

## **Eredene Capital PLC (“Eredene”)**

- **Invests up to £11 million in three multi-user logistics ‘hub and spoke’ centres in Northern India**
- **Up to 1.35 million square feet of highly automated rack-shelf and refrigerated warehousing on 28 acres**
- **Fifth investment since its broadened investment strategy announced in June 2007**

Eredene Capital PLC (AIM: ERE), the AIM quoted Indian property developer, today announces that its wholly owned subsidiary Bandra Mauritius Limited (together “the Eredene Group”) has agreed to invest up to INR 854 million (£11 million) in a £26 million project to build and operate three multi-user logistics centres in a ‘hub and spoke’ model on 28 acres of land in Northern India.

The ‘hub’ will be located in the National Capital Region (NCR) to the south of Delhi, and the ‘spokes’ in the northern states of Uttaranchal and Punjab. The development on the three sites will total some 1.35 million square feet of highly automated rack-shelf warehousing, of which considerable space will be refrigerated.

Under the terms of the investment agreement, the Eredene Group will acquire a 90% stake in MJ Logistics Services Limited (“MJLSL”), the company developing and operating the new warehouses, which will also be part funded by locally raised debt of approximately £15 million. This stake will decrease to 74% as agreed milestones are met over a period of five years.

MJLSL is a warehousing and distribution company in North India with over 500,000 square feet of managed warehousing space serving approximately 15 corporate clients, including Philips, Mico-Bosch, Asian Paints, Godrej, Colgate Palmolive, Hindustan Lever, Coca Cola, ITC and Sharp.

India’s booming economy, with GDP growing at an annual rate approaching 9 per cent, is fuelling demand for modern logistics centres where manufacturers, exporters and importers can achieve significant cost-savings and efficiencies in outsourcing such activities as storage, refrigeration, inventory management, packaging and labelling, tracking and tracing, freight forwarding, distribution and transportation. There is also significant demand for cold storage facilities.

This investment is the Eredene Group’s fifth since it announced a new broadened investment strategy in June 2007. The Eredene Group has now committed to invest a total of £36.5 million in real estate projects in India, 66% of the £55.4 million it raised in 2006.

### **Mr Alastair King, Eredene’s Founder and Chief Executive said:**

*“We are confident that MJLSL will achieve further growth with its modern logistics operations designed specifically to meet rising demand for such facilities from industries around Delhi and in Northern India. Our joint venture partners have an impressive track record in warehousing and logistics. The extra land that our investment will allow MJLSL to acquire is strategically located and will provide an excellent platform for growth”.*

*“We look forward to announcing further investments that we have in the pipeline in due course.”*

### **Mr. Anil Arora, Managing Director of MJLSL said:**

*“We are very happy to be associated with the Eredene Group. The infusion of capital will enable us to develop projects in attractive strategic locations in three fast growing Northern States.”*

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**Notes to Editors****Third Party Logistics (3PL)**

The growing complexity and cost of logistics has led many companies around the world to outsource activities such as storage, refrigeration, inventory management, packaging and labelling, tracking and tracing, customs clearance, freight forwarding, distribution and transportation – broadly any activity other than the manufacture or sale of goods.

India lags behind developed countries in the use of 3PL. Recent industry surveys suggest that this service sector in India has the potential to grow by up to 20% per annum. There is also significant demand for cold storage facilities.

Overall, 3PL activity accounts for less than 10% of the total logistics operations in India, whereas the corresponding figures for the USA, Europe and Japan are 57%, 40% and 80% respectively.

**MJ Logistics Services Limited (“MJLSL”)**

MJLSL's turnover for the financial year ending 31 March 2007 was INR 52.3 million (£654,000), resulting in a net profit of INR 1 million (£12,500). As at 31 March 2007, MJLSL had net assets of INR 1.1 million (£13,750).

**National Capital Region (NCR)**

The National Capital Region (NCR) includes the National Capital Territory of Delhi as well as the neighbouring satellite towns of Faridabad and Gurgaon in Haryana, and Noida, Greater Noida and Ghaziabad, in Uttar Pradesh. Some 15,000 small, medium and large industries are located in the NCR, including multinational companies such as Goodyear, Bata, GKN and JCB. The NCR will be connected through the proposed Golden Quadrilateral National Highway Project to the four metro cities of India – Delhi, Kolkata, Mumbai and Chennai.

**Uttaranchal**

Uttaranchal State was carved out of Uttar Pradesh State in 2000 and covers an area of approximately 54,000 Sq Km with a population of 8.5 million people. The State Infrastructure and Industrial Development Corporation of Uttaranchal Limited (SIDCU) is implementing the State's new industrial policy which includes the development of industrial parks at Dehradun, Hardwar and Pantnagar. The industrial parks will provide services to industries including pharmaceuticals, electrical and electronics, apparel, plastics and agriculture.

**Punjab**

Punjab State covers an area of approximately 50,000 Sq Km with a population of 24 million people. There are over 600 large and medium scale industries operating in the State in the areas of textiles, hosiery and garments, tobacco products and sports goods. Leading multinational companies present in the State include Nestle, GlaxoSmithKline, PepsiCo, Hitachi and Motorola.