negotiations with property owners, land owners, developers and public authorities and project finance.

Corporate property services

Space utilisation
Disposal of excess space
Property exposure management
Sale and leasebacks

Efficient space utilisation and property exposure management are becoming increasingly important issues for major property users. We offer advisory services concerning cost-efficient use of space, and advanced financial techniques to reduce corporate property costs and exposure, including operational or financial sale and leasebacks and synthetic leases with attractive purchase options.

Valuations

Sadolin & Albæk conducts more than 350 valuations of commercial properties each year, serving an extensive client base of domestic and international institutions and private investors, owner-occupiers, government and municipal bodies as well as major international banks and property-financing companies.

Søren Thestrup *Peter Frische*

Development consulting
Development and redevelopment strategies
Feasibility studies

At Sadolin & Albæk, we are not developers, architects or building engineers. But we take a proactive approach to property development and redevelopment. And, after all, the key to successful property development is a thorough understanding of the occupational market – where it is today and where it will be tomorrow.

Research
Market studies
Urban development studies

Every single piece of advice to every single client should be based on an in-depth market understanding – and thus on extensive market research. It is the specific aim of our organisation to maintain research capabilities that are second-to-none in our market.

The members of our research staff conduct market studies for major international investors, banks and corporate clients and act as urban development consultants for government, regional and municipal authorities.

Nordic property services
NewSec AB, Sweden and Finland
DnB Næringsmegling AS, Norway

We have expert knowledge of our home market. In acknowledgement, however, of the regionalisation currently taking place in the Nordic countries, we have established a unique partnership with leading commercial property service providers in Sweden, Norway and in Finland.

Based in Stockholm and with branches in Gothenburg, Malmoe and Helsinki, NewSec AB is a leading firm of estate agents and surveyors in Sweden and Finland. Our Norwegian partner, DnB Næringsmegling AS – a subsidi-

Morten Schultz *Andreas Albæk* *Thomas Køhl Christensen*

Jan Kristensen

ary of the largest commercial bank in Norway – is a dominant property consultant in both Oslo and Bergen. DnB Næringsmegling AS is the Norwegian member of ONCOR International. See below.

Worldwide property services
ONCOR International

For more than 15 years Sadolin & Albæk has been a member of ONCOR International, one of the largest global organisations of professional commercial property consultants.

Our international organisation enables us to serve our clients not only in our local market, but also in every other significant market around the globe.

Furthermore, our daily contact with property professionals from commercial centres around the world provides our organisation with essential input on global trends within our industry, enabling us to offer property consulting services matching the highest international standards.

Through ONCOR International, Sadolin & Albæk has business associates in more than 200 markets throughout the United States, Canada, Europe, Asia, South Africa, and Latin America.

MARKET INTRODUCTION

- *The Triangle Region's catchment area has a strong and diversified workforce with a high proportion of college and university graduates*
- *Its geographical location and well-developed infrastructure makes the Triangle Region a preferred location for logistics and trade businesses*
- *The region offers a large development potential as more than 8 million sqm of land is available for commercial uses*

The Triangle Region is located in the heart of Denmark and serves as a hub for transportation by road, rail and sea. This cohesive region is primarily identified with the three largest cities of the region, viz. Vejle, Kolding and Fredericia. The ideal traffic connections between the large cities of the region provide a solid foundation for regional integration.

The region has a population of some 230,000 people. However, thanks to excellent access to train and motorway links the ranks of the workforce in the Triangle Region's catchment area swell to nearly twice this figure. During the past decade, the population growth of the Triangle Region has averaged 6% compared to a national average of 4%. Next to Copenhagen and Aarhus, the Triangle Region has experienced the third largest population growth of any region in Denmark, and it is expected that the population will increase by some 10,000 in the course of the next 12 years.

The region is mainly characterised by employment within the food processing, service and steel industries. In 2002, nearly 9% of the region's workforce was employed in the steel industry. Furthermore, over the past decade the Triangle Region has created more than 11,500 new jobs, outperforming the national trend in terms of new job growth.

The Triangle Region also offers a wide range of educational and research institutions, the largest being the *University of Southern Denmark*, *Designskolen Kolding*, the *International Business Academy*, *Fredericia Maskinmesterskole*, *EDB-skolen* and *Vejle Tekniske Akademi*. The diversified knowledge base allows businesses in the region to recruit well-educated manpower at all levels.

As mentioned, the Triangle Region benefits from a well-developed infrastructure and offers ideal transportation facilities, e.g. the E45 and E20 motorways and the railroad system, which all serve as excellent links to national and international destinations. The extensive road system is expected to undergo improvement during the coming years to ease the daily passage of nearly 6,000 heavy vehicles through the region.

Moreover, Vejle, Kolding and Fredericia boast well-functioning ports, and the port of Fredericia is the largest in Denmark in terms of freight volume, with more than 2,500 vessels calling each year. In addition, the region is a mere 30-40 minute drive from Denmark's second largest airport at Billund.

The Triangle Region has seen considerable new construction activity in recent years, with new offices, retail warehouses and industrial sites being developed. From 1990 to 2003, units of 500+ sqm accounted for an estimated 500,000 sqm of space used for industrial purposes, and some 100,000 sqm for office, retail and light manufacturing industries. For instance, in 2003 German discount supermarket chain, *Lidl*, established a new head office and new storage facilities in Kolding, creating around 250 new jobs, and another German discount supermarket chain, *Aldi,* expanded its storage facilities to 20,000 sqm in Kolding.

Development potential in the Triangle Region is immense: today more than 8 million sqm of land is available for commercial development, including 6 million sqm in Fredericia alone.

MAIN ECONOMIC INDICATORS IN THE TRIANGLE REGION

- *The Triangle Region recorded employment growth of around 10% from 1993 to 2002, compared to around 7% for Denmark in general*
- *From 2000 to 2002, the workforce increased by 1.4%, further strengthening the local recruitment base*
- *In 2003, salaries in the Triangle Region increased by a relatively low rate, improving overall competitiveness*

The labour market

The Triangle Region labour market has slightly outperformed the overall trends in Denmark during the past decade. In the period from 1993 to 2002, the region recorded a boost in employment of around 10%, whereas the corresponding national figure stood at some 7%. Though, contrary to the rest of Denmark, the Triangle Region experienced a moderate decrease in employment in 2002.

Among the municipalities of the Triangle Region, Vejle has seen positive employment growth since 1993, totalling 9.3%. Kolding has benefited from flourishing development activity over the past decade, and employment figures have swelled by 13.9%, whereas employment in Fredericia climbed 7.2% from 1993 to 2002.

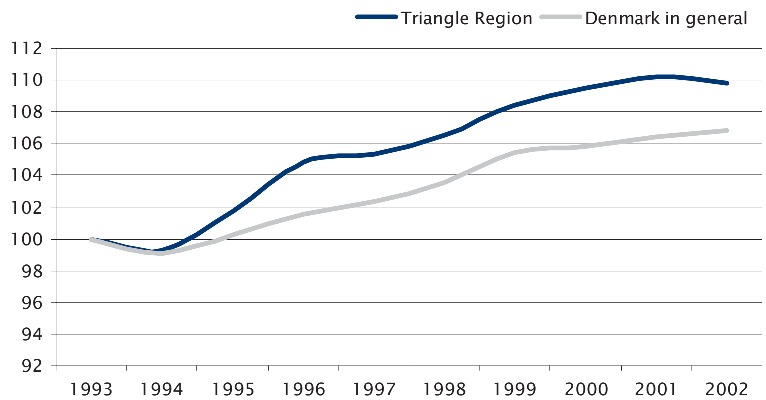
Compared to the national figure, the unemployment rate in the Triangle Region remains relatively low, despite an increase in the number of unemployed in 2003 owing to the recent economic slowdown. Due to the prevalent steel and food processing industry and the high concentration of transport and logistics companies, the region is highly dependent on trade and the international business cycle.

An international economic recovery is forecast to gain further momentum in late 2004, although this is believed to have a lagging effect on employment levels, which are expected to exhibit a stable short-term trend. Because the Triangle Region is a location where businesses prefer to consolidate their activities, the business cycle of the region tends to be somewhat "out of sync" with national trends.

The continuing inflow of new companies into the region, along with the recent personal tax cuts implemented to stimulate private consumption, is expected to have a positive effect on employment levels. To some extent this outweighs the effects of the current production relocation trends from the region to the Eastern Europe and Asia.

Nevertheless, it is anticipated that conditions are generally set to improve in 2004 relative to

Employment (index 100 = 1993)



Source: Statistics Denmark

2003, even though growth is expected to be moderate.

Coinciding with an ever-growing demand for well-trained manpower in traditional and high-tech production sectors, the educational level of the workforce in the Triangle Region is continually being upgraded. The expansion of *Kolding Science Park* and the *University of Southern Denmark*, among others, bears witness to this. Furthermore, from 2000 to 2002 the workforce of the Triangle Region increased by 1.4% overall, whereas the national figure increased by 0.6%. This has strengthened the local recruitment potential.

Moreover, due to its ideal infrastructure the Triangle Region can easily attract employees from other regions, e.g. Aarhus and Odense, which also offer a diversified and highly educated workforce. In recent years, the Triangle Region has thus been consolidating its position as a preferred business location.

Unemployment

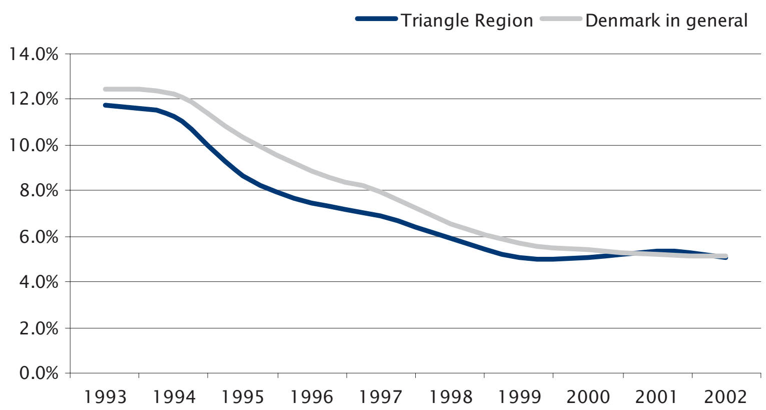
In general, the trend in the Triangle Region follows the national average, but during the past decade the unemployment rate in the Triangle Region has been lower than the national average. However, over the years the gap has narrowed, and in 2002 the unemployment rate in the Triangle Region was 5.1% compared to 5.2% in Denmark in general. This may be explained by the fact that the Triangle Region was hit somewhat more severely by the recession in the global economy than Denmark in general.

In spite of the latest economic slowdown and an increase in unemployment in the Triangle Region, the unemployment rate is still relatively low compared to the national average. Nevertheless, the levels of unemployment recorded in the different cities vary significantly.

Kolding has experienced unemployment below the national rate during the past decade, and in 2002 the rate stood at a mere 4.5%. Even though Fredericia has recorded an unemployment rate above the national average since 2000, the rate dropped sharply in 2002 from 7.4% to 6.1%. Unemployment in Vejle has generally tracked the national trend, albeit exceeding the national average since 1998, and experienced a relatively sharp decrease in 2002 from 6.2% to 5.9%.

As in the rest of Denmark, the increase in unemployment in the Triangle Region is due partly to the international economic slowdown. Specific to the region, however, unemployment has also increased in step with a few companies in the region relocating production to facilities abroad. However, it is believed that the latter trend will only have a moderate effect on unemployment in the years ahead,

Unemployment



Source: Statistics Denmark

as it will be somewhat outweighed by the consolidation of new businesses.

The unemployment rate is expected to continue on its slightly upward trend in 2004, but subsequently it is projected to experience a moderate decrease. This is mainly due to an anticipated international recovery, but also an anticipated continuous inflow of new companies, primarily logistics companies, knowledge-based firms and the professions. Furthermore, massive construction activity all over the region and the lagged effects of the newly implemented personal tax cuts, which will mainly benefit retailers, will improve unemployment figures.

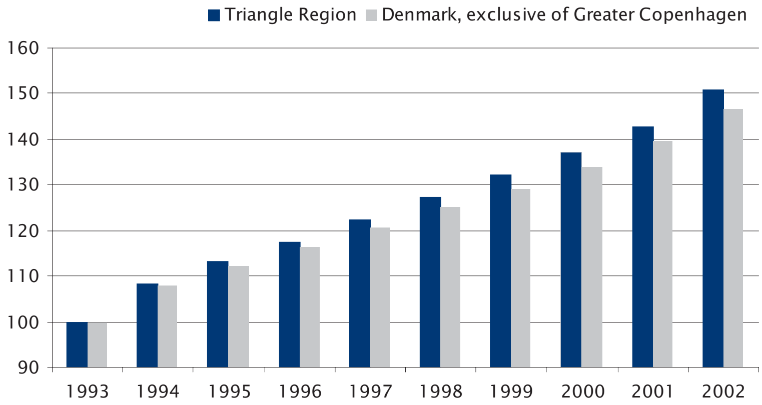
Personal income

In 2002, the personal income level in the Triangle Region was approx. 4.9% higher than in Denmark, exclusive of Greater Copenhagen. The reason we opt for a comparison with the figure excluding Greater Copenhagen is the fact that the Greater Copenhagen area tends to inflate the figures due to the persistently high level of activity, which characterises a capital and its suburbs. Taking this into account, the Triangle Region has shown remarkable personal income growth compared to Denmark overall, omitting Greater Copenhagen.

Personal income in the Triangle Region has traced a slightly better development trend than the rest of Denmark. From 1993 to 2002, personal income increased by 51% or 4.2% p.a. for the Triangle Region relative to 46.8% or 3.9% p.a. for areas outside Greater Copenhagen. This reflects the general tendency on the part of the Triangle Region to outperform Denmark, exclusive of Greater Copenhagen, as the region has a strong business culture and a substantial activity level.

From 1998 to 2002, salaries in the Triangle Region increased annually by 4.2% on average, which corresponds to the national average. In 2003, salaries continued to rise, albeit at a slower pace. Until the second quarter of 2003, salaries in the Triangle Region increased by 3%, which was 90 bp below the national average. The reduced increment in wages is a consequence of rising unemployment, which eases the pressure on wages. The lower pressure on wages, in turn, improves companies' competitiveness in general, benefiting in particular the industrial sector and trade businesses.

Personal income (index 100 = 1993)



Source: Statistics Denmark

TRENDS IN THE TRIANGLE REGION PROPERTY MARKET

- *Thriving logistics companies in the Triangle Region create an ideal business environment for trade and the professions*
- *From 1993 to 2002, annual new construction averaged around 170,000 sqm*

Owing to the region's ideal infrastructure, several national and international companies prefer to locate their regional or national headquarters here. Furthermore, the ample development opportunities in the Triangle Region attract companies that demand large sites for e.g. production facilities and logistics purposes. These factors create the foundation for a strong development potential and attract further occupier demand for office and retail space.

During the past decade, new commercial construction in the Triangle Region has traced the same trend as the business cycle in general. The area enjoyed relatively high levels of new construction from 1998 to 2001, and during that period some 870,000 sqm was completed. The high level of new construction in this period reflects the completion of *Kolding Science Park* and *Arla Foods'* production facility in Taulov, among others.

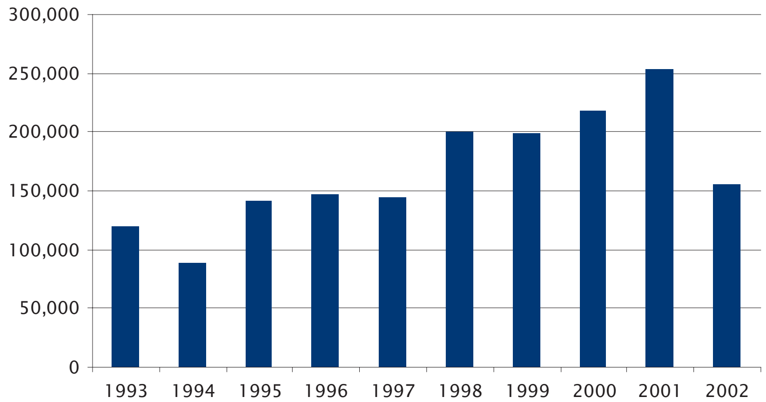
New construction space averaged around 170,000 sqm p.a. from 1993 to 2002, and in 2001 253,000 sqm was completed, marking a record level since 1988. New construction levelled off in 2002, when 155,000 sqm was completed, which was mainly due to a general economic slowdown and the considerable expansion in the preceding years.

Over the past five years, almost two thirds on average of the newly constructed space was designated for office and retail purposes. Even though the Triangle Region is heavily influenced by the industrial sector, this indicates that the region is now attracting more knowledge-based companies as well as retailers. As a result, demand for office and retail space has picked up. Furthermore, in 2002 about 22% of newly constructed space was designated for industrial purposes, compared to some 36% and 39% in 2000 and 2001, respectively.

In 2003 more than 570,000 sqm of commercial space was sold for development. Due to the size of the region, the well-functioning infrastructure and the municipalities' continuing efforts to sell commercial sites, the region still offers strong development opportunities for office, industrial and retail purposes.

In 2004, *KPC* will commence construction of a new 4-star, six-floor conference hotel in Vejle. Adjacent to the music theatre, *Vejle Musikteater*, the new hotel will have some 150 rooms as well as a conference centre seating

New construction (sqm)



Source: Statistics Denmark

300-400 people. New parking facilities with room for about 400 cars will be established next to the hotel. All this will contribute to improving conditions for local businesses.

Office

The office stock in the Triangle Region is estimated at 1.1 million sqm, reflecting a surge in office space in recent years. Employment is an imperative factor in the demand for new office developments, and the pace by which new jobs were created in the Triangle Region from 1994 to 2000 was the driver of this significant growth in office floorage.

We note an increasing consolidation trend among domestic businesses. Thus, the Triangle Region will experience growing demand for medium-sized office premises in prime locations, with space requirements typically ranging from 500 to 2,000 sqm, as companies seek to consolidate their business activities in regional headquarters.

Also, the region is characterised by several large industrial companies, and the development in this sector has a positive effect on office floorage.

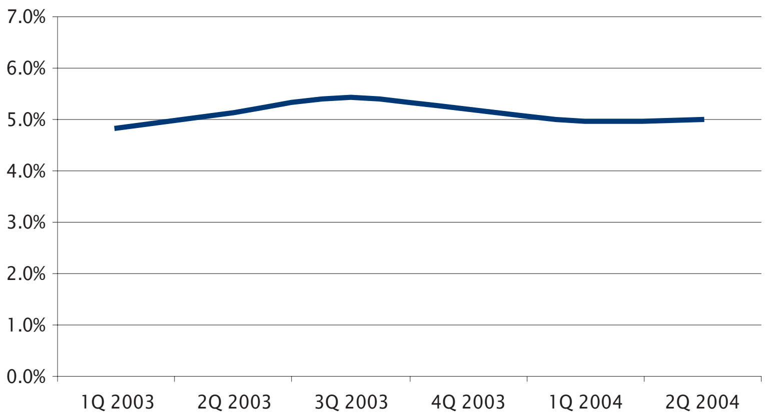
As is evidenced by stable vacancy rates over the last 12 months, following a fall in late 2002, the office market has recovered from the slump 18 months ago. Particularly the city centres of the region were adversely affected by a high level of new office construction activity in 2000-2001, as occupiers relocated from central to decentralised locations. However, the city centres have partly recovered from the vacancy brought on by this relocation trend.

The overall vacancy rate has decreased in recent years, reaching an estimated 5% at the beginning of 2004, which is 150 bp below the national average. The low vacancy rate recorded for office premises partly reflects the high proportion of owner-occupancy.

We see a healthy structural demand for medium-sized office units in the region, which is one of the reasons why overall office vacancy remains relatively low. Regardless of the high development activity in the region, we expect stable overall office vacancy with a slightly decreasing trend, as the anticipated international recovery will result in sustained demand for office space.

Furthermore, there is a general trend towards the development of company parks, where tenants have several shared facilities, such as conference and staff dining rooms. Shared facilities reduce company overheads and are typically preferred by small-sized companies and business start-ups.

Overall office vacancy, Triangle Region, beginning of quarter



Source: Oline-Lokalebørs Statistics

Companies in the Triangle Region seem to prefer office premises that offer excellent visibility, primarily located along the motorway. This preference coupled with the region's size result in a great regional development potential, particularly in Fredericia in areas running alongside the motorway, on Ny Snoghøj Landevej and in Kolding near Vejlevej.

Retail

By early 2004, the retail stock was estimated to total some 724,000 sqm in the Triangle Region, and the overall retail vacancy rate was estimated at 4.3%. This was 110 bp higher than Denmark in general, albeit 30 bp above the vacancy rate in Jutland in general. In spite of this, demand for retail space in the region is high. However, planning restrictions put a dampener on new developments, which translates into relatively low vacancy rates.

Denmark has experienced a high level of consumer spending in recent years, and has thus to some extent avoided the blows that many other European countries have taken on account of the international economic slump. From 1995 to 2001, retail sales in the Triangle Region increased by 21%, which was slightly below the national average. Since 1995, the Triangle Region has experienced an annual increase of 3.2% relative to the retail turnover in Denmark as a whole, which increased by 3.5% p.a.

The Triangle region boasted very strong growth in sales in 2000 and 2001, when sales soared by 5.8% and 5.4%, respectively. These figures are remarkable when compared to the corresponding national figures of 4.8% in 2000 and 0.7% in 2001. This growth can primarily be attributed to the extension of *Kolding Storcenter* in 1999 by some 20,000 sqm and thus 40 new tenants as well as the opening of new large retail units in the region, e.g. *Kolding Butikstorv*, which has significantly strengthened the region's retail catchment area.

Domestic retailers play a significant role in the region, but in recent years more international retailers have settled here, and this trend is expected to continue in the years ahead. For instance *Lidl*, the German retail chain, established a new head office and storage facilities in Kolding in 2003. Lidl plans to open a number of supermarkets in Vejle, Fredericia and Kolding, comprising 1,700 to 2,000 sqm.

Industrial

The total property stock designated for industrial purposes in the Triangle Region is estimated at 8.5 million sqm. The region is expanding gradually, as its local municipalities have very large areas available for sale, thus creating great development opportunities for industrial premises, primarily at Vejle Nord, Vejle Syd, Bramdrupdam, Taulov, Erritsø and

Retail turnover (index 100 = 1995)

Area	1995	1996	1997	1998	1999	2000	2001
Denmark	100	106	107	111	117	122	123
Triangle Region	100	104	102	106	108	114	121
Retail gross profit (index 100 = 1995)							
Denmark	100	105	106	115	118	126	130
Triangle Region	100	104	106	116	117	128	137

Source: Statistics Denmark

Snoghøj. Therefore it is expected that the volume of industrial space in the region will increase over the coming years.

The region has four commercial ports, viz. in Middelfart, Kolding, Vejle and Fredericia, where the port of Fredericia is the largest in Denmark in terms of freight volume. These ports, the ideal transport facilities and the central geographical location of the region are essential for the existing industrial companies and key factors in the ability to attract new companies to the region. In addition, Denmark's second largest airport, Billund Airport, is only a 30-40 minute drive away. Companies in the region can thus easily serve both domestic and international clients.

The Triangle Region's industrial business sector is gradually expanding, and sustained growth in the number of international businesses has turned the region into an important logistics centre in northern Europe.

The industrial sector has been undergoing a transition from traditional production to distribution and production with a greater high-tech content. This transition is partly due to a general change in industrial production, although also the region's ability to attract companies with new and more advanced technology. Therefore the trend in the region is pointing towards more advanced production facilities, which also changes the requirements for industrial premises. Industrial premises in the region are generally of relatively high standards compared to the rest of Denmark due to very considerable developments over the past decade. Nevertheless, the region still has strong development potential.

The region is primarily dominated by the steel industry and the food processing industry, and the latter is expected to expand in the region. The steel industry is expected to experience a stable trend due to its increasingly knowledge-based industrial production. In addition, the region is home to numerous logistics companies, and several international road transport distributors have the Triangle Region as their preferred location. Furthermore, two of the largest transport centres in Denmark are located in Vejle Nord and Taulov.

The overall vacancy rate for industrial premises in the Triangle Region is 1.9%, which is 60 bp below the national average. This rate fails to reflect the true vacancy rate because the owners occupy several premises, and they tend not to report the less than optimal use of their production facilities. Hence, the true rate is in fact slightly higher, although still below the national average.


ON

THE TRIANGLE REGION OFFICE PROPERTY MARKET

- *Overall vacancy rate was relatively low in 2003, despite a high level of new construction activity*
- *Areas near motorways benefit from great development potential, especially Vejle Nord, Vejle Syd, Bramdrupdam, Erritsø and Snoghøj*

In the Triangle Region, inner city areas around the pedestrian streets are generally characterised by relatively old, mixed-quality office premises, most of which fail to meet today's requirements. Outside the pedestrian areas, office units predominantly date from the 1980s.

In the harbour areas as well as the areas outside the city centres, new construction has picked up pace in recent years in step with the demolition or redevelopment of out-dated industrial premises. These areas feature high quality office stock, and despite rather brisk ongoing and past development activity, these areas still offer further development opportunities.

Employment in innovative and knowledge-based businesses is expected to increase in the years to come, thus fuelling occupier demand for small office units. This coupled with the fact that the region is characterised by a high propensity for private ownership will tend to lower the overall office vacancy rate.

Vejle

(1) Central Vejle

Central Vejle is dominated by several small office units typically occupied by the professions, and due to the area's high level of business activity, central Vejle is home to several of the financial sector's regional offices, including *Danske Bank*, *Jyske Bank*, *LeaseIT*, *Dansk KreditorService* and *Finans Nord*.

In recent years, several buildings have been redeveloped, and relatively new office buildings are located in the area just west of Vejle city centre. Further redevelopment is ongoing, e.g. *Topdanmark* is currently preparing to open an office in Flegborg.

In addition, architects *C. F. Møller* have moved into refurbished premises on Nørrebrogade, and *ProLogic Marketing,* a newly established call centre, will relocate in June from Staldgårdsgade to a 1,400 sqm office located in Foldegade.

Vacancy in this area has more or less recovered following the past years' relocation trend to areas outside the city centre. Office space is set to increase, as old industrial premises are being converted into office units. For instance, the *Spinderihallerne* in Spinderigade will be fully refurbished by late 2007 and will likely become home to more creative businesses such as architects, media companies or interior designers.

Demand for minor office units in this area is expected to remain stable and high.

Havneparken

The old 45,000 sqm *Tulip* site at Havneparken has seen a number of new development schemes during the past years, and it is still under development. The combination of modern, flexible office premises, good accessibility and ample parking facilities attracts small and medium-sized professional occupiers to the area.

In August 2003, a new finance centre in Vejle officially opened in the so-called "Black Diamond" of Vejle, which accommodates tenants such as *Danske Bank*, *Realkredit Danmark* and *Danica Pension*. The area also houses the companies of *COWI, Bent Skov & Partnere, BDO ScanRevision, EL:CON, VG Ejendomme* and *Corporate Information Partners*.

In February 2004, *Nykredit* took a lease in a new 3,300 sqm office building. Furthermore, in April 2004, *Spar Nord* moved into newly constructed premises in this area.

The office complex of *IT-Innovation*, which offers shared facilities, is let to several minor IT companies. Tenants in the complex include *Arrownet*, *Konica Minolta Business Center* and *CSC Consulting Group*. This considerable concentration of IT companies provides good synergies for the companies to tap.

Development activity continues in Havneparken, with developer *KPC* currently constructing mixed-use buildings, 2,400 sqm designated for commercial purposes and the remaining space for residential purposes. All buildings are owned by *FSP*.

(2) Vejle Nord

This area predominantly consists of large-scale industrial and logistics premises, but also holds some medium-sized to large office units, most of which are relatively new with modern facilities.

For some office users the attractiveness of this area is associated with the possibility of exposure along the motorway, but for most companies the vast development opportunities and an association to trade and logistics are their prime reasons for locating their offices in this area. For instance, *Daimler Chrysler*, *PhotoCare* and *Bahne* are located in this area. Among other companies located in the northern part of Vejle are *Cerealia Unibake*, *Blend* and *Børma.*

In December 2003, a new educational centre, the *Danish Transport Academy*, of 1,050 sqm was completed at Denmark's Transport Center (DTC).

(3) Vejle Syd

Companies locating in Vejle Syd primarily benefit from easy access to the E45 motorway and Fredericiavej. Furthermore, this area holds rather up-to-date offices and offers high-standard units.

Demand for office space in the southern part of Vejle is moderate, and a few premises ranging from 400 to 2,000 sqm are vacant in the area around Hjulmagervej.

However, the area of Vejle Syd also has development potential, as four publicly owned sites ranging from 3,000 to 7,750 sqm are currently for sale. The area is gradually undergoing development, and at the crossroads of Sadelmagervej/Hjulmagervej, *Pensam* is in the early stages of constructing 3,000 sqm of office space.

The area has experienced an inflow of new companies in recent years, e.g. *Umbro* established a new sales office on Bugattivej in 2003. On Andkærvej *Logos Consult* built a two-storey 470 sqm office building, which was ready for occupancy in May 2003. Also on Andkærvej, *Image Kompagniet* and *Bee Fashion* moved into approx. 1,050 sqm newly constructed joint premises in 2003.

Occupiers such as *Ajcon*, *Konica Minolta*, *Uni-Chains* and *Arbejdstilsynet* (the Danish Working Environment Service) are based in this area. Furthermore, a number of regional headquarters are located in the area, among them *Grant Thornton* and *Aston Business Solutions. Cadbury Schweppes* has relocated from premises on Dandyvej to Vejle Syd.

Kolding

(4) Central Kolding

The city centre of Kolding houses several office buildings, mainly occupied by the professions. The property stock in Kolding's pedestrian area is typically comprised of mixed-use properties with offices, small shops and residential units.

New developments are mainly located near the harbour area, where premises for research and education have been taken into use in the course of the last 12 months, thus firmly establishing Kolding as the regional educational centre. In March 2003, the *Designskolen Kolding* moved to newly constructed facilities of 1,000 sqm.

Just opposite the design school, the educational centre *Kolding Uddannelsescenter* was completed in 2003, comprising 5,450 sqm arranged over three floors. Moreover, facing Skamlingvejen the *International Business Academy* is located in premises dating from 2002. All this contributes to strengthening the area.

Demand for small-sized modern office units is growing in central Kolding, as small knowledge-based businesses still in the start-up phase require flexible and up-to-date premises. A new office hotel, *PRE2RIA*, was completed in 2003 on Buen, consisting of 35 offices, of which some 95% are occupied today. In the same area, *Middelfart Sparekasse* relocated to new premises, constructed in 2003 and comprising nearly 1,100 sqm.

In the southern part of the Kolding city centre the old *Brdr. Volkerts Fabriker* property of 14,600 sqm on Agtrupvej has been refurbished and redeveloped into a mixed-use building. At present, it is multi-let for office use and the health centre, *Equinox*. Some 70% of the property is occupied, and tenants mainly include IT and advertising companies such as *Aggressive Networkers*, *Butler Network* and *Masters*. The building is owned by *Dagelykke Ejendomme.*

(5) Kolding Øst

Kolding Øst is one of the few typical office locations in the region. The area is located near the motorway and close to the city centre and serves as an attractive location for companies seeking ideal infrastructure and offices of high standards.

Developed fairly recently, the area became an attractive location when *Kolding Business Park* opened there in 1999. Knowledge-intensive tenants such as *Danfoss Solutions, Delpro, Skanska and wSellect* are located in this business park. In addition, the head offices of *Dyrup* and *APC* are located nearby.

In recent years, domiciles for companies such as *BDO ScanRevision*, *Compass*, *Klingspor* and *Gabba* have been constructed next to the *Pyramid*, and the area still offers a large development potential.

Furthermore, the development of the *Research and Development Park Kolding* is taking shape. It will be completed in stages, the first stage being located at Hviidsminde. Occupiers such as *Econocap* and *eSe Security* are located here, and other prospective tenants have shown an interest. Companies located in this business park will benefit from synergies and thereby serve as a catalyst for business innovation.

(7) Bramdrupdam

Bramdrupdam is located in the northwestern part of Kolding and is characterised by several relatively new office units. Companies in this area benefit from great road visibility. Furthermore, the location offers ideal logistics for employees, clients and business associates.

The area north of the highway Højvangen is predominantly occupied by small or medium-sized companies, which prefer this location due to its proximity to the motorway. *Hesselly Business Park* is located in this dynamic area, which is dominated by small businesses. There are also a few multi-let premises in the area.

Large-scale office units are mainly located south of the highway Højvangen. These units are quite new and built to high specifications. The supply of office space has expanded over the past years to meet increasing office demand in the northern part of Kolding in general.

TradeCity, on Kokholm near Vejlevej/Dons Landevej, is scheduled for completion in May 2004, and some 80% of the office space has already been pre-let. Among the future tenants are *RSM* and *Ventilationsgruppen.* The new building will be an add-on to *EDB Gruppen's* building with 4,000 sqm office space and 1,000 sqm shared facilities. Other occupiers in this area include *Ortotech*, *Carl Bro*, *Scribona* and *WM-data.*

Furthermore *Kolding Company Park*, which is located a few hundred metres from the E20 and the E45, is being developed by *NCC* on a 105,000 sqm site. In July 2003, the first project was completed for *Aon Denmark,* comprising some 1,600 sqm. Moreover, a new office complex called *Company House* is under construction and will comprise office units of 5,600 sqm arranged over three floors. The building will be multi-let, and *NCC* has signed a pre-lease for approx. 2,400 sqm.

In *Bramdrup Erhvervspark,* on Dons Landevej/Vejlevej, some 200,000 sqm have been put up for sale. The designated uses are office and administration, light industry, production facilities and retail with major area requirements. Bramdrup Erhvervspark will be a phased development and overall completion is projected for 2009.

Fredericia

(9) Central Frederica

Central Fredericia is characterised by mixed-use office, retail and residential properties. Several minor office units are located in the pedestrian area, constituted by the streets of Gothersgade, Vendersgade, Jyllandsgade and Danmarksgade. This area is primarily home to the professions, e.g. law firms *Advodan* and *Advokaterne Funch & Harre*. Vacancy in the area is low, which may be ascribed to the relatively modest supply of office units.

(10) Erritsø & Snoghøj

Erritsø and Snoghøj are located in the southern part of Fredericia and benefit from the easy access to the E20 motorway and the Little Belt Bridge to Funen, and thereby also Zealand. Furthermore, this location has a vast development potential, offering motorway exposure in both Erritsø and Snoghøj.

Erritsø is located around Snarremosevej/ Tonne Kjærvej and is a relatively recently developed area. Office units in this area are mainly medium-sized, and a few regional offices are situated here, e.g. *TAC,* owned by *Schneider Electric*.

In this area *Lillebælt Erhvervspark*, is being developed for small-sized occupiers. This new business park on Strevelinsvej is expected to consist of six new buildings, two of which were completed in 2003 and early 2004. These buildings are occupied by *Profil Concept* and *IT-Business Partner* and comprise 650 sqm and 600 sqm, respectively. In the same area, facing Snoghøj Landevej, *Sjælsø Gruppen* is developing buildings that range in size from 500 to 7,000 sqm. This site is ideal for businesses seeking a location with great visibility.

Erritsø holds a development potential, as the Municipality is currently selling off 350,000 sqm for office and light industrial purposes.

Snoghøj, which is located on the opposite side of the E20, has undergone development over the last 12 months. On Vesterballevej several offices have been completed. The building housing *PricewaterhouseCoopers* is newly constructed and the neighbouring building, completed in late 2003, is shared by *Scandi Supply* and *PKI Supply.* In addition, *Gartex Boligtextiler* has moved into new premises, and *Flextronics* and *Bravida* are also located on Vesterballevej.

Among ongoing development schemes *Videnpark Trekantområdet* deserves mention. This office complex is expanding by 2,000 sqm to a total of 7,000 sqm with expected completion in early May 2004. Small-sized companies can share facilities here, such as conference rooms, reception and staff dining room. Currently, 16 tenants of various sizes occupy the premises, e.g. *AnalyCen*, *Carl Bro* and *Psion Teklogix*. The new building will be home to an additional 14 companies, and more than 43% of the premises have been pre-let.

Snoghøj also has great development potential, as substantial areas are for sale, e.g. the area between the E20 and Lyngsoddevej, where 200,000 sqm is currently available. These sites will have a minimum size of 2,000–4,000 sqm and are targeted for knowledge-based and innovative companies.

Furthermore, on Ny Snoghøj Landevej *Fittings Specialisten/Pro Partner* are located on a site that is not yet fully developed.

Typical office rent levels

Prime rent levels		DKK/sqm/annum			Market expectations
(Exclusive of operating costs)		2001	2002	2003	2004
	Vejle				
(1)	Central Vejle	875	850	825	→
(2)	Vejle Nord	775	775	750	↘
(3)	Vejle Syd	750	725	725	→
	Kolding				
(4)	Central Kolding	875	825	800	→
(5)	Kolding Øst	800	800	800	→
(7)	Bramdrupdam	700	700	700	→
	Fredericia				
(9)	Central Fredericia	725	675	650	→
(10)	Erritsø & Snoghøj	700	750	775	→

Secondary rent levels		DKK/sqm/annum			Market expectations
(Exclusive of operating costs)		2001	2002	2003	2004
	Vejle				
(1)	Central Vejle	550	525	500	→
(2)	Vejle Nord	400	400	400	→
(3)	Vejle Syd	400	400	400	→
	Kolding				
(4)	Central Kolding	550	550	550	→
(5)	Kolding Øst	450	450	450	→
(7)	Bramdrupdam	375	375	400	→
	Fredericia				
(9)	Central Fredericia	450	425	425	→
(10)	Erritsø & Snoghøj	425	400	375	→

Source: Sadolin & Albæk


HORSENS
E45
2
VEJLE
1
3
FREDERICIA
E45
9
E20
E45
10
7
E20
5
MIDDELFART
4
KOLDING
E20
E45

THE TRIANGLE REGION RETAIL PROPERTY MARKET

- *As the only regional shopping centre in the Triangle Region, Kolding Storcenter attracts customers from a large catchment area and accounts for about 11% of regional retail turnover*
- *The Triangle Region's retail parks have undergone comprehensive refurbishment and extension schemes in recent years*

The retail property market in the Triangle Region has expanded tremendously in recent years as several new retailers have located in the region, primarily around Kolding Øst, where *Kolding Butikstorv* is gradually expanding, and Vejle Nord, where e.g. *Bauhaus* and *Plantorama* recently moved into large-scale premises.

The annual retail turnover in the Triangle Region is approx. DKK 13.8bn, mostly generated by Kolding Storcenter, regional retailers and the shops located around the pedestrian area in Vejle. The personal tax cuts taking effect in early 2004 is expected to have a positive impact on the retail business in the Triangle Region.

(1) High Street

Vejle

The main market in Vejle is concentrated around the pedestrian area, which comprises the streets of Torvegade, Søndergade and Nørregade. This area accommodates both local and major international retailers, e.g. *Hennes & Mauritz*, *the Body Shop*, *Jefferson*, *B-Young*, *Imerco*, *Levi Strauss & Co*. Among the other retailers in the pedestrian area are *Bahne*, *Føtex*, *SuperBest* and *Kvickly.*

The pedestrian streets have recently undergone comprehensive refurbishment, which has made the area more attractive, and new tenants, such as *Dressmann,* have located here in the last 12 months. Refurbishment schemes are ongoing in Vestergade and Nørretorv, with expected completion in November 2004.

Vacancy in central Vejle is very low, and shops are in great demand in this area. High street retail tenants typically tend to relocate to other premises still within the pedestrian area. Although some shops have relocated to more prestigious locations, the tenant replacement rate is low. For instance, *HR Man* has moved from Åcentret to the corner of Kirkegade and Torvegade, and *Fona* from Paladspassagen to a location opposite Føtex, potentially to benefit from the vast number of people visiting this supermarket.

Furthermore, *Steen & Strøm* and *NCC* are planning the construction of a new 30,000 sqm shopping centre with roof parking on the *Kvickly* site. The centre is expected to consist of some 80 units and be anchored by international retail shops and a Kvickly department store of 7,000 sqm. Completion of the shopping centre is projected for 2007 or 2008, although the project remains to be finally approved. The new shopping centre is expected to attract several new retailers to the region.

Moreover, the infrastructure is being improved just east of the pedestrian area, and a part of Kirkegade may become a designated pedestrian zone. Private and commercial vehicles will be redirected from the inner city area and public transportation will be improved. This will increase the footfall in the pedestrian area, favouring especially retailers in this area. The completion of the first stage of this project is expected in late 2005.

Kolding

The most important retail location in central Kolding is the pedestrian area, primarily comprised by the streets of Søndergade, Østergade, Torvegade and Helligkorsgade. The layout of the high streets is not ideal for creating an efficient footfall, as there is a multitude of different points of entry and exit throughout a web of intertwined streets.

This area is dominated by Danish retail chains, such as *Vero Moda*, *Matas*, *Bang & Olufsen*, *Bianco Footwear*, *Noa Noa*, *Neye* and

Tiger. Furthermore, it is home to a few international retailers like *Hennes & Mauritz*.

A few new retailers have located in the area in recent years. In 2003, Norwegian retail chain *Dressmann* opened its first shop in Denmark in Helligkorsgade. Also, *B-Young* relocated from Østergade to newly renovated premises of 300 sqm on Akseltorv in August 2003.

As retailers previously tended to favour premises in Kolding Storcenter over this area, the high street areas have seen fairly high vacancy rates. Nevertheless, this trend seems to have levelled off, although the fierce competition with Kolding Storcenter is still causing high vacancy rates, especially in Jernbanegade, where some retail premises suffer prolonged vacancy periods of up to 12 months.

Retail turnover in Kolding is forecast to jump 10-12% over the next 5 years, and the pedestrian area is likely to generate a significant share, provided refurbishment projects continue and the area succeeds in attracting additional retailers. Development activity in this area is moderate, as it is almost fully developed, although *Kolding Totalbyg* is constructing a mixed-used residential and retail building on Nicolai Plads.

Fredericia

The pedestrian area comprised by the streets of Gothersgade, Vendersgade, Jyllandsgade and Danmarksgade is a key retail location in Fredericia. In 2003, a part of Danmarksgade was re-zoned into a pedestrian area.

Vacancy in the pedestrian area is low. Due to the strong local market, which is represented by retailers such as *Føtex*, *Jack & Jones*, *Bianco Footwear*, *Fona* and *Sportmaster*, the area enjoys a low replacement rate. Over the last 12 months, the pedestrian area has seen only little change: *Getex* has relocated and moved from Vendersgade to Jyllandsgade, and the premises of *Nykredit*, *Fona* and *Sportmaster* have been refurbished.

(2) Shopping centres

Regional shopping centres typically comprise a retail floorspace in excess of 25,000 sqm and primarily attract customers from a regional catchment area. Also, regional shopping centres tend to be anchored by one or two large hypermarket tenants offering convenience goods and accommodate numerous units offering specialty goods.

Kolding Storcenter is the only regional shopping centre in the Triangle Region. This centre has an annual customer flow of roughly 5.5 million, and it posts an annual turnover of some DKK 1.5bn. Kolding Storcenter comprises some 100 retail units, covering a total floorspace of around 56,500 sqm. *Bilka* has recently commenced a 2,500 sqm extension scheme involving its existing department store. Within a radius of 15 km, the centre's catchment area holds more than 38,500 households, thus providing the retailers in the centre with a solid customer base.

Local shopping centres typically comprise a retail floorspace of between 5,000 and 20,000 sqm and mainly attract local customers. These centres typically accommodate a few specialty shops and an anchor food tenant.

Several local shopping centres are situated in the Triangle Region. The local shopping centre *Vest Centret* located in the western part of Fredericia comprises 14 retail units covering an aggregate retail floorspace of some 6,600 sqm. In 2001, the centre posted a turnover of some DKK 100m. *Bredballecentret* located in Vejle accommodates 18 minor retail units covering a total retail floorspace of 5,800 sqm. This local centre generates an annual turnover of about DKK 110m.

The attractiveness of *Kolding Storcenter* that offers a wide range of specialty shops and the Bilka hypermarket has meant that turnover of some local centres has suffered in recent years. However, local convenience shopping in the Triangle Region is still strong.

(3) Retail warehouses

The Triangle Region has a number of areas with clusters of major retail units. The areas housing the highest concentration of retail warehouses are Vejle Nord and Bramdrupdam in Kolding.

Vejle Nord, near Horsensvej, is thus becoming a new retail district in the region, characterised by units of considerable size and retailers of mainly home furnishing and other consumer durables. This area benefits from great visibility from the heavily trafficked Horsensvej where more than 35,000 cars pass by daily, giving retailers in this area a solid foundation for trade.

Retailers in the area include *Bilka*, *Jem & Fix*, *BabySam*, *Harald Nyborg*, *Skousen*, *BIVA Møbler* and *Bauhaus*, the latter opening in September 2003.

Development in Vejle Nord has picked up pace in recent years. In March 2004, the *Plantorama* chain opened a 4,500 sqm garden centre on a 15,000 sqm site at the crossroads of Horsensvej/Lysholtvej.

The brisk development activity in this area will be sustained in the years to come, as several new retail premises are under construction, e.g. *IBI* is constructing a retail centre of 5,200 sqm next to *Plantorama*, with an expected completion date in early August 2004. Tenants in this retail centre will include *HTH*, *Kvik Køkkener* and *Dan-Bo Møbler*. The centre will be facing Horsensvej with ample display opportunities for its retailers.

Moreover, in the area where Horsensvej intersects the E45 motorway, a 14,000 sqm project for retail purposes is currently under construction. The new premises, also facing Horsensvej, will be situated some 300 metres from the *Bilka* and *Bauhaus* outlets. Individual units will range from 1,500 to 5,000 sqm and completion is expected by mid-2005.

In Kolding several retail warehouses are located in Bramdrupdam, and the area has seen a high level of development activity in recent years. Retailers in this area mainly benefit from the close proximity to the E20/E45 motorways and the highly trafficked road of Vejlevej, which give retailers considerable exposure.

Newly constructed retail units with a total floorspace of 5,360 sqm are located in *Kolding Butikstorv* just opposite Kolding Storcenter. This site is facing Vejlevej and enjoys an attractive location due to its visibility and the considerable footfall from Kolding Storcenter. The shops range from 500 to 2,000 sqm in size. Currently, tenants include *El-Giganten*, *HTH Køkkener*, *Hööks* and *Brørup Sparekasse*.

In Bramdrupdam, construction of a new retail is planned on the old Danfoss site near Ellehammervej. With a total floorspace of 13,000 sqm, the park will primarily be available for occupiers with area requirements of 500+ sqm. The central location near Kolding Storcenter and the ideal infrastructure will secure a steady flow of customers from the entire region. The retail park will have direct access to Skovvangen very close to the intersection of Vejlevej and Ny Esbjergvej, which will give the retail park good visibility to the some 21,000 cars passing by daily. Completion of the retail park is expected by spring 2006, however, the plans still need to be approved by the city council.

Furthermore, near Dons Landevej/Vejlevej, *Kjær & Trillingsgaard* is in the early stages of developing about 50,000 sqm of *Bramdrup Erhvervspark/Eurocenter Kolding,* comprising a shopping centre and sites for car-related businesses and showrooms, among others. In April 2004, six such sites in Eurocenter Kolding were sold. Occupiers in this area include online auction house *Lauritz.com* and three car dealers, viz. *Terminalen*, *Autohuset Vestergaard* and *Opel Tegllund*. In the same area, *Haubjerg Interiør* recently acquired a 5,000 sqm site, where a new showroom facility of 900 sqm will be constructed.

Typical retail rent levels

(Exclusive of operating costs)			DKK/sqm/annum 2001	2002	2003	Market expectations 2004
(1)	High Street	Vejle	1,000 - 2,200	950 - 2,200	1,000 - 2,200	→
		Kolding	950 - 2,100	875 - 2,050	800 - 2,000	↘
		Fredericia	600 - 1,050	575 - 1,000	550 - 950	→
(2)	Regional shopping centres*	Anchor food	1,100 - 1,400	1,100 - 1,500	1,100 - 1,500	→
		Anchor	900 - 1,500	1,000 - 1,700	1,000 - 1,700	→
		-300 sqm	1,300 - 3,200	1,400 - 3,600	1,400 - 3,700	→
		300+ sqm	1,100 - 1,700	1,100 - 2,300	1,100 - 2,400	→
	Local shopping centres	Anchor food	525 - 750	550 - 800	550 - 800	→
		Specialty shops	500 - 800	500 - 900	500 - 950	→
(3)	Retail warehouses		750 - 1,100	750 - 1,100	725 - 1,050	→

**Rent levels for regional shopping centres are for Funen and Jutland*
Source: Sadolin & Albæk

THE TRIANGLE REGION INDUSTRIAL PROPERTY MARKET

- *Extensive development potential in Vejle Nord, Vejle Syd, Bramdrupdam, Taulov, Erritsø and Snoghøj, with more than 5.5 million sqm ready for development*
- *Industrial and logistics businesses benefit from the ideal infrastructure of the Triangle Region*

The industrial sector in the Triangle Region is quite differentiated, ranging from traditional industrial companies to modern high-tech production and food processing industries. Furthermore, this region accommodates numerous logistics and transport companies that benefit from the ideal infrastructure of the region.

The Triangle Region holds a proportionately large number of employees in the industrial sector. The region's central location in the largest motorway intersection in Denmark makes it ideal for companies seeking to manufacture or distribute goods to domestic or international clients.

The food processing industry plays a significant role in the region, and several major companies, such as *Arla Foods*, *Danish Crown* and *Carlsberg Brewery*, have production facilities in this area.

Industrial businesses in the Triangle Region benefit from the well-developed infrastructure provided by the ports as well as the rail and road networks. Investment plans to improve the road system just north of the region between Horsens and Herning will enhance traffic flows in the region further, easing the access to northern Jutland for logistics and industrial companies.

The development potential in the Triangle Region is facilitated by the ample availability of sites for sale in Vejle Nord, Vejle Syd, Bramdrupdam, Taulov, Erritsø and Snoghøj, i.e. in excess of 5.5 million sqm for industrial and logistics purposes.

Vejle

(1) Harbour area

The port of Vejle is a conventional harbour with port-related industries. The harbour area has around 100 occupiers, among which are large industrial companies, such as *Lerche-Henriksen & Møller*, *Uniscrap*, *Cerealia Mills*, *Faxe Kalk*, *Optiroc*, *Haahr Benzin* and *Brenntag Nordic*.

Harbour activities are expanding, and there are plans to relocate industrial space within the harbour area. The relocation is part of a comprehensive scheme to redevelop the harbour area, which will take place gradually over the next 30 years. The first phase, which is scheduled for 2005, includes the development of Sjællandsgade and the unused area at the end of Sydkajen. In this location, the Municipality and the local occupiers will together identify ways to optimise space utilisation. Current plans are to construct a recreational area combined with storage facilities to meet the increasing demand from occupiers in the area.

(2) Vejle Nord

Vejle Nord is the largest industrial area in Vejle, comprising mainly manufacturing and logistics orientated industries with units ranging from 5,000 to 15,000 sqm.

The area is characterised by fairly new industrial and logistics units, and companies such as *Gumlink*, *Fertin Pharma*, *Phønix* and *Egetæpper* are located here. Furthermore, the food processing industry is represented by major companies such as *Schulstad*, *Cerealia Unibake*, *WM Margarine* and *Arla Foods*.

In recent years, the logistics industry has shown growing interest in premises in the area because it offers an ideal location in relation to the motorway system, and also because *Denmark's Transport Center* (DTC) is located here. DTC is home to more than 30 companies and comprises an area of more than 320,000 sqm that can easily be extended. Recently, the *County of Vejle* completed a new 7,200 sqm preservation centre in the area.

The premises of both existing and new occupiers in the area have undergone a few changes over the last 12 months. For instance, in 2003 logistics company *Auto Bude* completed 1,200 sqm for storage purposes, and *Fertin Pharma* is currently constructing new production facilities near Dandyvej. Furthermore, graphic wholesale firm *Udesen Danmark* has moved to newly constructed premises of 2,000 sqm at Karen Blixens Vej and *Eaton Holec* with head office premises at Niels Bohrs Vej, are in April 2004 relocating production facilities from Germany to the premises in Vejle.

Due to the size of the area, Vejle Nord boasts great development potential, e.g. the area around DTC with more than 150,000 sqm of commercial space for sale. Furthermore, near Andkærvej and facing Fredericiavej, a site of almost 20,000 sqm is for sale, and a site of some 10,000 sqm just across from *Schulstad* on Stiftsvej is currently being prepared for a sale. Additionally, the Municipality of Vejle owns large sites in the area.

(3) Vejle Syd

Much of Vejle Syd was developed in the 1980s, and today it is a large modern logistics and industrial area. This area especially benefits from its location near Fredericiavej and the E45, which offer an easy link to the port of Fredericia and southern Jutland.

Vejle Syd is dominated by units ranging from 3,000 to 6,000 sqm, however, the area also accommodates a number of prominent properties, comprising from 10,000 to 15,000 sqm and occupied by e.g. *Papyrus*, *Louis Poulsen*, *Fakta* and *Credin*.

This area has recorded an improvement in vacancy rates in recent years, especially around Ferrarivej and Bugattivej. For instance, in May 2003 pharmaceutical retailer *Max Jenne* relocated to newly constructed head office premises of 2,000 sqm and *Bondo Kontormøbler* moved its production facilities to the area also in 2003. Other occupiers in this area include *CNC Industri Service* and *Pharma Nord*.

Occupiers in Vejle Syd are gradually expanding. For example, *Bryggerigruppen* is extending its storage facilities of 4,000 sqm, with *Lillebælt-Gruppen* appointed as the building contractor. Also, in March 2004 the world's first and largest battery company *Exide Technologies* moved to redeveloped and extended head office premises and storage facilities at Bødkervej.

Pensam owns a site on the corner of Sadelmagervej/Hjulmagervej, where production facilities of 7,000 sqm are due to be constructed. On the site just opposite *Jysk*, a private developer is planning to erect office and storage facilities. Moreover, the area is continuously being developed as sites along Pottemagervej and Andkærvej are available for sale. Thus, Vejle Syd offers a considerable development potential.

Kolding

(4) Harbour area

Traditional port-related industries dominate the harbour area in Kolding, e.g. *Aalborg Portland*, *4K* and *Dalhoff Larsen & Horneman*.

Companies accommodated in the harbour area have considerable space requirements, and vacancy here is relatively low as the majority of premises are owner-occupied.

(6) Kolding Nord

Kolding Nord is characterised by a large proportion of inflexible, albeit in fair repair, industrial property, developed in the mid-1960s and 1970s. Industrial occupiers with large area requirements, such as *Nordex Energy*, *Alfix*, *Unic Parts*, *Diplom Is* and *SCA Packaging Denmark,* dominate this area.

Kolding Nord also accommodates small manufacturing and import/export companies such as *Sahva*, *Porc-Ex* and *Nomeco*. In general, companies in this area benefit from the location near Vejlevej and the E20/E45, which provide easy access to customers and employees.

(7) Bramdrupdam

The industrial estate in Bramdrupdam covers a large area close to the E20, the E45, Højvangen, Dons Landevej and Vejlevej, thus enjoying one of the best and central locations in the Triangle Region.

In general, Bramdrupdam is characterised by companies engaged in labour-intensive activities, making a well-functioning infrastructure imperative, in terms of new recruitment. Furthermore, occupiers in this area tend to be major industrial and logistics companies often with associated trade offices, and they typically have considerable area requirements.

Over the last 12 months, *EHJ Combifragt* has located here and in the same area *TNT* has moved to newly constructed premises of 5,000 sqm next to *General Logistics Systems*. Furthermore, high-tech company *FleXatel* has relocated to premises at Platinvej. Other companies located in this area include *Würth Danmark*, *Pharmalett* and *Prime Cargo*.

In the area around Birkedam and Stålvej, near the motorway, several logistics companies, such as *Frigoscandia Transport*, *Thomsen Transport* and *DHL,* are located. In addition, this area accommodates major industrial premises, such as *Arla Foods*, *Velux*, *Hjulcentret*, *Dagrofa*, *Coop* and *Gram Nordic,* all of which are of a high standard and quite modern.

Bramdrupdam has a vast development potential. In early 2004, the Municipality of Kolding had more than 800,000 sqm for sale for industrial and logistics purposes.

Near Dons Landevej/Vejlevej a private developer is developing a site on behalf of the Municipality. Project completion is scheduled for August 2004. In the same area, *Industriparken Bramdrup* will be developed in phases over the next five years and will consist of units ranging below 5,000 sqm in size.

In Bramdrupdam, *Transamerica Leasing* and *Scania Diesel-Gården* are currently constructing a trailer area and workshop at Kokbjerg. Furthermore, *LMG* has constructed new premises and is still developing the site at Nordager.

(8) Kolding Syd

Kolding Syd is a mixed-use area with small industrial, logistics and import/export companies. This area benefits from its location near the E45, easy access to the German market and the rest of Europe.

Several companies servicing the steel industry are located in the area, such as *Dansvejs*, *Stålteknik Kolding*, *Dansk Rustfri Kolding* and *JN Stålmontering*. Other companies in the area include *Kolding Æskefabrik*, *Danske Fragtmænd*, *Cargo Flex*, *Team Production*, *Akzo Nobel* and *T. Hansen Gruppen*. Apart from the logistic occupiers, these companies have modest area requirements.

Vacancy in Kolding Syd is relatively low, which is mainly due to the attractiveness of the area and the lack of new construction. Nevertheless, German discount supermarket *Aldi* is currently expanding its local storage facilities to 20,000 sqm.

Fredericia

(9) Harbour area

The port of Fredericia accommodates very large vessels and is one of the deepest ports in Denmark with a depth of 15 metres alongside quay. The port, which is situated in the centre of the Triangle Region, comprises 4,100 metres quay area and also enjoys ideal accessibility by rail and road. Consignments shipped from the port, which has the largest capacity of dry bulk alongside quay in Europe, are mainly liquid bulk, dry bulk, containers and fish.

The harbour areas of Fredericia accommodate industrial companies only, such as *Kemira GrowHow*, *Lillebælt Shipping*, *Fredericia Shipping*, *Julius Mortensen Shipping*, *KFK* and *Rahbekfisk*.

In addition, the port accommodates the crude oil terminal to which roughly 80% of the Danish oil production is transported from DONG's oil fields in the North Sea. This provides a secure foundation for a considerable petrochemical industry in the area and companies such as *Shell, Hydro Texaco* and *OK* are located in the harbour area.

(10) Erritsø & Snoghøj

Erritsø and Snoghøj are located in the southern part of Fredericia. Occupiers here enjoy easy access to the E20 and the fixed link, the Little Belt Bridge, across to Funen and on to Zealand.

The area of Erritsø and Snoghøj, north of the motorway, is an older manufacturing and storage estate, characterised by medium-sized units. The area's location near residential areas makes it coveted by light industrial and logistics companies. These occupiers benefit from the near proximity to the E20, which provides easy access to domestic as well as international customers.

Large-scale occupiers, such as *MT Højgaard*, *Tarco*, *ABB*, *Lindpro*, *TG Transport* and *Dons Transport,* are located here. The area also holds companies with industrial premises, such as *Promecon*, *Xperion ACE*, *Yara Industrial*, *Flextronics* and *Statens Bilinspektion* (the national vehicle inspection agency).

Both Erritsø and Snoghøj offer large development opportunities with currently more than 800,000 sqm of land for sale, most of which is designated for use by small industrial companies and is being developed in a phased process in the years ahead. A private investor has acquired 80,000 sqm where Snoghøj Landevej crosses the E20. This site is mainly for light industrial purposes and will be fully developed in 3-5 years.

Furthermore, in the area between Snarremosevej and the E20, 350,000 sqm of land is for sale for light production and storage purposes with units of a minimum size of 5,000 sqm. Also, between the E20 and Kolding Landevej, 450,000 sqm of land is available for light production and industrial purposes for sites with a minimum size of between 2,000 and 4,000 sqm.

(11) Fredericia Nord

Northern Fredericia, Fredericia Nord, is mainly dominated by heavy industry and occupiers with large area requirements.

This major industrial area accommodates *Star Pipe*, *CWO*, *IVECO*, *Tuborg*, *Shell Oil Refinery*, *Cementvarefabrikken Randal*, *Fredericia Cellulose* and *Alstom Power FlowSystems* to name a few. The extensive area size of Fredericia Nord, its motorway connections and the port of Fredericia make this an attractive location for occupiers requiring large units.

Besides major production units, Fredericia Nord is characterised by a number of older medium-sized production companies, and the eastern part of this area primarily houses industry as well as showroom and warehouse facilities. *Fredericia Furniture*, *Silvan* and *SuperByg* are located in this area.

(12) Taulov

Taulov is located in the southeastern part of the Municipality of Fredericia. The E20 runs through this area, which truly benefits from the well-functioning infrastructure of the region. Therefore Taulov mainly attracts major transport and logistics companies.

Given the proximity to the E20 and the E40 motorways, traffic intensity at Taulov is among the highest in Denmark.

Furthermore, easy access to the rail-serviced harbour positions makes Taulov one of the best locations for logistics as well as industrial companies in the region, e.g. *Kombiterminal Taulov*, *Bøje Andersen Spedition*, *Arla Foods* and *Schulstad Brød*. *Railion Denmark* has a large freight terminal in the area to shift cargo from rail to road.

New construction continues in Taulov. *Post Danmark* is building a new postal centre of 15,000 sqm, with projected completion in early August 2004.

Taulov has been transformed in recent years, and a new railway station is being developed which will strengthen the infrastructure of the area. Efficient passenger transport facilities help local companies recruit manpower.

Taulov, which also offers ideal access to the motorway system, holds great development potential. For instance some 1 million sqm is available for companies in the food processing industry, with sites ranging from 15,000-20,000 sqm in size.

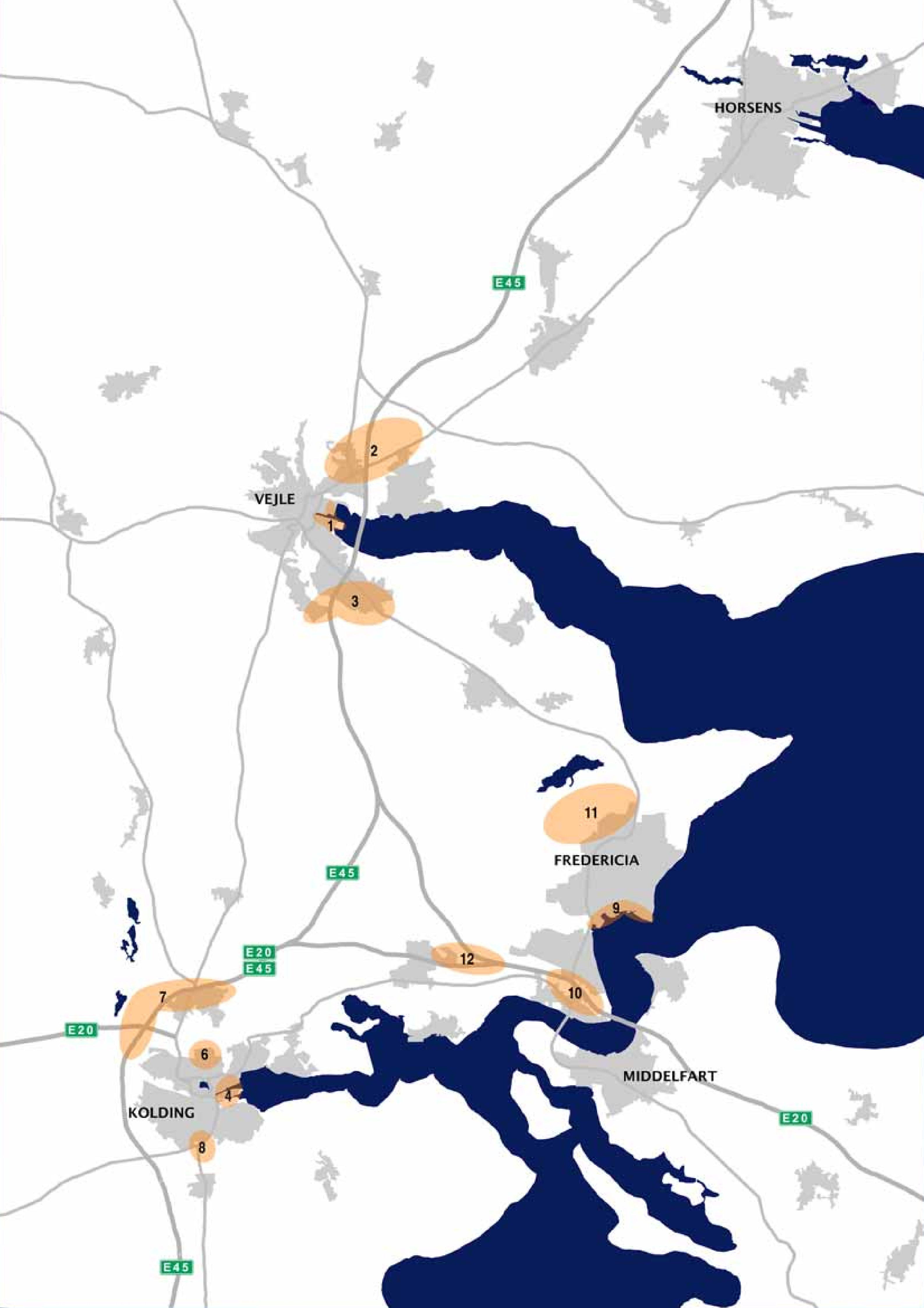
OFFICE
RETAIL
INDUSTRIAL
INVESTMENT

Typical industrial rent levels

Prime rent levels (Exclusive of operating costs)		DKK/sqm/annum 2001	2002	2003	Market expectations 2004
	Vejle				
(1)	Harbour area	300	300	300	→
(2)	Vejle Nord	375	350	350	↗
(3)	Vejle Syd	375	375	375	→
	Kolding				
(4)	Harbour area	325	300	300	→
(6)	Kolding Nord	400	375	350	→
(7)	Bramdrupdam	400	400	400	→
(8)	Kolding Syd	325	325	300	→
	Fredericia				
(9)	Harbour area	350	350	350	→
(10)	Erritsø & Snoghøj	350	350	350	→
(11)	Fredericia Nord	350	350	350	→
(12)	Taulov	325	350	375	→

Secondary rent levels (Exclusive of operating costs)		2001	2002	2003	Market expectations 2004
	Vejle				
(1)	Harbour area	225	225	225	→
(2)	Vejle Nord	250	250	250	→
(3)	Vejle Syd	275	275	275	→
	Kolding				
(4)	Harbour area	225	225	225	→
(6)	Kolding Nord	300	275	250	→
(7)	Bramdrupdam	300	300	300	↗
(8)	Kolding Syd	250	250	250	→
	Fredericia				
(9)	Harbour area	275	275	275	→
(10)	Erritsø & Snoghøj	275	250	250	→
(11)	Fredericia Nord	275	275	250	→
(12)	Taulov	250	250	275	→

Source: Sadolin & Albæk


HORSENS
VEJLE
FREDERICIA
MIDDELFART
KOLDING
E45
E20
1
2
3
4
6
7
8
9
10
11
12

- *Local investors dominate the investment market, but institutional attention has increased over the last 12 months*
- *The Triangle Region has experienced a relatively high investment yield as overall property return averaged 10.6% in the period from 2000 to 2003*
- *Investment opportunities are abundant as regards retail warehouse premises located along the major arterial roads*

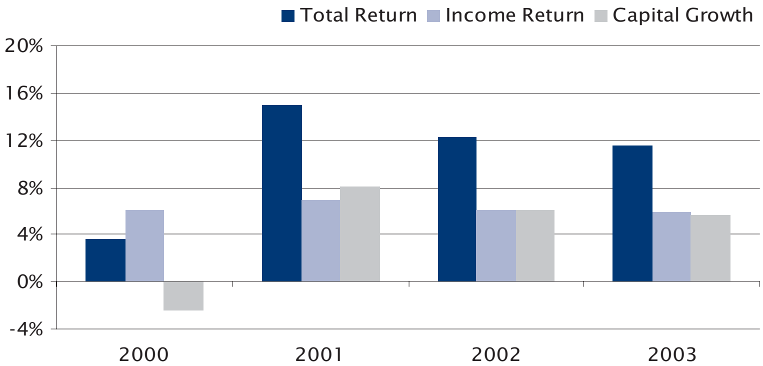
Investment market performance

Investor interest is persistently high in the Triangle Region. Concurrently with a high rate of new construction activity, investors have increasingly focused on the region. However, the rate of owner occupancy in the area is high, rendering investment opportunities scarce.

Players in the market are primarily local investors, although institutional interest has become somewhat stronger in step with the increased new office construction in the Triangle Region. Typically, institutional investor interest in production and warehouse premises is modest, particularly for single-tenant properties, which are prevalent in the area.

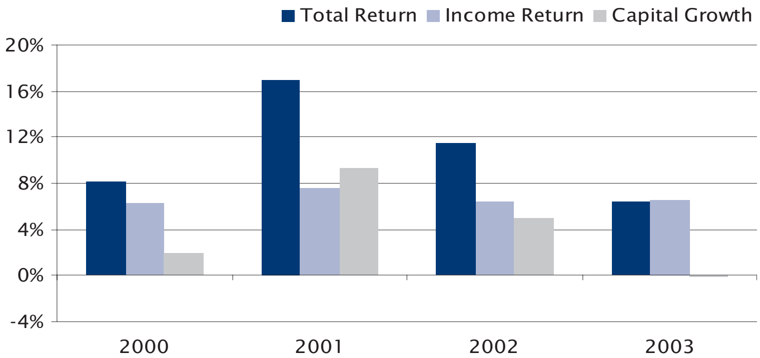
Investment property performance in the Triangle Region has been somewhat volatile in recent years. However, investment returns have been quite high from 2000 to 2003, where overall property returns in the Triangle Region averaged 10.6%. Especially office property generated high returns in the area, with total returns averaging 10.8% during the period, although 2003 yielded returns at 6.4%, somewhat below the average. The returns on

Return, all property



Source: IPD/DEI

Return, office



Source: IPD/DEI

retail property were also handsome, averaging 9.7% over the period. In 2002, retail property performance peaked at 15.7%, driven especially by capital growth accounting for 9.3%, whereas returns in 2003 were at 10.9%.

As for new construction, investment returns follow a different cycle in the Triangle Region than the rest of Denmark. Property returns have been falling in most other important Danish regions, whereas property returns in the Triangle Region seem to fluctuate "out of sync" with these locations.

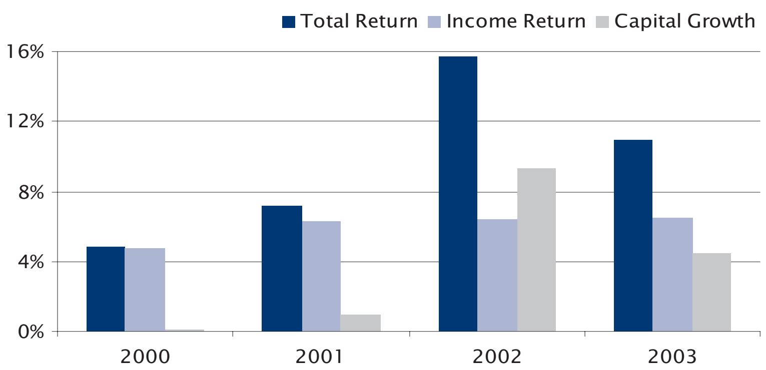
Office

The office investment market has been stimulated by an increase in the proportion of the Triangle Region's workforce occupied in white-collar professions in recent years. The region's successful industrial track record has had a spill-over effect on other lines of business. However, local investors are indeed prevalent in this segment, although there have been several investment opportunities for major domestic investors as well as international institutional investors, offering long leases with tenants of good standing. The fact is that institutional investors are only slowly recognising the importance of recent trends in the region.

Prime office locations in the city centres are primarily found in Vejle and Kolding. In particular, the harbour areas and locations along the main arterial roads are coveted investment objects and enjoy considerable tenant demand. However, in the Triangle Region a somewhat secondary location may in some cases be a highly attractive investment vehicle. For instance, the exposure to motorway traffic gives several locations in Bramdrupdam, Fredericia and Vejle Nord prime location status, the lower bracket of secondary locations thus generating a yield level that matches those of central locations.

Prime investment yields for office premises in city centre locations range from some 7.0% to 7.75%. For secondary central locations yields are in the 7.75% to 9.25% bracket. Prime yields outside city centre locations stand at some 7.5% to 8.5%, while secondary yields range from 8.5% to 10.75%.

Return, retail



Source: IPD/DEI

Retail

The Triangle Region has quite a healthy retail investment market. Although some high street investments are made by non-local investors, non-local demand in this segment is focused on retail warehouse premises in locations along major arterial roads. Investment opportunities are abundant as new construction has continued to increase in this retail market segment. Furthermore, vacancy risks are low, making for relatively moderate yields.

Prime retail warehouse locations are at Kolding Storcenter, where limited partnerships have been particularly active. Furthermore, the area around Dandyvej in Vejle is indeed highly sought after for retail warehouse investment purposes.

Prime high street locations in the Triangle Region are primarily situated in Vejle. The extensive ongoing refurbishment of Vejle's pedestrian area has increased tenant demand and lowered yield requirements. The most important high street locations in Kolding are Søndergade, Helligkorsgade through Østergade. Prime investment yields for high street property are estimated at 6.25% and 7.25%, whereas secondary yields range from about 7.0% to 7.75%.

As a result of a persistently active investment market and an ever-increasing tenant interest for the Triangle Region, yield requirements for retail warehouses have come down by 25 bp. Currently, yields stand at about 7.0% to 7.75%.

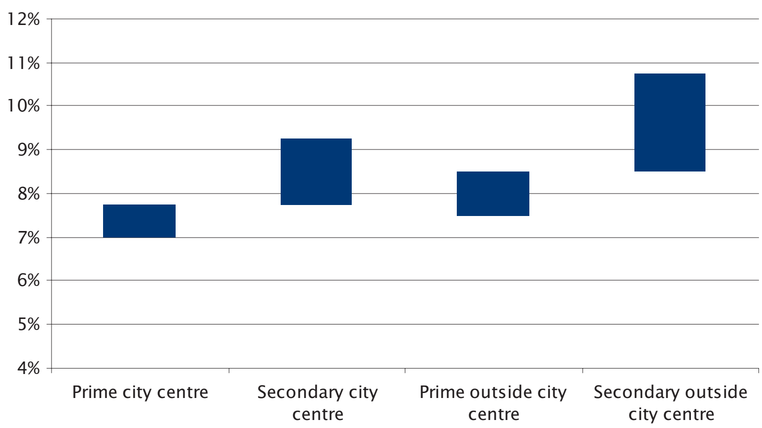
Regional shopping centres in Jutland and Funen represent popular investment vehicles. However, investment demand by far exceeds supply owing to Danish planning restrictions. Thus, investment yields are in the 6.25% to 7.25% bracket.

Local shopping centres in prime locations in the Triangle Region trade at yields in the order of about 7.50% to 8.25%, whereas local shopping centres in secondary locations in some cases are considered too remote, which is reflected in the yields ranging from 8.75% to 10.50%.

Industrial

In spite of for the high rate of owner-occupancy, the Triangle Region may to some extent be considered a preferred area for investors seeking industrial investment property, thanks to the sheer supply of investment vehicles, as well as the wide range of high-quality industrial tenants.

Office, net initial yield



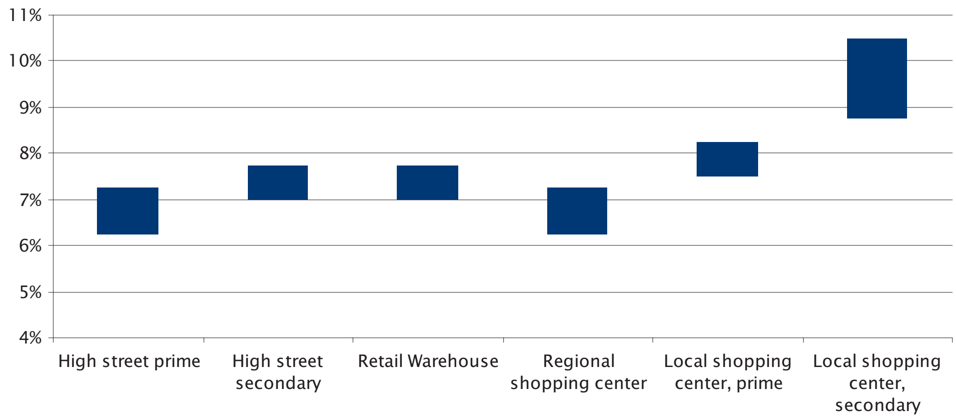
Source: Sadolin & Albæk

In general terms, the industrial property stock in the region is very well maintained and up-to-date compared to many other industrial areas in Denmark. Thus, premises in the region typically offer a high degree of flexibility, and leases may usually be negotiated on favourable terms. However, industrial premises do not attract institutional investor interest. Instead, local investors and limited partnerships demand this type of property, and some international investors focused on logistics and production facilities are investing in the region.

There are still a number of outdated industrial clusters in the Triangle Region, primarily located south of Kolding and north of Fredericia. However, these areas have a relatively low vacancy rates due to the considerable number of small-sized occupiers in the region. In fact, there are no signs in general to indicate a downward development trend here, and investments in these secondary areas may well prove lucrative for the right type of investor.

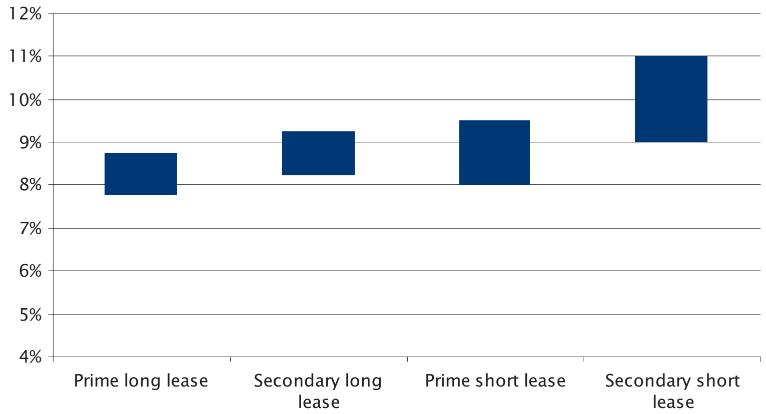
Prime investment yields for industrial premises with long leases range from 7.75% to 8.75%, whereas yields for industrial premises in secondary locations stand at some 8.25% to 9.25%. Premises with short leases but in prime locations trade at yields of about 8.0% to 9.5%, and premises at secondary locations at about 9.0% to 11.0%.

Retail, net initial yield



Source: Sadolin & Albæk

Industrial, net initial yield



Source: Sadolin & Albæk

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