

## Rail finance



Stephenson Harwood LLP



"An experienced team from the partners to the associates who know and understand the rail industry and apply that knowledge in a balanced, pragmatic and commercial way."

**Legal 500 UK 2022**

Stephenson Harwood's strong, in-depth and award winning commercial rail practice, when combined with our expertise in debt finance, asset finance and capital markets, has resulted in a leading rail finance practice.

We not only understand the finance products available for use in the rail industry but we understand how the rail industry works in great detail. This is essential in the regulated passenger rail market in the UK and in Europe when acting for financiers and investors. We are the "go to" counsel for an impressive group of leading clients. These range from operators, franchisees, manufacturers, maintainers, local authorities, lessors, investment funds and financiers and therefore we understand the issues relating to financing in the rail industry from all perspectives, whether it be the financing of rolling stock or infrastructure projects like depots or related to mergers and acquisitions.

We have a group of rail lawyers familiar with the franchise system in the UK and the rights and obligations of the franchisees. With their help, the finance lawyers can provide specific rail advice to financiers and lessors in transactions involving finance to the franchisees. We also work on freight and non-regulated rail transactions.

Our banking and finance team have a broad range of experience acting for borrowers and lenders across a variety of sectors and assets classes, with extensive knowledge of general banking, real estate finance and leveraged and acquisition finance which brings an innovative, multi-sector approach to each transaction. In conjunction with the firm's rail lawyers, we can offer the best solutions for any transaction related to the financing of rail assets. Our experience in the financing of depots is unparalleled, offering innovative ways for third parties to invest in the rail industry, which is an increasing desire from the government and industry bodies alike.

We can also help on cross-border acquisitions and financings of portfolios of rolling stock.

Our rail team is up to date with all the latest thinking and issues; we regularly host top table dinners, conferences, seminars and forums which facilitate discussion within the industry and regularly contribute to the rail industry press.

## Leasing

Leasing of assets like rolling stock and land for depots is used in many financing structures in the rail industry. We have lawyers at all levels of experience that are familiar with leasing including leases where the lessor takes the residual risk in the asset, full pay out leases, the formation of leasing companies, acquisition of leasing companies and portfolios and the sale and purchase of lease receivables. We can advise lessors and financiers on the impact of taking residual risk in assets like rolling stock and the effect of the direct agreements with government/local authority.

## Debt

We have a big team of lawyers who regularly advise both borrowers and lenders on debt products, whether secured or unsecured and including swaps. Working together with the rail lawyers, we can offer tailored advice on rail transactions and find solutions which fit in with the regulated industry. We also work closely with our property finance team when working on depot transactions to ensure that all the land issues are covered.

## Our experience

### Touax

Advising Touax on a USD60,000,000 Secured Facility Agreement

### Touax

Advising Touax on a 16,633,000 Euro bond private placement

### Norwich Crown Point

Advised on the debt financing for the substantial upgrades of the light maintenance rail depot at Norwich Crown Point. These upgrades were part of the Abellio East Anglia franchise bid and were necessary to accommodate their upgraded fleet.

This depot financing project has been forging the path for new ways of investing in line with Network Rail's overall investment strategy, by encouraging third party long-term investors to finance and enhance Network Rail assets through private financing options.

### Voyagers

Advising Lloyds Bank and RBS on the sale of the Voyager passenger train fleet of 352 vehicles to Beacon Rail, a division of JP Morgan, following an auction process.

## Capital Markets

Jeremy Grant works across our London and Paris offices in the debt capital markets space. With Jeremy, we can offer support to clients in relation to a wide range of capital markets products including debt securities (Eurobonds, MTNs, High Yield, private placements, hybrid and regulatory capital instruments, secured notes, liability management), equity and equity – linked instruments, derivatives and structured products.

"They provide pragmatic advice that is backed up by excellent technical expertise and industry knowledge."

**Chambers UK 2022**

### Wales and Borders

Advising on the debt and equity bridge facilities and the security documentation on the innovative £1.2 billion funding and leasing for an entirely new fleet of trains for the Wales and Borders franchise.

### Rock Rail Limited

Advising new entrant into the rolling stock market on new rolling stock financing including Moorgate, Northern and TPE rolling stock procurements.

### Confidential

Acting for a well-known rail investor in relation to the financing of its bid for interests in a rolling stock group structure, involving multiple corporate level due diligence and creating an innovative legal structure to accommodate various layers of debt.

### Elizabeth Line

Acting for National Westminster Bank in relation to its involvement in the mezzanine financing of the Class 345 rolling stock for the Elizabeth Line.

## Our experience continued

### Operation Depots

Advising Abellio, the Dutch passenger operator, on the financing of a new depot at Brantham in Suffolk, required to support its ongoing operations as part of its new rolling stock procurement.

### Aviva

Advising Aviva on its financing and subsequent acquisition of a portfolio of UK light maintenance depots.

### DLR

Advising the financiers on the new rolling stock on the Docklands Light Railway for London Overground.

### Lombard

Advising Lombard North Central in relation to financing of the Vivarail D train.

### Confidential

Advising the lenders on a US \$500 million capital markets financing for a state railway company in the CIS region.

### UK financier

Advising a financier of its acquisition of a substantial portfolio of rail maintenance depots.

### New trains

Advised Corelink Rail Infrastructure Limited, as financier, in relation to the procurement and leasing arrangements, as well as its overarching arrangements with the DfT, in relation to the ongoing leasing of the new trains, when West Midlands Trains purchased 100+ new trains from Bombardier and CAF.

### Rail Investor

Acting for well-known rail investor in relation the financing of its bid for interests in a rolling stock group structure, involving multiple corporate level due diligence and creating an innovative legal structure to accommodate various layers of debt.

## About Stephenson Harwood

Stephenson Harwood is an international law firm headquartered in London with eight offices across the Middle East, Europe and Asia.

Four deeply held values govern our behaviour and the quality of service we deliver for clients.

### Individuality

Encourage creativity and develop talent.

### Commitment

Be the best and deliver the highest standards.

### Teamwork

Work together to build close, long-term relationships.

### Straight talking

Say what you mean and do what you say.

## Key stats and figures



**49**

Top ranking for individuals



**90+**

Clients in over 90 countries



**40**

Languages spoken by our staff



**8**

Offices worldwide



**1100+**

People worldwide



**190+**

Partners

## Key team members



### Tammy Samuel

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"The team offer a very broad range of skills, expertise and knowledge. Very professional, friendly and supportive."

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