



05

THE TRIANGLE REGION

PROPERTY MARKET REPORT 2005

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THE TRIANGLE REGION
PROPERTY MARKET
REPORT 2005



Peter Winther, Partner, Director

Carsten Gørtz Petersen, Director

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 constantly 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, including a membership of the *Royal Institution of Chartered Surveyors* (RICS), as well as in business and finance, and they 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 and development projects
- Property portfolios and 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 in mediating even the largest property or portfolio investment deals as well as in managing sales and acquisition processes in the best interest of our clients.



Kurt Albæk, Senior Partner, CEO

Thomas Køhl Christensen

Investment and financial consulting

Portfolio analysis and strategy
Diversification strategy, including risk and return analysis
Asset management
Property fund set-up
Property asset-backed securities

In response to the increased focus on enhancing investment property portfolio returns and the increased 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 portfolio management, i.e. developing, redeveloping, buying and selling with the right timing.

Commercial property 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 just space – they want flexible, efficient and cost-effective premises that meet 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.



Jeanette Rosenberg

Andreas Albæk

Morten Schultz

Corporate Real Estate Services (CRES)

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

Efficient space utilisation and property exposure management are becoming increasingly important 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

We value more than DKK 22bn (EUR 3bn) worth of commercial property 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.

Development consulting

Development and redevelopment strategies
 Feasibility studies

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.



Jan Kristensen, Partner



Asger Kurth



Peter Frische, Partner

Andreas Grønbaek

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 NOR Næringsmegling AS, Norway

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

Based in Stockholm and with branches in Gothenburg, Malmö and Helsinki, NewSec AB is a leading firm of estate agents and surveyors in Sweden and Finland. Our Norwegian partner, DnB NOR Næringsmegling AS, a subsidiary of the largest commercial bank in Norway, is a dominant property consultant in both Oslo and Bergen.

Worldwide property services

ONCOR International

For almost 20 years, Sadolin & Albæk has been a member of ONCOR International, a major global organisation of professional commercial real estate 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.

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

For a comprehensive listing of key contacts as regards specific services we invite you to visit our website www.sadolin-albaek.dk



Aarhus

Vejle

Fredericia

Kolding

Copenhagen
Malmoe

MARKET INTRODUCTION

- *The Triangle Region is Denmark's third largest growth centre*
- *With job gains exceeding 11,000 over the last decade, the Triangle Region ranks among the top job-creating regions*
- *Workforce restructuring in favour of the service industries*

Located in the eastern part of central Jutland, the so-called Triangle Region is encompassing the three major provincial towns of Vejle, Kolding and Fredericia. The ideal geographical location in tandem with the excellent infrastructure between the towns makes it a very attractive business area.

Overall, the Triangle Region counts a population of more than 355,000 and a workforce of just under 185,000. Moreover, the well-developed motorway and railroad systems of the region enable companies to attract labour from an even larger recruitment base in Jutland and on Funen.

In addition to the central motorways, the E20 and the E45, the area benefits from easy access to Denmark's second largest airport, *Billund Lufthavn*, with daily departures to a number of domestic and international destinations. Finally, Vejle, Kolding and Fredericia are all well functioning ports. In terms of freight volume, the port of Fredericia is the largest in Denmark.

In the course of the last ten years, the Triangle Region has been undergoing structural changes in favour of the service sector. The service sector has seen a large number of new company starts and the creation of more than 12,000 new jobs, whereas agriculture and industry combined experienced a drop of just over 5,000 in employment figures. Historically, the Triangle Region has been an industrial region – and it continues to be so: 22% of jobs are found in the industrial sector in this region compared to the national average of 15.5%.

An analysis prepared by domestic business information bureau *Greens* in 2005 named the Triangle Region 'Danish Growth Champion' and the most value-creating region in the country. The title was won due to e.g. the region's ability to produce growth companies, create great economic diversity and healthy framework conditions for growth. According to the *Danish Ministry of Science, Technology and Innovation*, Vejle boasts the highest ratio of new company set-ups as far as knowledge-intensive businesses are concerned. In a 2004 survey, *KPMG* ranked Kolding as Denmark's top location for logistics companies.

There still exists a considerable growth potential in the Triangle Region, and in excess of eight million sqm of greenfield space is ready for development for commercial purposes. Several projects are currently in the pipeline and more expected to follow in the years ahead, owing to the region's attractive framework conditions for growth.

OVERVIEW INVESTMENT OCCUPATIONAL

REGIONAL OVERVIEW

OVERVIEW INVESTMENT OCCUPATIONAL

- *Population increase in the Triangle Region persists to exceed the national average*
- *From 1995 to 2004 employment figures in the Triangle Region improved by 6.6%, corresponding to a rise of around 3 percentage points ahead of the national average*
- *Personal income growth in the Triangle Region has since 1995 also paced ahead of Denmark in general, excluding Greater Copenhagen*

Population

Over the past decade, the population increase in the Triangle Region has greatly exceeded the national average increase, viz. 5.7% from 1995 to 2004 relative to a national increase of 3.5%. This upward trend in the population growth rate is projected to continue in the Triangle Region, ahead of the national average. In fact, the region is projected to record the second largest regional population increase in 2005 to 2015 nationwide, viz. 3.1% relative to 1.5% in Denmark in general.

Labour market

Similarly, growth in employment levels has been more pronounced in the Triangle Region than in Denmark in general. From 1995 to 2001, more than 14,000 new jobs were created in the region, equivalent to an 8.2%

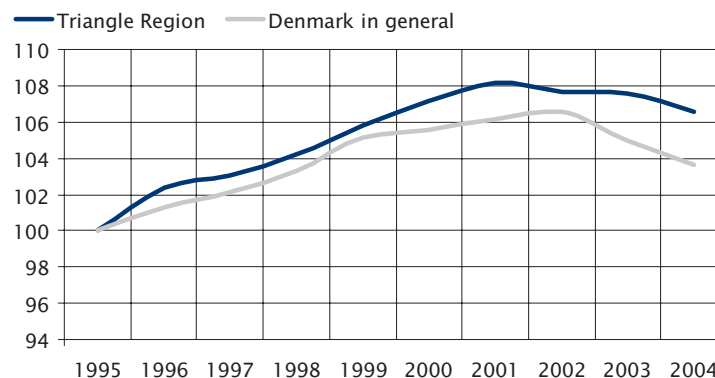
increase. This has made the Triangle Region the one area outside Greater Copenhagen that has been the most successful in terms of new job gains throughout the 1990s. In comparison, the national increase in employment figures was 6.1% from 1995 to 2001.

Since 2001, employment figures have generally declined, but compared to the rest of the country, a great influx of new companies into the Triangle Region has helped cushion the fall in the region to a moderate 1.5% decline. The global economic downturn and the fact that the region's industrial companies to some extent have chosen to shift production to less cost-intensive facilities in eastern Europe and Asia have contributed to this downward trend.

Unemployment

In the 1990s, the unemployment rate in the Triangle Region was considerably below the national average. This continues to apply, although the margin has been closing, and the unemployment rate of the region has been tracing the national average since 2001. Like the rest of Denmark, the Triangle Region suffered an unemployment increase in the wake of the global economic recession. The downturn especially hit logistics and industrial companies, which are highly susceptible to international market trends and foreign trade.

Employment (index 100 = 1995)



Source: Statistics Denmark

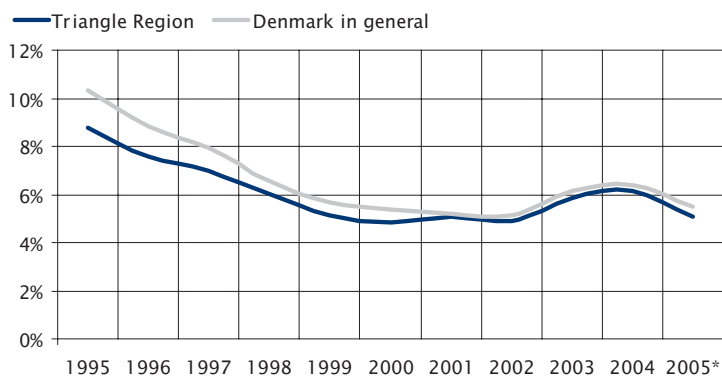
In recent years, unemployment rates have tended to rise and employment figures to fall in the Triangle Region. This trend is projected to discontinue. Expansive Danish fiscal policies coupled with low interest rate levels have increased per capita disposable incomes and stimulated surging consumer spending. As expected, the domestic economic recovery as well as the generally healthier state of the European economies has influenced the labour market with a certain time lag. Unemployment rates in both the Triangle Region and the rest of the country improved in the course of 2004 and the first half of 2005, and this trend is expected to continue in the remainder of 2005.

Personal income

In 2003, the per capita personal income in the Triangle Region stood 3% above the general income level in Denmark, excluding Greater Copenhagen. This is indicative of the brisk economic activity level characterising the region.

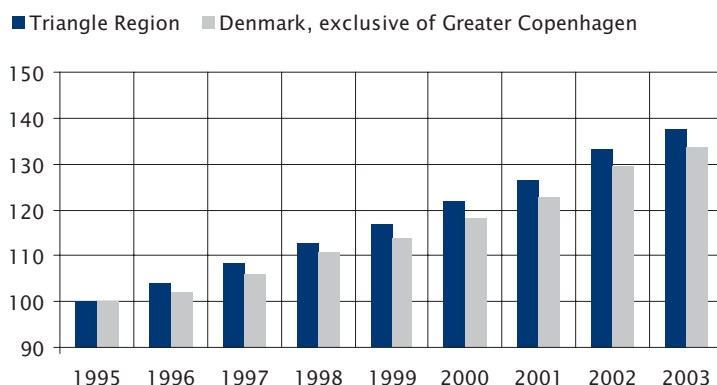
From 1995 to 2003, annual personal income growth averaged 4% in the Triangle Region. In comparison, Denmark as a whole, excluding Greater Copenhagen, recorded an annual growth rate of 3.8% in this period of time. The average annual increase in wages and salaries was 3.9% in the Triangle Region from 1999 to 2004, just like in the rest of Denmark.

Unemployment

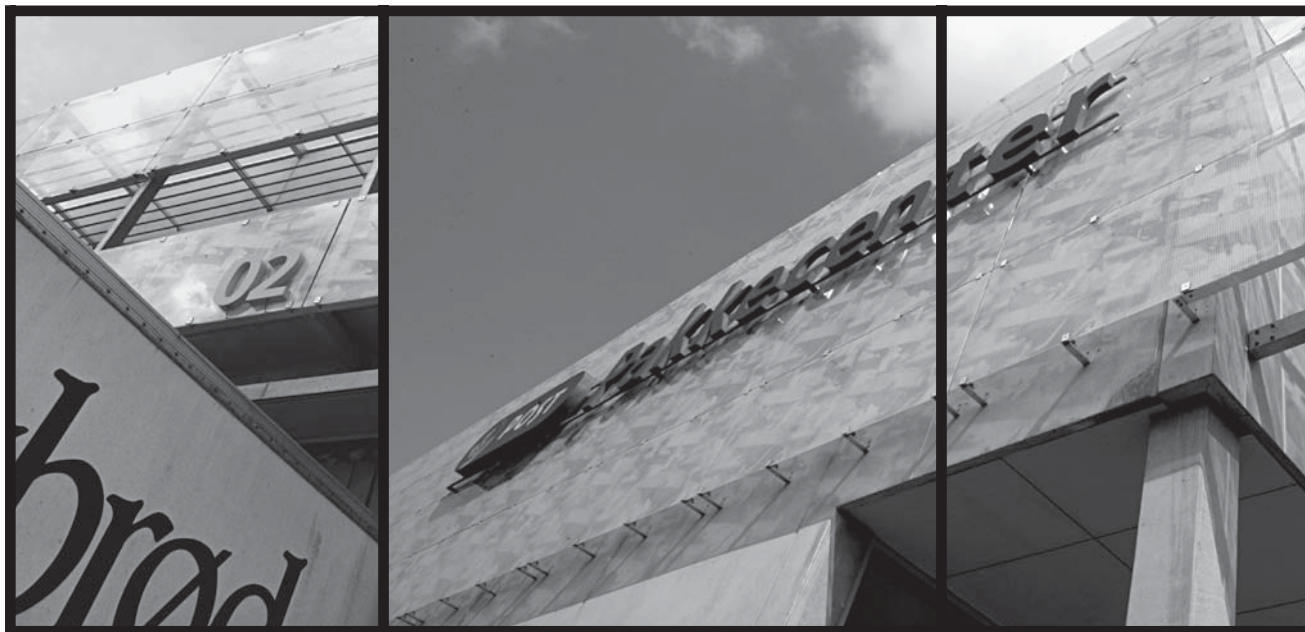


Source: Statistics Denmark
 * Unemployment rate as at June 2005

Personal income (index 100 = 1995)



Source: Statistics Denmark



TRENDS IN THE TRIANGLE REGION PROPERTY MARKET

- *Strong surge in commercial new construction in 2004*
- *Net initial yields continue on a long-term downward trend*
- *Office rent levels have remained stable*

Development activity has been brisk in the Triangle Region for the past ten years, with annual completions averaging some 270,000 sqm of new commercial space. In 2002 and 2003, however, the volume of completions was relatively moderate as a result of the overall economic downturn and the preceding years' high level of new construction in the region. 2004 marked a renewed boom in building.

The type of new developments reflects the ongoing transition of the region from heavy industry to a more pronounced emphasis on logistics and lighter industry. Consequently, offices and retail facilities accounted for 50.2% of newly completed space in 2004, whereas facilities for the manufacturing and manual industries accounted for 42.5%, figures thus having in fact inversed when compared to completions in 1995.

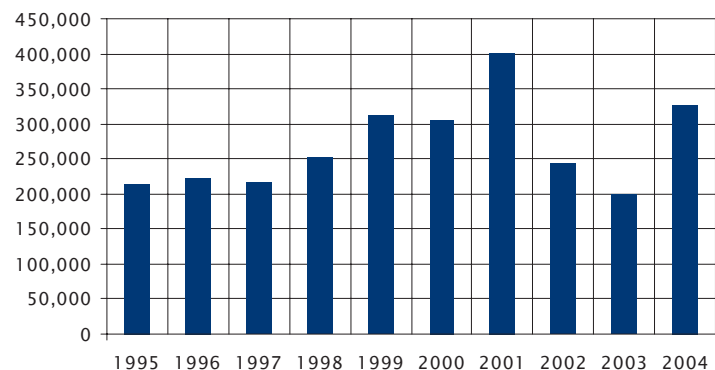
Historically, private investors have dominated the Triangle Region commercial property market and they indeed remain active players in the area. In recent years, however, several institutional investors have shown mounting interest in the region. As the costs of building new offices exceed the returns generated by rental incomes on existing offices, institutional investors typically engage in new office developments pre-let on long leases at a rent level, which is at least 10% above the prime office rent of the area.

The increase in investor appetites has influenced net initial yields on office property. Consequently, prime office yields dropped from a level of 9.25% in 1995 to around 6.5% in the second quarter of 2005, i.e. merely 50 bps above the level of Copenhagen and Aarhus. Yields are expected to drop in the remainder of 2005.

Office rent levels have been relatively stable throughout the past decade, although edging down since 2000. This is due to the fact that a number of companies have favoured more functional and modern office premises in newly established commercial estates on the outskirts and have relocated from their old city centre office premises. As a result, demand for outdated and inflexible office property has weakened, translating into a slight increase in vacancy rates in this segment. Overall, these developments have prompted a decline in prime office rents from around DKK 900 (EUR 121) per sqm p.a. to a level of around DKK 800 (EUR 107) in 2004. This level has remained the same in the first half of 2005, and it is projected to last until year-end 2005.

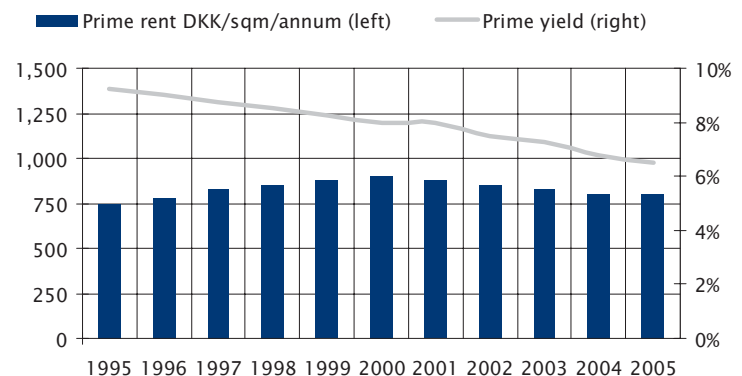
OVERVIEW INVESTMENT OCCUPATIONAL

Annual new construction (sqm of commercial space), Triangle Region



Source: Statistics Denmark

Prime office rents and yields, Triangle Region



Market expectations 2006, rents ↻

Market expectations 2006, yields ↻

Source: Sadolin & Albæk



INVESTMENT MARKET PERFORMANCE

- In 2004, the property transaction volume in the Triangle Region was almost five times the volume recorded ten years ago
- Sustained growth in demand for investment property situated in the Triangle Region

Over the last couple of years, overall property transaction volumes have seen a sharp increase in the Triangle Region. Remaining stable throughout the second half of the 1990s, transaction volumes in 2004 soared from their 2001 level of DKK 1.1bn (EUR 147m) to DKK 3.5bn (EUR 470m). The surge may be explained partly by an increase in property prices, partly by the average number of annual sales growing by almost one third in 2001-2004 relative to 1995-2000. This confirms the intense interest for investments in this specific region.

The investment property market in the Triangle Region is characterised by a sustained growth in demand for office, retail and industrial properties that benefit from long leases or are multi-let. Over the past decade, this trend has resulted in a substantial decline in property yields in all segments, which in turn has prompted price increases.

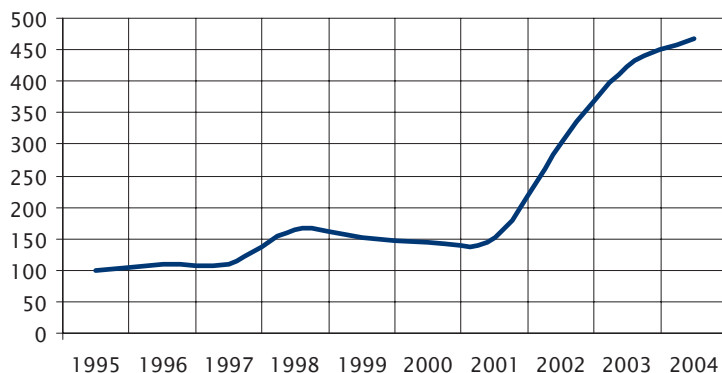
The mounting interest on the part of property investors is caused by multiple contributing factors: first of all the interest is fuelled by the higher yields offered in the Triangle Region property market compared to other Danish regions.

Second, the property investment market is in general benefiting from the improved economic outlook as well as a high private savings level and historically low interest rates. Combined with the fact that the yield spread between Danish 10-year government bonds and the net initial yield in the Triangle Region has widened, leveraged property investments have become more attractive due to the improved yield on equity and cash flows, especially in the light of a stable rental market with low vacancy levels.

Furthermore, investment demand in the Triangle Region is stimulated by the presence of well-branded companies as well as a skilled workforce, a highly developed infrastructure and the availability of attractive greenfield space. Altogether this has boosted investor interest in the Triangle Region property market.

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Transaction volume (index 100 = 1995), Triangle Region



Source: Statistics Denmark

THE OFFICE PROPERTY INVESTMENT MARKET

OVERVIEW INVESTMENT OCCUPATIONAL

- The markets for prime and secondary property alike have experienced a fall in yields in recent years
- In 2004, the yield spread between 10-year benchmark government bonds and the prime office yield stood at 210 bps

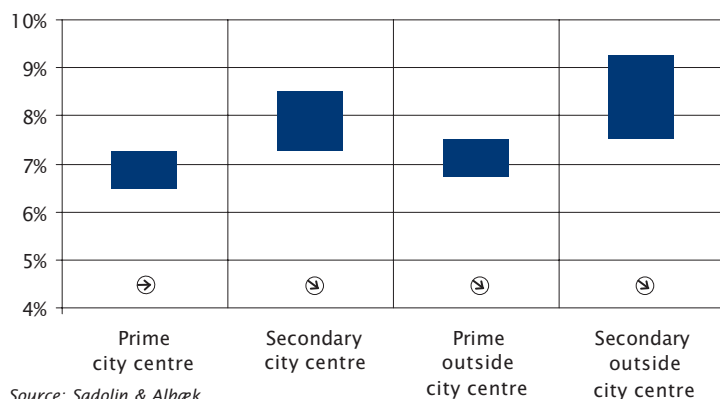
The demand for office property in the Triangle Region has increased a great deal over the last decade. This is a natural corollary of the several thousand new jobs created in the service sector in this period. Further, an increasing number of companies in the region have consolidated and as a result they are opting for an extension of existing premises or indeed relocation to larger domiciles. Finally, several new company starts and minor businesses have chosen to locate in the Triangle Region, adding to the strong demand for small and medium-sized leases. As a re-

sult, particularly coveted investment objects in the Triangle Region are head office buildings on long leases with stable tenants, as well as multi-let properties.

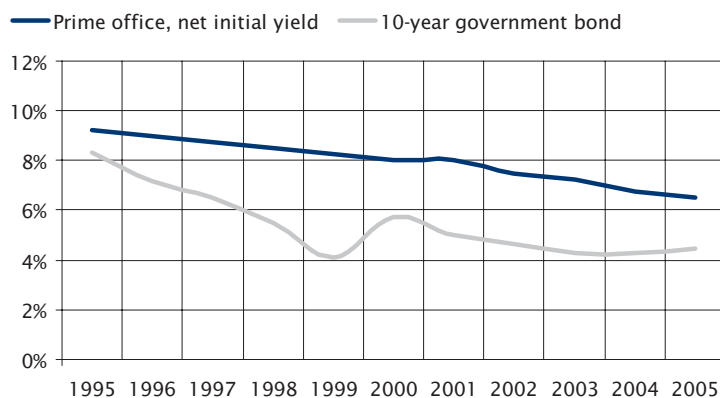
The stronger investment demand has resulted in a decline in office yields, both in prime and secondary locations. Nevertheless, the completion of many new and sought-after offices in the region has had a quite diverse effect on the markets for prime and secondary office property. Firstly, the gap between prime property yields in central vs. decentralised locations has become negligible, as prime office space in central and decentralised locations is equally in demand in the Triangle Region. Secondly, the new construction has been at the detriment of other, dated and less attractive secondary office property, causing vacancy rates to go up in this property segment. On account of the increased vacancy risk, centrally located secondary office property still commands comparatively high yields.

Throughout the last ten years, prime office yields in the Triangle Region have outperformed the yield on Danish 10-year government bonds. In recent years, government bond yields have shown a slight tendency to stabilise just over the 4% bracket, whereas prime property yields have continued on a downward trend. Provided these trends hold true, the yield spread will narrow in the long term, but the increased demand for office property investments in the Triangle Region is believed to continue.

Office net initial yield, Triangle Region



Yield spread, Triangle Region



Recent transactions include:

- PFA Ejendomme acquired a 2,350 sqm mixed-use educational and office property at Havneparken, Vejle at a price of DKK 51.5m (EUR 6.9m).
- EHI Fund Denmark, managed by iOG, acquired a 12,700 sqm warehouse and office building at Hjulmagervej, Vejle at a price of DKK 39.8m (EUR 5.3m).
- DNP Ejendomme acquired a 3,300 sqm office property at Vendersgade, Fredericia at a price of DKK 17.5m (EUR 2.3m).

THE RETAIL PROPERTY INVESTMENT MARKET

- Remaining constant from 2000 to 2003, retail property yields in the Triangle Region finally dropped by 50 bps in the first half of 2005
- Substantial investor demand for shopping centres and retail warehouses near arterial roads
- Retail vacancy rates down to below the 3% mark in early 2005

For many years, the retail property market in the Triangle Region performed well, but in recent years the market has boasted an unprecedented positive outlook. Retail vacancy rates dropped below the 3% mark in the second quarter of 2005, i.e. a drop of 2 percentage points on 2003. The reduced vacancy risk combined with fuelled investor interest has resulted in falling yields. Following four years of unchanging prime retail yields in the 6% bracket, 2004 and the first half of 2005 saw a 50 bp drop.

The retail property investment market may be divided into two sub-areas: first, the shops in central city locations, where the vast majority of investors are private and local market players. Second, the shopping centres and major retail warehouses, situated on the outskirts along approach roads and ring roads. Major, non-local investors dominate the retail warehouse segment, especially tax-driven limited partnerships, in Danish abbreviated K/S, whereas property companies are the most important players in the shopping centre segment.

High street retail premises are located in the main shopping street of Vejle and to some extent in the pedestrian streets in the Kolding city centre. The secondary retail units are situated outside the high street and in Fredericia. In Vejle retailing is concentrated in one single street, whereas in Kolding and Fredericia it is scattered over several streets. As the retail property investment market in these two towns is less transparent, investments require in-depth local market knowledge and involve a higher element of risk.

Outside the city centres, the Triangle Region has seen a host of retail warehouses emerging over the past decade. Development activity in this segment continues to be brisk. Further, the Triangle Region has one regional shopping centre, *Kolding Storcenter*, and a number of minor, local centres. These attract considerable tenant demand in addition to strong investor interest.

Recent transactions include:

- *Nordania Finans* acquired a 2,050 sqm mixed-use retail warehouse and office property at Tulipvej, Vejle at a price of DKK 11m (EUR 1.5m).
- *Nordicom* acquired four retail properties, comprising 10,500 sqm in total, at Sjællandsgade, Vejle at a price of DKK 36m (EUR 4.8m).
- Private investors acquired a 5,200 sqm local shopping centre at Søndergade, Vejle at a price of DKK 63m (EUR 8.4m).

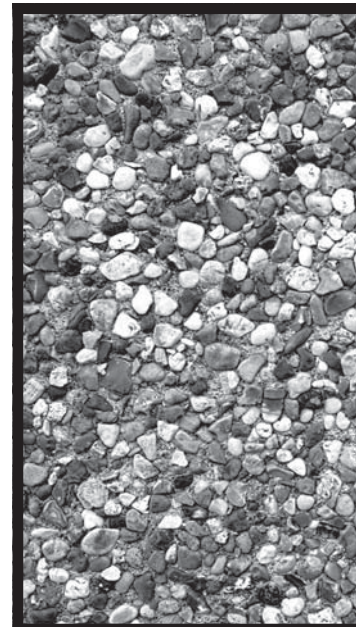
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Retail net initial yield, Triangle Region



Source: Sadolin & Albæk

* Net initial yields for regional shopping centres are for Funen and Jutland



THE INDUSTRIAL PROPERTY INVESTMENT MARKET

- Considerable activity among private investors in the Triangle Region
- Prime industrial yields based on long leases down by 75 bps in 2004 on 2005, now standing at around 7-8%
- In the first half of 2005, Fredericia alone recorded the sale of 340,000 sqm of industrial land

In general, the Triangle Region industrial property investment market is characterised by owner-occupied facilities. The remaining part of the industrial property stock is owned largely by private investors.

Large plots of available greenfield space in the Triangle Region provide industrial companies with good expansion possibilities. Some companies in the region have in recent years chosen to simply relocate to newly completed, more up-to-date facilities in the locality rather than rebuilding existing premises. Furthermore, a number of manufacturing companies have shifted production to facilities abroad. This has led to some vacancies in secondary industrial facilities located in the old industrial areas.

As the majority of new industrial premises are built to suit individual tenant requirements, investments in large industrial buildings involve a certain element of risk. With a view to minimising the inherent vacancy risk, investors generally seek to secure long leases.

Yields on industrial property benefiting from long leases range between 7% and 8% for prime property, and between 7.5% and 8.5% for secondary property. On property with short leases the level is even higher.

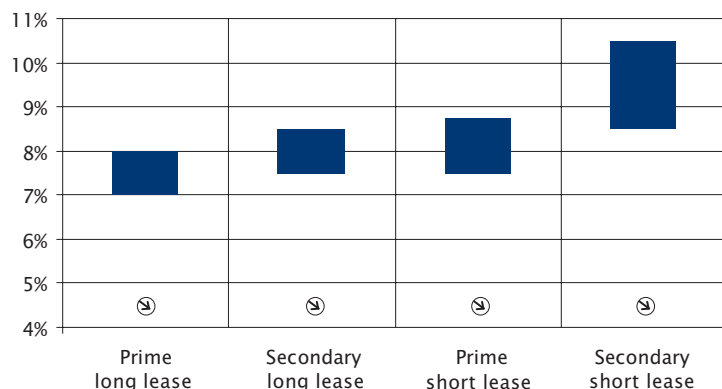
Recent years have seen a stronger investment interest in the industrial locations of the Triangle Region. In June 2005, the Municipality of Fredericia sold a 340,000 sqm development site situated along the E20 in the area dubbed *DanmarkC. Fuglsang, Arla, SMC* and a logistics company acquired the land, all four due to increased area requirements. Several million sqm of greenfield space remain available for further commercial development, just as the region offers a solid base of attractive tenants. Consequently, investor interest in industrial property is projected to trace a continuously upward trend.

Recent transactions include:

- *EHI Fund Denmark*, managed by iOG, acquired a 9,000 sqm mixed-use warehouse and office property at C. F. Tietgens Vej, Kolding at a price of DKK 27.5m (EUR 3.7m).
- *Foreningen Fast Ejendom* acquired a 7,000 sqm industrial property at Hjulmagervej, Vejle at a price of DKK 27m (EUR 3.6m).
- Private investors acquired a 3,600 sqm warehouse at Ferrarivej, Vejle at a price of DKK 18m (EUR 2.4m).

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Industrial net initial yield, Triangle Region



Source: Sadolin & Albæk

THE OFFICE OCCUPATIONAL MARKET

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- Locations along the motorways in the region as well as the harbour areas still offer considerable development potential
- Companies in the region to an increasing extent drop their old offices for newly constructed, modern commercial premises
- Facilities and building functionality rather than proximity to the city centre are becoming decisive factors in the corporate search for new premises

In step with the employment increase in the service sector and the influx of new companies over the past decade, demand for office space has picked up in the Triangle Region. In demand are both major company head offices of 1,000+ sqm and small or medium-sized units in mixed-used property for workshops, new company set-ups, etc. In the second quarter of 2005, the overall office stock in the Triangle Region comprised around 1.1 million sqm of space.

New office starts have primarily been concentrated in the areas around Vejle, Kolding and Fredericia harbour as well as in locations along the E20 and E45 motorways. The increased supply of attractive and up-to-date commercial premises has prompted a rise in vacancy rates in the outdated and inflexible office stock, but all in all vacancy rates have not seen any substantial fluctuations in the last couple of years. In the second quarter of 2005, the overall office vacancy rate in the region stood at 5.5%.

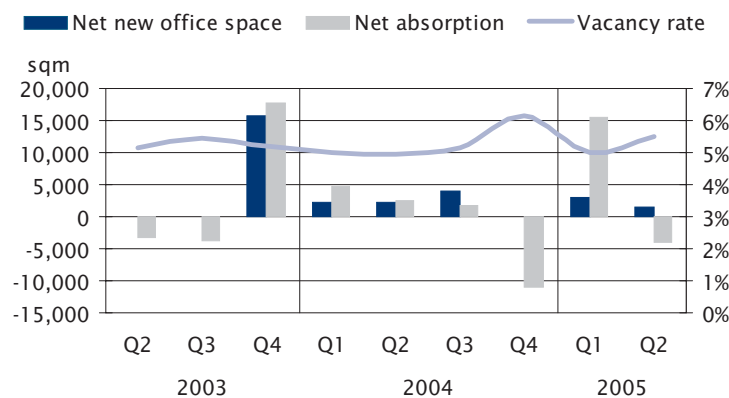
Vejle

(1) Central Vejle

In central Vejle, business areas are primarily found in two locations, viz. at Havneparken and in the western part of the city centre at Enghavevej and Flegborg. As far as the remaining part of central Vejle is concerned, in conjunction with the pedestrian streets of Søndergade, Nørregade and Torvegade, the office stock is somewhat dated and the tenant mix more varied, with a large proportion of the professions and minor local businesses. The area is characterised by some vacancies, because most major companies have relocated from the central pedestrian streets to more functionally up-to-date offices with good parking facilities in the immediate surrounding area outside the pedestrian streets.

Havneparken is one of the areas in central Vejle that has undergone the most marked transformation in recent years. This 45,000 sqm large site was previously home to industrial giant *Tulip*, but in 2000 a major redevelopment scheme was launched for the area. The former Tulip administrative building was converted into the company-based science park of *IT-Innovation*, where multiple small and medium-sized IT companies and entrepreneurs are today able to rent space. So far, just under 80 users have taken advantage of this facility. The local authorities of Vejle, among others, are behind the project, which

Net new office space, net absorption and vacancy rate, Triangle Region



Source: Oline-Lokalebørs Statistics

represents one of several initiatives to attract new knowledge-based workplaces to the municipality. A great number of IT companies have also located in Vejle, with still more planning to relocate to the town in near future, among them IT company *Bygteq it*, which plans to relocate its head office with 110 workplaces to Vejle in 2006.

Furthermore, 2003 saw the establishment of a regional financial centre in Havneparken, when *Danica Pension*, *Danske Bank* and domestic mortgage bank *Realkredit Danmark* moved more than 80 employees into the newly completed office building, Vejle's pendant to Copenhagen's so-called 'Black Diamond', housing the Royal Danish Library. Since then a host of other finance companies and banks have set up in the area, including *Fionia Bank*, *Spar Nord Bank*, *Finans Nord* and *Nykredit*.

At Enghavevej in the western part of central Vejle, several major finance businesses and company consultants have settled in relatively new office buildings, e.g. *Nykredit* and *PricewaterhouseCoopers*. As is also the case in Havneparken, this commercial area has additional expansion capacity.

(2) Vejle Nord

Vejle Nord (northern Vejle) has traditionally been an industrial area, but in recent years several medium-sized and large companies have decided to locate here. The quite new and modern office buildings accommodate e.g. *Infra Service* and fashion houses *Bahne* and *Blend*. Furthermore, in 2004, *Gumlink* and *Cadbury Schweppes* invested nearly DKK 60m (EUR 8m) in a new R&D facility at Dandyvej, the so-called *Chew Tech*, with just under 100 specialists and researchers on staff.

The strong expansion capacity of the area and the companies' ties to trade and logistics have been contributing factors in choosing this location outside central Vejle. There are still ample expansion possibilities, and several new buildings are under construction. For instance, domestic developer *Base Erhverv Entreprenør* is erecting a new head office building for *Linie Kemi Ejendomme* in Vejle Nord.

Vejle Nord also houses *Danmarks Transport Center*, which is a large-scale active business setting with additional development potential. At year-end 2003, a new training and conference facility called *Transportbranchens Uddannelsescenter* was established in the area, and a host of new transport and logistics companies have since then settled in this location, for instance *Universal Transport & Flytteforretning*.

(3) Vejle Syd

Similar to Vejle Nord, Vejle Syd (southern Vejle) is primarily an industrial area. Clusters of small businesses are, however, found in the area, e.g. in the office building at Andkærvej. In addition, a few large companies have chosen to locate in Vejle Syd, as this location benefits from high visibility from the heavily trafficked road of Fredericiavej. These large companies include *Jyske Bank* and *Cadbury Schweppes*.

The commercial areas of Vejle Syd suffer from relatively high vacancy rates, not least because an increasing number of companies in the area are opting for relocation to new office premises rather than extending existing office leases. The area is therefore characterised by many modern buildings of a more recent date, among others at Andkærvej where a 1,050 sqm office building houses *Image Kompagniet* and *Bee Fashions*.

Kolding

(4) Central Kolding

Kolding is a university town with more than 2,500 students. Furthermore, in terms of college and university training, the workforce in Kolding is unrivalled in the Triangle Region. Central Kolding houses a majority of Kolding's distinguished educational institutions, viz. *Designskolen Kolding*, the *International Business Academy* and the *University of Southern Denmark*.

New modern office units, typically occupied by small companies or new company set-ups, have become more prevalent in central Kolding in recent years. In 2003, 35 offices were taken into occupation in the office development of *Pre2ria*, and in February 2005 the *Iværksætterhuset V25* office building opened, co-housing 25 growth-oriented companies within the fields of innovation, design and communications. Demand for new office space has been fierce, exemplified by the fact that V25 was just about fully let six months after its opening. *Iværksætterhuset V25* is one of the first business promoting initiatives by the Municipality of Kolding, having allocated DKK 18.5m (EUR 2.5m) in total to an overall scheme aimed at creating approximately 4,000 new jobs over the next decade.

The strong dynamics of the Kolding business community is also reflected in several major new development projects in the city centre. For instance, the *Slotsmøllen* redevelopment scheme by *KPC* and *Erik de Fønns* is currently under construction in the former brewery next to the square of *Banegårdspladsen*. The 7,500 sqm mixed-use redevelopment scheme will accommodate a new municipal library, 48 residential units, a 140-room hotel operated by *Comwell* as well as commercial space. Project completion is scheduled for year-end 2005. At *Skolegade* the former school buildings of *Sct. Nicolai Skole* have been under reconstruction since 2004 to give way to Kolding's new 6,000 sqm arts and culture centre, scheduled for opening in early 2006.

(5) Kolding Øst

Kolding Øst (eastern Kolding) is a rather recently established business area, benefiting from generally high building standards and easy access to both the city centre and the motorway system. In 1999, *Kolding Business Park* was established in the area. Mainly knowledge-based companies and the professions dominate the business park, and tenants include *Skanska* and *Danfoss*. Kolding Øst offers ample additional expansion capacity.

(7) Bramdrupdam

Bramdrupdam is situated some 5 km to the north-west of Kolding, only a few hundred metres from the E20 and E45 motorways. The area is one of the most expansive business districts in the Triangle Region and enjoys high visibility from the motorway and the arterial roads of *Højvangen* and *Vejlevej*. New office space in the area is in great demand – both from newcomers and already established companies in the area. Some vacancies are found in the old office stock in the area, whereas the supply of new offices in the attractive area currently meets tenant demand.

Bramdrupdam provides the setting for the attractive business development project of *Company Park*, under construction by *NCC*. Extending to 42,000 sqm of floorspace in total, *Company Park* will upon completion feature clusters of office buildings, dubbed *Company Houses*. The first *Company House*, comprising 1,600 sqm of floorspace, was completed and taken into occupancy in June 2003 by *Aon Denmark*. The second *Company House*, comprising 6,500 sqm and targeting mainly small and medium-sized companies, is due for occupancy in March 2006. Pre-let agreements have already been signed by *Canon*, *Velux*, *NCC Construction* and accountancy firm *H. Martinsen*. The value of this project phase is estimated at some DKK 100m (EUR 13.4m).

Fredericia

(9) Central Fredericia

Originally laid out as a fortress town in the 1600s, historical Fredericia is surrounded by ramparts. Inside the ramparts, central Fredericia is a typical provincial town, featuring a conventional mix of office, retail and residential premises. The business community is composed mainly of small local companies, and office demand from newcomers is moderate. This is reflected in relatively low office rent levels in central Fredericia as compared to the neighbouring towns of Vejle and Kolding.

(10) DanmarkC

Industry and trade developments primarily take place in areas outside the Fredericia ramparts.

Literally situated in the centre of Denmark, the area dubbed *DanmarkC* spans the easternmost part of Fredericia, including the areas at the new bridge across the Little Belt, and Taulov, where the east, west, south and north bound motorways converge in the largest motorway junction in Denmark. DanmarkC comprises six sub-areas, each aiming at specific types of trade and industry. This selection strategy is intended to create synergies and promote company clusters benefiting from strong competencies.

Mainly knowledge-based office businesses predominate the area, which benefits from visibility from the motorway and excellent accessibility to a substantial client catchment area. Moreover, the area offers ample corporate expansion opportunities owing to the high availability of sites.

Contrary to central Fredericia, the DanmarkC area has been the preferred location of a series of major, non-local companies, including *PricewaterhouseCoopers*, *Bravida* and *Netkoncept*. In addition, the area accommodates the science park of *Videnpark Trekantområdet*, which in the summer 2004 expanded by 42 new office units for new company set-ups and growth companies in a 2,000 sqm new office development. The office leases commanded very strong demand and are now fully let. However, DanmarkC still harbours considerable development potential: the Municipality of Fredericia currently offers more than six million sqm of land for sale in this location, strategically designed for commercial uses. In the years ahead, the Municipality plans to allocate some DKK 1bn (EUR 134m) to the development of available commercial sites. This development plans includes an improved road system and easier access to rail and port facilities as well as putting down sewers, electricity and water; all this to fully develop the infrastructure of the area prior to individual land sales.

Typical office rent levels, Triangle Region

Prime rent levels	DKK/sqm/annum					Market expectations
(Exclusive of operating costs)	2001	2002	2003	2004	2005	2006
Vejle						
(1) Central Vejle	875	850	825	825	850	↔
(2) Vejle Nord	775	775	750	725	725	↔
(3) Vejle Syd	750	725	725	725	725	↔
Kolding						
(4) Central Kolding	875	825	800	825	825	↔
(5) Kolding Øst	800	800	800	800	800	↔
(7) Bramdrupdam	700	700	700	700	700	↔
Fredericia						
(9) Central Fredericia	725	675	650	650	675	↔
(10) DanmarkC	700	750	775	775	800	↔

Secondary rent levels	DKK/sqm/annum					Market expectations
(Exclusive of operating costs)	2001	2002	2003	2004	2005	2006
Vejle						
(1) Central Vejle	550	525	500	500	500	↘
(2) Vejle Nord	400	400	400	400	400	↘
(3) Vejle Syd	400	400	400	400	400	↔
Kolding						
(4) Central Kolding	550	550	550	500	500	↔
(5) Kolding Øst	450	450	450	400	400	↔
(7) Bramdrupdam	375	375	400	400	400	↔
Fredericia						
(9) Central Fredericia	450	425	425	400	400	↔
(10) DanmarkC	425	400	375	375	375	↔

Source: Sadolin & Albæk

Note: Market rents on pre-let office space in decentralised locations generally average a level which is at least 10% above prime rents in the area.



HORSENS

E45

VEJLE

1

2

3

E45

FREDERICIA

9

E20
E45

10

E20

7

5

4

KOLDING

MIDDELFART

E20

E45

THE RETAIL OCCUPATIONAL MARKET

OVERVIEW INVESTMENT OCCUPATIONAL

- *General surge in consumer spending benefiting also the retail trade in the Triangle Region*
- *New shopping centre, Bryggen, in the pipeline in central Vejle, expected to boost annual retail turnover in Vejle by some DKK 600m (EUR 80.4m)*
- *With Bilka and Bauhaus serving as customer magnets, a great many retail warehouses have located in Vejle Nord and Bramdrupdam in recent years, creating two attractive retail districts in the process*

Overall retail turnover has been tracing an upward trend in the Triangle Region in recent years. The economic recovery and the resulting improvement in employment figures, coupled with tax cuts, have increased consumer spending in the region. Especially the regional shopping centre of Kolding Storcenter and the major retail warehouses concentrated outside the city centres have prospered. The favourable outlook has translated into a drop in retail vacancies from a level of just under 5% in 2003 to below the 3% mark by the second quarter of 2005. In early 2005, the overall retail property stock in the Triangle Region comprised some 743,000 sqm of space.

(1) High street

Vejle

Retailing in Vejle is concentrated in the pedestrian street running from Søndertorv to the south to Nørretorv to the north. Having evolved in recent years to become a very attractive location, the high street today houses both small local shops and large international retail chains. Because all shops are located in one single street, they benefit from a constant pedestrian flow, and demand for retail space in the actual high street is therefore substantial. Shops in the side streets, however, suffer from low footfall, and despite a central location merely a few metres

from the high street, these retail units record relatively high vacancy rates. This applies to e.g. the shopping gallery of *Paladspassagen* in the northern end of the high street, which currently suffers from considerable vacancy.

Kolding

Retailing in central Kolding spans a number of streets. Østergade, Søndergade, Torvegade and Helligkorsgade have the highest concentrations of shops. The geographical spread hardly offers ideal conditions for a cohesive central retail district. Moreover, the area faces fierce competition from Kolding Storcenter. This has caused a certain number of vacancies in the central shopping streets. Nevertheless, aggregate retail turnover in the city centre is substantial. Retailers in the city centre are predominantly domestic retail chains, with the exception of a few international retailers, for instance *Hennes & Mauritz*.

Fredericia

The pedestrian streets of Danmarksgade, Gothersgade, Vendersgade and Jyllandsgade constitute the prime retail area in Fredericia. Retailers in the area are typically local, but a couple of major retail chains such as *Fona*, *Only* and *Vero Moda* have shops in central Fredericia.

The Municipality of Fredericia has decided to allocate in excess of DKK 100m (EUR 13.4m) to the promotion of retailing in central Fredericia. The intended aim is to create a vibrant and unique town life, further enhancing the qualities of Fredericia as a commercial location and a place to live. Part of this sum is earmarked for an improved and varied supply of shops in the city centre, part of it for a new marketing strategy to attract new shops and customers from the neighbouring towns into Fredericia. This initiative was prompted by the fact that Fredericia in recent years has experienced an adverse balance of trade vis-à-vis the neighbouring towns.

(2) Shopping centres

The only regional shopping centre in the Triangle Region is *Kolding Storcenter*, situated north-west of Kolding in Bramdrupdam. Managed by Norwegian *Steen & Strøm*, Kolding Storcenter is a well-established and very popular retail location. Visiting the centre at least once a month, regular customers account for 70% of footfall.

Kolding Storcenter features some 40,000 sqm of retail space, distributed over more than 100 units, which represent a wide range of shops, banks, eating places as well as a large six-screen cinema, which especially draws footfall to the centre late afternoon or evening. In addition, the 17,000 sqm hyper market *Bilka* adjoins the shopping centre. Finally, Kolding Storcenter has 2,500 designated parking places. As part of a general downsizing effort, *Magasin Group* closed down its branch department store in Kolding Storcenter on 2 July 2005. As a result, 5,000 sqm of retail space became available, but was immediately re-let, which demonstrates the popularity of Kolding Storcenter.

From 1997 to 2004, Kolding retailers achieved an overall 17% turnover growth to DKK 3.8bn (EUR 500m). In comparison, national turnover

growth was 10% in the same period. Aggregate retail turnover in Kolding exceeds local spending by Kolding residents by as much as 48% or DKK 1.3bn (EUR 174m), which is indicative of the high footfall from the entire region enjoyed by Kolding Storcenter in particular.

With the opening in the autumn 2007 of a brand new shopping centre, *Bryggen*, in the Triangle Region, Kolding Storcenter is headed for competition. *NCC* and *Steen & Strøm* are joint developers on the new shopping centre, which will be constructed on a site bounded by the streets of Damhaven, Søndergade and Enghavevej in central Vejle. Once completed, a mere 300 metres from the pedestrian street, the new shopping centre is expected to influence the structure of the Vejle retail market. *Bryggen* is projected to comprise about 30,000 sqm gross floorage, some 80 shops, a restaurant, a café and to be anchored by an approximately 4,500 sqm convenience store. The multi-storey car park of the shopping centre will hold 700-800 cars. As a result, annual retail turnover in Vejle is projected to rise from its 2004 level of DKK 3.6bn (EUR 482m) by DKK 600m (EUR 80.4m) in total, with just under DKK 500m generated in the environs.

Typical retail rent levels, Triangle Region

(Exclusive of operating costs)		DKK/sqm/annum				Market expectations
		2002	2003	2004	2005	2006
(1) High street	Vejle	950 - 2,200	1,000 - 2,200	1,000 - 2,200	1,000 - 2,200	↔
	Kolding	875 - 2,050	800 - 2,000	800 - 2,000	800 - 2,000	↔
	Fredericia	575 - 1,000	550 - 950	550 - 950	550 - 950	↔
(2) Regional shopping centres*	Anchor food	1,100 - 1,500	1,100 - 1,500	1,100 - 1,500	1,100 - 1,500	↔
	Anchor	1,000 - 1,700	1,000 - 1,700	1,000 - 1,700	1,000 - 1,700	↔
	-300 sqm	1,400 - 3,600	1,400 - 3,700	1,400 - 3,700	1,400 - 3,700	↔
	300+ sqm	1,100 - 2,300	1,100 - 2,400	1,100 - 2,400	1,100 - 2,400	↔
Local shopping centres	Anchor food	550 - 800	550 - 800	550 - 800	550 - 800	↔
	Specialty shops	500 - 900	500 - 950	500 - 950	500 - 950	↔
(3) Retail warehouses		750 - 1,100	725 - 1,050	725 - 1,050	725 - 1,050	↔

Source: *Sadolin & Albæk*

* Rent levels for regional centres are for Funen and Jutland

(3) Retail warehouses

The number of retail warehouses in Vejle, Kolding and to some extent Fredericia have grown over the past decade. Especially previously industrial areas situated along approach roads have been converted for retail uses. In the Triangle Region, the largest and most expansive retail locations are situated in Vejle Nord and Bramdrupdam. Since 1993, when *Bilka* opened a hyper market in either location, clusters of large, international retail chains have opened on sites nearby, benefiting from the considerable flow of shoppers to and from *Bilka*.

In Vejle Nord, a retail location has evolved near the large *Gumlink* plant at Dandyvej. In addition to *Bilka*, many major retail warehouses have located in the area. Most recent newcomers include the largest *Bauhaus* retail warehouse in the region, built in 2003 and extending to more than 8,000 sqm retail space, as well as garden centre *Plantorama*, built in March 2004. At the beginning of 2004, *IBI* and *Årstidernes Arkitekter* broke ground on the project of *Butikscenter Vejle Nord*, and the first phase was completed in August 2004. Kitchen suppliers *HTH* and *Kvik*, and home furniture store *Dan-Bo Møbler* have committed to

the first phase of the new development, which extends to 5,200 sqm in total. The second phase, featuring units of 500+ sqm, is currently in the pipeline.

Bramdrupdam, where *Bilka* and Kolding Storcenter already serve as strong customer magnets, houses a number of the same retail chains as Vejle Nord. Also in Bramdrupdam, on an 8,000 sqm site at Vejlevej already accommodating home furniture store *Idé Møbler* and DIY store *Jem & Fix*, *IBI* and *Årstidernes Arkitekter* are joint developers on a scheme comprising 1,000 sqm retail space. The project is due for completion in early 2006.

Former industrial areas vis-à-vis Kolding Storcenter on the opposite side of Vejlevej have also been converted for retail use. This new retail location is not as well situated as the retailers on the same side of the main road as *Bilka* and Kolding Storcenter, and it sees only a limited effect of the customer draw of *Bilka* and Kolding Storcenter. Therefore, the less-visited area around Egtvedvej and Albuen is characterised by many vacancies, whereas units in the areas on the 'right' side of Vejlevej are fully let.

THE INDUSTRIAL OCCUPATIONAL MARKET

- Besides the logistics industry, food processing and metal working are the prime industries in the Triangle Region
- Several new industrial facilities and warehouses have been built in the region within the last couple of years, primarily in Vejle Nord and Bramdrupdam
- An ideal infrastructure and ample attractive and available development sites provide solid framework conditions for further industrial sector growth in the Triangle Region

In the Triangle Region, 22% of the workforce is employed within the industrial sector. This corresponds to more than 40,000 workplaces.

Three types of industry stand out and may classify as actual industrial clusters, viz. the transport and logistics industry, the food processing industry and, thirdly, machinery production and metal working. The industrial property stock in the region comprises some 8.6 million sqm of space.

Industrial companies benefit from the ideal geographical location of the Triangle Region and its excellent infrastructure. Ports, the port of Fredericia in particular, which is unrivalled in Denmark in terms of freight volume, as well as a network of railroads and roads allow for easy access to all domestic destinations and to the rest of Europe. This accessibility especially favours transport and logistics companies. In the years ahead, available development sites in Fredericia in particular provide a solid base for further expansion of the industrial sector in the Triangle Region.

Vejle

(1) Harbour area

Historically, the port of Vejle is an industrial port housing a mix of several hundred small and large businesses. Among the oldest and most prominent of these companies is Den-

mark's largest grain milling company, *Cerealia Mills*, which has existed in the port for more than a century and now plans to expand operations in the port by more than DKK 280m (EUR 37.5m) from 2005 to 2007.

All in all, the port of Vejle is in a development phase. In 2004, the Municipality of Vejle initiated a large-scale port redevelopment scheme, the completion of which is projected to take several decades. The vision is to hem in existing industrial facilities with green space, housing and commercial space so as to ensure the port's long-term transition from a traditional industrial port. In this conjunction, for instance a DKK 250m (EUR 33.5m) worth housing development is planned for construction, comprising 10,000 sqm arranged over 17 floors.

(2) Vejle Nord

Vejle Nord (northern Vejle) is the largest industrial district in Vejle. Some of the very largest industrial and storage companies are located in the area, for instance the just under 26,000 sqm cool-storage facility, *Claus Sørensen A/S*, which was comprehensively refurbished and extended in 2004. In recent years, several built-to-suit industrial buildings have been constructed to high specifications in Vejle Nord, including a two-storied *Fertin Pharma* facility of some 8,000 sqm, completed by Skanska in 2004.

In addition to the region's industrial giants, many logistics oriented companies in the 5,000-10,000 sqm bracket characterise Vejle Nord. The logistics industry is centred mainly in *Danmarks Transport Center*, featuring a site area of just under 330,000 sqm and with access from Sysselvej, a few hundred metres from the E45 motorway. The area has evolved to become an extremely attractive and dynamic business setting for more than 30 companies and a brand new training facility. In 2003 and 2004, the transport centre expanded by 6,000 sqm, and there continues to be room for new developments in the area.

OVERVIEW
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(3) Vejle Syd

Vejle Syd (southern Vejle) is a very appealing industrial area, housing a mix of old industrial facilities dating from the 1980s and brand new facilities. New industrial construction has taken place because several existing companies in the area have expanded their production facilities, and in addition the area has seen several newcomers within the industrial and storage sectors in recent years. The streets of Andkærvej, Hjulmagervej and Ferrarivej in particular have been and still are bustling with development activity. For instance, *Royal Unibrew* (formerly *Bryggerigruppen*) has built a 4,000 sqm warehouse extension at Ferrarivej.

Similarly to northern Vejle, Vejle Syd counts a series of very large industrial and warehouse facilities, e.g. *Fakta*, *Credin* and *Mortensens Kaffe*.

Kolding

(4) Harbour area

The port of Kolding is a traditional industrial port dominated by heavy industry. Companies situated in the harbour area include *Danish Crown*, *Kappa Dansk Kraftemballage*, *S.A. Christensen & Co.*, and *DLH - Dalhoff Larsen & Horneman*. The port has not seen any dramatic changes in recent years, partly because the harbour area is fully developed and leaves no available space for new companies, partly because the majority of the existing companies are owner-occupiers, which limits the number of sales transactions in the port.

(6) Kolding Nord

Kolding Nord (northern Kolding) is an old industrial district, established some 40 years ago close to Vejlevej. The area houses a number of companies with large area requirements, for instance ice cream producer *Diplom-Is*, but for some years now also minor local manual businesses.

(7) Bramdrupdam

Kolding's largest industrial district is situated in Bramdrupdam, in close proximity to the E20 and E45 motorways. In Kolding this is the preferred location by large international companies. Thanks to the ideal infrastructure of the area, logistics and trading companies in particular have chosen to locate in Bramdrupdam, including *TNT* and *GLS*. Furthermore, a substantial supply of available development sites provides companies in the area with ample expansion possibilities if and when required.

The excellent framework conditions have attracted a growing number of companies to the area, especially large space users. As recently as in early 2005, German supermarket chain *Lidl* erected a 32,000 sqm warehouse facility with 2,400 sqm ancillary administrative offices at Profilvervej. *Skanska* and *Arkitema* are joint developers on a new 2,500 sqm head office development for rubber goods manufacturer *Sydjysk Vulkanisering*, and *Base Erhverv Entreprenør* is constructing production and office facilities of 10,000 sqm for *Skare Byg*, scheduled for completion in November 2005 at Nordager. Also many existing companies in Bramdrupdam have completed expansion schemes in the area, for instance *LMG Lemvig-Müller*, which in 2004 built a 6,000 sqm warehouse extension to its merely two-year-old regional headquarters at Nordvang. Bramdrupdam is therefore an area characterised by brisk building activity, and with in excess of 800,000 sqm of available land for sale in Bramdrupdam, the area still harbours substantial development capacity.

(8) Kolding Syd

Kolding Syd (southern Kolding) has a highly diverse industry structure, barring a predominance of companies within the steel industry. A few major manufacturers and warehouses are located in the area, for instance *Aldi*, but generally the area is mainly characterised by local companies. Vacancies have been increasing in Kolding Syd in recent years, and the area only sees a moderate number of new building starts.

Fredericia

(9) Harbour area

With more than 2,500 ships calling annually, the port of Fredericia is Denmark's largest port in terms of freight volume. The port is a distinctly industrial port and extends to an area of more than 4,000 sqm. The majority of companies located in the harbour area are either petrol companies, shipping companies, fish processing companies or cargo handling companies. As is also the case in the port of Vejle, the vast majority of companies in the port of Fredericia are owner-occupiers, and as a result the area has not seen many newcomers in recent years.

(10) DanmarkC

Literally situated in central Denmark, the area dubbed DanmarkC is the largest commercial development area in Denmark, offering the companies in the area high standards in terms of logistics, visibility, location and expansion potential. DanmarkC is strategically designed for commercial uses, e.g. for companies within the knowledge-based industry, distribution, light industry and food processing.

The area in the southern part of DanmarkC, viz. Erritsø and Snoghøj, is located along the E20 and the arterial roads of Vejle Landevej, Snarelosevej and Snoghøj Landevej. The fixed link across the Little Belt to Funen is only a few kilometres away, providing businesses in the area with ideal traffic connections and high visibility to the constant flow of more than 50,000 cars a day en route for or from Funen.

A mix of offices, housing, old retail and warehouse facilities, but also many medium-sized and large industrial companies characterise the area. Owing to the ideal infrastructure, the area counts a number of large transport and logistics companies, for instance *Dons Transport* and *Statens Bilinspektion* (the national vehicle inspection agency).

The area of DanmarkC harbours a substantial development potential: the Municipality of Fredericia has in fact more than six million sqm of land for sale in this location, envisaging the new construction of facilities mainly for knowledge-based office businesses and lighter storage and manufacturing companies.

(11) Fredericia Nord

In Fredericia Nord (northern Fredericia), the industrial estate is bounded by the streets of Ydre Ringvej, Vestre Ringvej and Egeskovvej. The area is characterised by heavy industry and companies with large area requirements, for instance *Tuborg* and *Cementvarefabriken Randal*. Furthermore, the local oil refineries are located in Fredericia Nord, including *Star Pipe* and *Shell*. Also the large petrol companies of *Q8* and *Statoil* have storage facilities in the area. The industrial estate in Fredericia Nord is fully developed.

(12) Taulov

Taulov is an appealing industrial district to the south-east of Fredericia, alongside both the E20 and the railroad. Officially, Taulov is part of DanmarkC.

Taulov is the centre of a great many large transport and logistics companies, for instance *Danske Fragtmænd* and *Post Danmark's* new 15,000 sqm postal centre, which was completed in the autumn 2004. Furthermore, some of the largest foodstuffs manufacturers in the Triangle Region are situated in DanmarkC, including *Arla Foods*, which benefit from high visibility from the motorway.

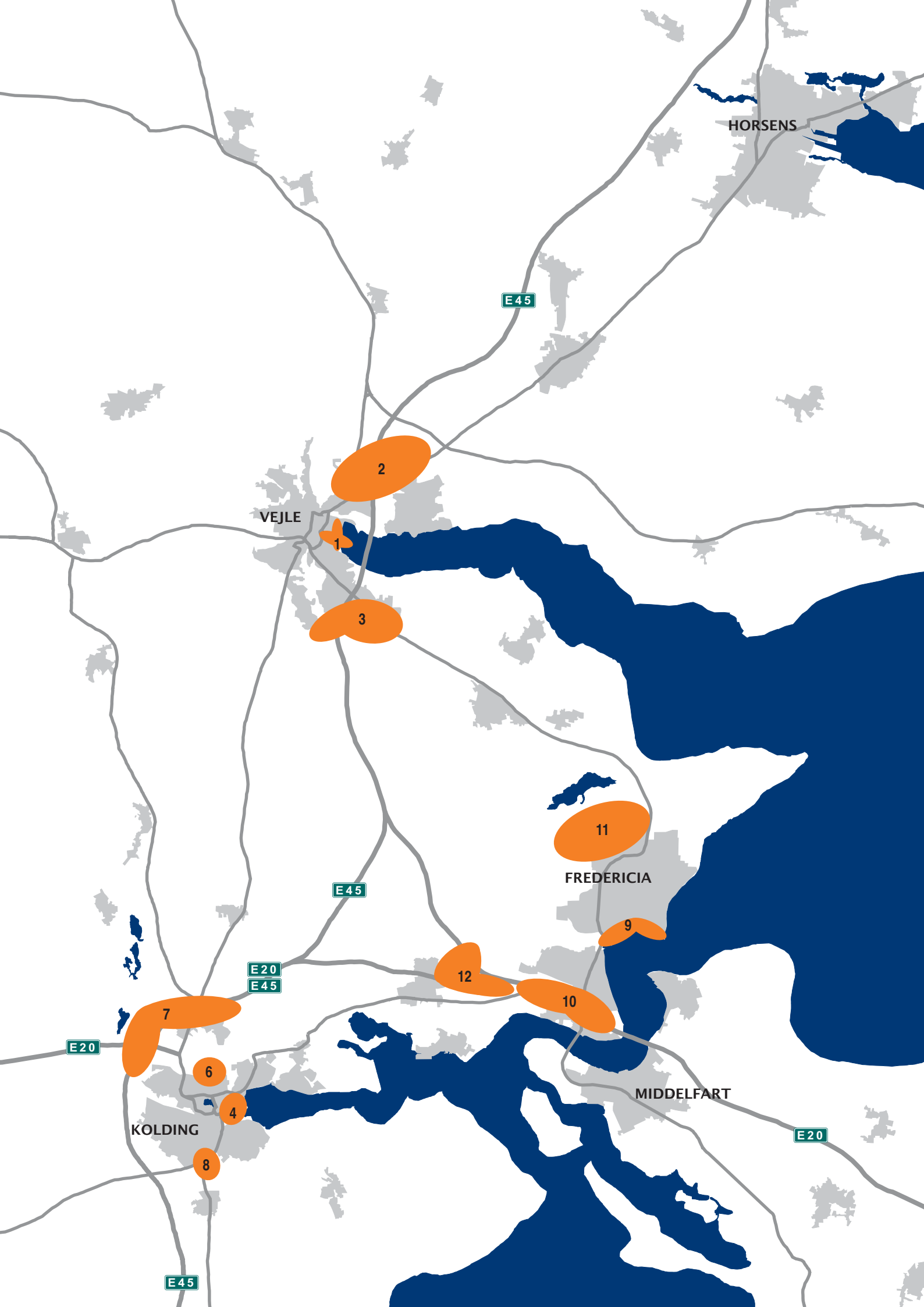
For large space users dependent on an excellent infrastructure, Taulov has a great deal to offer. As for the rest of DanmarkC, available greenfield sites, high visibility and the well-developed infrastructure provide the area with a substantial development capacity. As recent as in June 2005, four companies, i.e. *Arla*, *Fuglsang*, *SMC* and a logistics company, acquired 340,000 sqm of land along the E20. Seller was the Municipality of Fredericia.

Typical industrial rent levels, Triangle Region

Prime rent levels	DKK/sqm/annum					Market expectations
(Exclusive of operating costs)	2001	2002	2003	2004	2005	2006
Vejle						
(1) Harbour area	300	300	300	350	375	↔
(2) Vejle Nord	375	350	350	375	400	↔
(3) Vejle Syd	375	375	375	375	375	↔
Kolding						
(4) Harbour area	325	300	300	300	300	↔
(6) Kolding Nord	400	375	350	350	350	↔
(7) Bramdrupdam	400	400	400	400	400	↔
(8) Kolding Syd	325	325	300	300	300	↔
Fredericia						
(9) Harbour area	350	350	350	350	350	↔
(10) DanmarkC	350	350	350	350	350	↔
(11) Fredericia Nord	350	350	350	350	350	↔
(12) Taulov	325	350	375	375	375	↔

Secondary rent levels	DKK/sqm/annum					Market expectations
(Exclusive of operating costs)	2001	2002	2003	2004	2005	2006
Vejle						
(1) Harbour area	225	225	225	225	225	↔
(2) Vejle Nord	250	250	250	250	250	↔
(3) Vejle Syd	275	275	275	275	275	↔
Kolding						
(4) Harbour area	225	225	225	225	225	↔
(6) Kolding Nord	300	275	250	250	250	↔
(7) Bramdrupdam	300	300	300	300	300	↔
(8) Kolding Syd	250	250	250	250	250	↔
Fredericia						
(9) Harbour area	275	275	275	275	275	↔
(10) DanmarkC	275	250	250	250	250	↔
(11) Fredericia Nord	275	275	250	250	250	↔
(12) Taulov	250	250	275	275	275	↔

Source: Sadolin & Albæk



This market report has been compiled to guide you in your planning and decision-making in respect of commercial property.

It is based on data and market information that we believe to be reliable. Whilst every effort has been made to ensure that the information supplied in this market report is both accurate and complete, Sadolin & Albæk assumes no responsibility for any factual errors.

For occupiers, developers, investors, and financiers, commercial property activities often include substantial exposure to a complex and dynamic market. Decision-making on leasing, development and financing activity, acquisitions and disposals should always be based on detailed and updated knowledge and an understanding of the market.

Sadolin & Albæk is at your full disposal if you have any queries in regard to this market report or indeed any commercial property related issue.

Aarhus, September 2005

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Page 12 Post Danmark postal centre, Fredericia
Page 14 Transportbranchens Uddannelsescenter, Vejle
Page 14 Kolding Storcenter, Kolding
Page 18 Lidl, Kolding
Page 18 Fertin Pharma, Vejle*

Photo: Per Gudmann

Print: Plæhn

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Sadolin | **ALBÆK**

*Sadolin & Albæk A/S
Rosensgade 22
DK-8000 Aarhus C
Tel: +45 70 11 66 55
Fax: +45 86 20 60 19*

*Nikolaj Plads 26
DK-1067 Copenhagen K
Tel: +45 70 11 66 55
Fax: +45 33 32 72 96*

*E-mail: sa@sa-oncor.dk
Web: www.sadolin-albaek.dk
CVR No. 10525675*