

Investing in trains



Background

Angel Trains is one of the UK's leading train leasing companies. It was created in 1994 and is owned by a consortium which acquired Angel Trains from The Royal Bank of Scotland Group in August 2008.

The consortium comprises the Babcock & Brown European Infrastructure Fund; Babcock & Brown Public Partnerships; AMP Capital Investors; Public Sector Pension Investment Board; and STC Funds Nominee Pty Ltd, Farm Plan Pty Ltd, Statewide Superannuation Pty Ltd with funds advised by Access Capital Advisers. The consortium was advised by Babcock & Brown.

Angel Trains is based in London and has another office in Derby.

What Angel Trains does

Angel Trains finances the construction of new railway rolling stock and the heavy maintenance, rebuilding and modernisation of existing stock.

Angel Trains packages and manages the risks involved in the supply of new and existing rolling stock over the total life of the vehicles.

We offer a variety of financial services tailor-made for operators' needs, across a diverse range of rolling stock including high-speed passenger trains, regional and commuter passenger multiple units and all kinds of freight locomotives.

Benefits for train operators

Train leasing gives operators the flexibility to respond dynamically and commercially to opportunities presented by the rapid development of the rail transport market, independently of long-term investment considerations.

Among the key benefits of leasing for train operators are:

- The ability to put trains into service, independently of possible changes in the future needs of the operator over the life of the train (e.g. shift in service patterns, infrastructure standards, selection of operator, traffic volumes)

- Predictable stream of cashflows for use of trains, matched to the period of the underlying traffic flow or contract, with Angel Trains covering both full pre-delivery funding and residual value risk
- Ownership economics driven by whole-life amortisation of the trains and by the use of third party capital, leading to cost-competitive off-balance sheet finance and leveraged returns for the operator
- Ability to benefit from economies of scale, both in new train procurement and in purchasing of spare parts and engineering modifications

Facts and figures

Angel Trains owns and maintains over 4,300 rail vehicles in the UK, about 37% of the nation's rail rolling stock.

Since 1996 Angel Trains has invested nearly £3 billion in both new trains and the refurbishment of existing trains in Britain and is one of the largest single private investors in UK rail. Investments include:

- Orders exceeding £700 million for Siemens Desiro commuter trains for the South West Trains network into London
- £977 million investment in sixty-two Alstom Pendolino high-speed tilting vehicles for use by Virgin Rail on the West Coast Mainline between London, Birmingham and Glasgow
- Two hundred and eighty diesel freight locomotives for English, Welsh & Scottish Railway, the UK's largest rail freight operator, a capital investment of £340 million
- £110 million project to re-engine and upgrade forty-nine diesel power cars for our High Speed Trains operated by GNER and First Great Western

Angel Trains is a member of Express Rail Alliance, which has been shortlisted for the Intercity Express Programme to finance, design, build and maintain the UK's next generation of high speed trains. The consortium also comprises Bombardier, Siemens and Babcock & Brown. A decision on the winning bidder is expected by the Department for Transport in Winter 2008.

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Angel Trains' new train orders in the UK – 1996 to date

Train operating company	Class	Lessor	Manufacturer	Vehicles	Value in millions (GBP)
First North Western – now Arriva Trains Wales	175	Angel Trains	Alstom	70	79
Arriva Trains Northern – now Northern Rail	333	Angel Trains	Siemens	64	76
C2C	357/2	Angel Trains	Bombardier	112	95
EWS	66	Angel Trains	GM	250	300
EWS	67	Angel Trains	GM	30	43
Virgin West Coast	390	Angel Trains	Alstom	477	708
Virgin West Coast	390 (delivery 2011-2012)	Angel Trains	Alstom	106	269
South West Trains	450	Angel Trains	Siemens	440	417
South West Trains	444	Angel Trains	Siemens	225	233
South West Trains	450 (delivered 2007)	Angel Trains	Siemens	68	68
First Great Eastern – now National Express East Anglia	360	Angel Trains	Siemens	84	82
First Great Western	180	Angel Trains	Alstom	70	89
Silverlink – now London Midland	350	Angel Trains	Siemens	120	128
London Overground	172 (delivery in 2009)	Angel Trains	Bombardier	16	22
Chiltern Railways	172 (delivery in 2010)	Angel Trains	Bombardier	8	11