

Purchase, financing and management

Purchase agreement for up to 50 "zero-emission" shunting and mainline locomotives

A ground-breaking transaction for emission-free rail transport: Paribus Rail Investment Management GmbH has signed a framework agreement on behalf of its long-standing investment partner, RIVE Private Investment, to purchase up to 50 emission-free shunting and mainline locomotives. The deal includes a full-service maintenance contract and was signed with the company Vossloh Locomotives GmbH (Vossloh Locomotives) and its parent company, CRRC Zhouzhou Locomotive Co., Ltd., Zhouzhou, China (CRRC ZELC). CRRC ZELC is a subsidiary of the world's largest manufacturer of rail vehicles, the China Railway Rolling Stock Corporation Ltd. (CRRC). Northrail GmbH, which belongs to the Paribus Group, will be handling the asset management and leasing out the new-generation locomotives.

Hamburg, June 23, 2021 – Paribus Rail Investment Management GmbH has initiated, arranged and signed a purchase agreement and a full-service maintenance contract with Vossloh Locomotives and CRRC ZELC on behalf of the Paris-based Rive Private Investment for up to 50 new "zero-emission" shunting and mainline locomotives. "Reducing CO₂ emissions is one of the most important measures in the fight against climate change to achieve the nationally and internationally agreed climate targets. The rail sector is already making important contributions to the areas of mobility and transportation, and this will increase as more emission-free locomotive fleets come online", explains Dr. Volker Simmering, Managing Partner of Paribus Rail Investment Management GmbH and Northrail GmbH.

Northrail will be managing the assets as well as leasing out the fleet of new locomotives. The first locomotives are scheduled for delivery in mid-2024, at which point Northrail is expected to be the first and only lessor in Europe to offer its customers new "zero-emission" battery-electric shunting and mainline locomotives.

The new locomotives are the innovative battery-electric Dual-Mode type, called the "DM 20-EBB". The model is initially designed for use on the rail networks of Germany and the Netherlands and is based on the DM 20 platform, which is capable of accommodating different drive modules. In order to power its electric motor, the DM 20-EBB draws electric current from either the overhead wire or an on-board battery and therefore does not produce any direct carbon emissions. With a capacity of 350 kilowatt-hours, the battery can generate 500 kW power at the wheels. When powered by electricity from the overhead wire, the locomotive delivers 2,500 kW power to the wheels in AC mode and 1,500 kW in DC mode.

For Paribus Rail Investment Management, Northrail and RIVE Private Investment – and equally for Vossloh Locomotives and CRRC ZELC – this purchase agreement has a lighthouse character in terms of making the future of rail transport even more environmentally friendly. Dr Bernd Hoppe, Executive Director of Vossloh Locomotives GmbH, "The DM 20 opens the door to the future. The hybrid drive concept makes completely emission-free railway operations possible for numerous applications. With this full-service framework agreement which we have signed supplementary to the locomotive supply contract we are implementing a comprehensive principle of condition-based maintenance (CBM) to a locomotive."

"Rail transport is playing a particularly important role in providing environmentally-friendly mobility and transportation options. Developing innovative drive concepts and procuring fleets of appropriately equipped vehicles is therefore a very interesting and important area of business from an investor's perspective as well. We're making that segment accessible to our customers. Specifically, the very high average age of over 40 years for the current fleet of shunting and medium distance mainline locomotives in the target market will ensure a considerable demand for replacements over the medium term. And it is a demand which Northrail as the first lessor with a new generation of completely emission-free locomotives intends to meet", explains Michael Trentzsch, Managing Director of Paribus Rail Investment Management GmbH.

Camille Brunel, Partner at RIVE Private Investment, says: "The transaction strengthens RIVE Private Investment strategic position in the railway sector alongside our trusted partner Paribus/Northrail, aiming to support the energy and environmental transition policy in Europe as rail is the most energy-efficient transport mode for freight. We see this project as a first milestone to create a European green rail platform in the shunting and medium distance mainline locomotive segment".

Expertise implemented all along the value creation chain

A feature of the project is the fact that Paribus Rail Investment Management and Northrail were instrumental early in the design phase of this new generation of locomotives. By working closely with Vossloh Locomotives and CRRC ZELC on the design of the new locomotive, customer requirements regarding trailing loads, application profiles, route profiles and speeds as well as a maintenance concept and performance optimization could directly be taken into account. "Being able to bring into the development of this new generation of locomotives a set of specifications that we had defined was very important to us. In future, our customers will be getting a locomotive that will match their needs and respond to changing environmental factors", explains Juliane Storm-Ohm, Managing Director of Northrail GmbH.

Northrail will be accompanying the entire process all the way from design engineering to completion of the new locomotives, and it will also be handling the leasing of the new locomotives to leasing customers. "This joint transaction with Vossloh Locomotives, CRRC ZELC and RIVE Private Investment is a game-changer on the road to zero-emission rail transportation. It highlights the special expertise that Paribus Rail Investment Management has in developing, arranging and managing large-volume capital investments in the railway sector, and it showcases Northrail's outstanding performance in asset management", says Simmering.

About Paribus Group

The Paribus Group initiates, designs and manages investments for private and institutional investors in the asset classes real estate, railway assets and private equity. The total volume of current and completed investment transactions managed by Paribus is around 2.7 billion euros. The Paribus Group has its head office in Hamburg and a subsidiary in the Netherlands.

About Paribus Rail Investment Management GmbH

Based in Hamburg, Paribus Rail Investment Management GmbH (Paribus Rail Investment Management) is responsible within the Paribus Group for the development and structuring of railway investments for investors.

Further information is available at: www.paribus.de/paribus-holding/eisenbahninvestments/

About Northrail GmbH

Based in Hamburg and a member of the Paribus Group, Northrail GmbH is a leading asset manager and lease provider for rail vehicles in Europe. Northrail currently manages a portfolio of around 300 locomotives, multiple units and mainline rail cars for the transportation of passengers and freight in Europe. The fleet under Northrail's management includes traditional shunting and mixed-traffic locomotives as well as state-of-the-art electric locomotives and battery-electric regional trains. Northrail puts together tailor-made leasing and service packages for its customers and organizes vehicle maintenance.

Further information available at: www.northrail.eu

About Vossloh Locomotives

State-of-the-art diesel locomotives from Vossloh Locomotives lead the way throughout Europe, and for the European market leader, attributes such as economy, flexibility and environmental friendliness are the focus of development, design and production. Vossloh Locomotives also offers maintenance solutions that are geared to the specific needs of its customers. In the competence centre, operators also receive comprehensive services for state-of-the-art diesel locomotives. Having joined the group of companies under the umbrella of its new parent company, CRRC ZELC, in 2020, this old-established company is now beginning a new international chapter in its long history.

About RIVE Private Investment

RIVE Private Investment is an independent private equity company founded in 2013, with offices in Paris, Geneva, Luxembourg and Hamburg. RIVE Private Investment offers investment services in private equity with a focus on two defensive sectors, namely tangible assets and sustainable infrastructures. RIVE Private Investment has acquired assets in excess of EUR 2.0 Billion, out of which EUR 600m in transportation assets over the past five years. RIVE Private Investment forms part of Elyseum Investment Group, an independent investment group combining a portfolio of EUR 2.5 Billion in private equity, real estate and financial markets.

Further information available at: www.rive-investment.com

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