

Acquisition

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Ocado Group PLC
12 October 2010

Ocado to create over 2,000 jobs in North Warwickshire with its second CFC

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Ocado Group plc ("Ocado"), the online grocer, announces it has exchanged contracts to acquire a 35.2 acre site at Birch Coppice Business Park, Dordon, North Warwickshire, on which it will construct a 350,000 sq ft Customer Fulfilment Centre ("CFC"). This site will be the location for Ocado's second CFC doubling the potential capacity of the business.

At peak capacity, this CFC is expected to generate in excess of 2,000 jobs in the region, and will enable Ocado both to expand its geographic coverage and increase order capacity in its current coverage area where it is experiencing strong customer growth.

Preparatory works will begin immediately and the CFC is expected to be able to commence operations at the end of 2012. It will have a capacity of approximately 120,000 orders per week at initiation of operations, increasing to approximately 180,000 orders per week. The expected total capital cost of the CFC is approximately £210m. This will be financed through a combination of current reserves and existing banking facilities.

The cost to acquire the site on a 999 year lease is £17.74m payable in cash. In addition Ocado will make a contribution of up to £3.54m towards the provision of utilities to the site. Outline planning consent has already been granted for the site. The agreement with IM Properties (Dordon) Limited is conditional on the grant of reserved matters planning consent and completion of certain preparatory ground and utilities works. The longstop date in the contract for the satisfaction of all conditions is 1 July 2011. The 999 year lease will be granted once conditions have been satisfied. Following this Ocado will commence construction of the CFC.

Tim Steiner, Chief Executive Officer of Ocado, said:

"We are delighted to have secured an outstanding site for our second CFC. Ocado is growing rapidly across the country and this location ensures we will have capacity to provide more customers with the leading online grocery offering. Upon completion, the new CFC will create over 2,000 jobs in the region. The Ocado team is looking forward to being a part of the local Dordon and Tamworth communities and becoming a major employer in the region."

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Notes to Editor

Ocado (www.ocado.com) was established in 2000, started trading in 2002 and is now one of Britain's leading online supermarkets. Ocado operates a centralised distribution model which means that it does not rely upon a network of stores from which to service customers. Ocado carries over 20,000 product lines including Waitrose and John Lewis-branded goods and a growing Ocado own-label range; most recently it has launched non-food lines such as toys, magazines, kitchenware and fresh flowers. In June 2010, it was awarded the Online Retailer of the Year at The Grocer Gold Awards 2010 and Customer Technology of the Year at the BT Retail Week Technology Awards 2010.

This information is provided by RNS
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