

SITE OFFICIAL OPENING SPEECH

Ladies and gentlemen...

On behalf of all of my colleagues here on the site and throughout the business may I welcome you today and thank you for your interest, time and support... especially on a Friday afternoon!

We have a particularly warm welcome for all our customers here today, without whom none of this could have been created. It is equally true of the advisers, builders, suppliers, and even bankers who supported us in developing this splendid facility. I should also like to acknowledge the help and welcome we received from the Danchester District and local Parish Councils who are represented here today.

I hope everyone will find their visit interesting. We especially welcome the ladies and gentlemen of the media, as our Danchester operations have already become a vital part of the Revolution Logistics' portfolio – both within our domestic and our international operations.

It might be helpful to put Danchester into the context of our business and the markets in which we operate.

The operation is unusual within our business because it is a shared-user site – whereas most of our 400 locations are customer specific with dedicated facilities. It is also

multi-functional and not only part of our domestic UK network, but an integral part of our intermodal and international operations for trans-European movement and inter-continental supply chain management. In this regard it is ideally situated, directly adjacent to the Danchester Railport.

This distribution centre is a complex operation which interfaces with several of our business units and handles a wide range of clothing, non-food and grocery and other merchandise. It is also technically complex. As well as ambient grocery warehousing, you will see a five-floor, 650,000 sq ft mezzanine, which has been installed for automated garment handling and storage. For the statistically minded, this structure alone employs 1000 tons of steel in its construction. It is operated by Fantastic Logistics, a trading unit within the UK division, and is designed with a current capacity of handling some 22 million garments a year.

The mezzanine is dedicated to A&C and it is a particular pleasure to welcome Mr Michael Barends and his colleagues, not least because A&C was our first customer when this business was founded in 1938. We have had the privilege of working for them continuously ever since.

The 14.8-metre high grocery section is equipped with semi-automated Clevo Candor cranes – for us a well-proven technology used in other UK sites in the confectionery, liquor and toiletry sectors. This part of the operation is managed by the UK network grocery operations. Their function is to collect from FMCG suppliers to consolidate, cross-dock or intermediately warehouse for on-delivery into the distribution centres of UK retailers, cash and carry's and other regional distribution centres.

With the development of ECR (efficient consumer response) partnerships, we are addressing a rising market for these consolidation functions.

Many manufacturers now produce on a pan-European basis with single site product sourcing. Equally, many retailers now have cross-border deliveries and operations. Amongst those here today, these include Arcania, A&C, Dedenams, Priceland, Fisher-Fare, Sparkel & Manx and Trusco, for example.

Positioned at Junction 88 of the M1, this facility is ideally located for merchandise arriving by road or rail from within the UK, mainland Europe or further afield. It is then either stored, or cross-docked for onward delivery through our domestic network or through intermodal or truck movement into the dozen other European countries in which Revolution Logistics now works.

I am sure this will encourage other clients, like Sparkel & Manx, to commit to developing rail distribution solutions with us – based here at Danchester.

The major markets we are serving through our intermodal subsidiary Hauload European Transport are currently the UK, France, Italy, Portugal and Spain with a particular focus on the retail sector and their suppliers. More recently, the introduction of international traffics has underlined the potential in this centre to receive, store and despatch imported merchandise, some of which you will see on the tour.

You will also find Italian olive oil, pasta etc. brought through the Hauload operation and the Railport. However, this is not exclusively an international centre, it is also a vital part of our domestic network operations and, as I have said, extremely well sited within the national motorway network – which underpins the potential for UK cross-docking and support activities.

Danchester is not only well served by road infrastructure but also by a domestic, as well as an international, rail network – with a useful facility to hold transit and buffer stock. We are currently holding here seasonal merchandise for several famous high street names.

I have said a lot about the functions. I should say a little about the site and most importantly, my colleagues the people who work here. This operation represents a total investment of £30 million. The building consultant on the project are our old friends Sandler Hudson Bolt, and the main building contractor was Jelliford Midlands of Worvey, Leicester.

They had a mammoth task building on a 13 acre site this warehouse which is large enough to accommodate ten full-size football pitches. In the space of just a year, the contractors excavated 27,000 metres of soil and laid 13,800 cubic metres of concrete. Having a very proper regard for our environment, they planted nearly 12,000 shrubs. For the professionals amongst the audience, there are 44 loading bays, six 8-metre doors on the rail side, and the capacity to take a third of a full length continental train under cover.

We already have 150 people working here and this facility should ultimately create at least 400 jobs for warehousing, administrative and delivery staff. I must pay tribute to all my colleagues in the development and planning group, those involved in the start-up and those who are hosts today – who have contributed so much to the delivery of this project on time.

We operate in 28 countries, we have forty thousand employees, having sustained for 15 years a 20% growth rate. During this time, we have obviously opened many new sites. This one has gone exceptionally smoothly throughout, and is one of which we are particularly proud. This is the right place and time for me to say a very public thank you.

Now I think I have said more than enough. I hope you will find the site tours interesting and absorb some of the detailed information on the various operations and activities involved here. Please do not hesitate to ask if we can give any more information or explanation.

Meanwhile, can I thank you again for coming... and wish everyone a very pleasant afternoon.

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