

Date issued: 15 Oct 2021

## Freedom of Information Request

We are writing in response to your Freedom of Information request. Your request has been considered in accordance with the requirements of the Freedom of Information Act and our information access policy.

## Your Questions Answered

**1. How has the purchase of Pullman been funded?**

The acquisition was funded through Welsh Government capital budget allocated to the provision of additional stabling capacity for the Wales & Borders rail services; the acquisition will enable provision of this stabling at the Canton depot site.

**2. How will the £6m loan that TFW have given to Pullman be repaid?**

The loan will be repaid on a periodic basis using cash generated from trading profits.

**3. Is the Purchase of Pullman an asset purchase or a purchase of the equity in Pullman?**

The company was acquired via an equity purchase.

**4. How much did TFW pay for Pullman?**

£10,850,452 was paid for the purchase of shares. A piece of land was also acquired from Pullman Rail Limited for £600,000 in a purchase that was separate to the share purchase.

**5. What Due Diligence did TFW undertake before purchasing Pullman?**

As is standard for a share purchase of this type and size, TFW conducted extensive independent financial and contractual due diligence, which includes assessed tax liability, revenue and enterprise valuation. We also carried out contractual due diligence, which is a broader assessment of all liabilities including the customer contract risks. As a Welsh Government-owned company, the entirety of our due diligence findings were shared with the Welsh Government to gain ministerial approval, which was duly provided.

**6. Who conducted the Due Diligence?**

Independent financial due diligence was carried out by Deloitte, whilst legal advice and due diligence was carried out by Blake Morgan. Alder King and Matthews Goodman provided land valuations in accordance with Red Book valuation standards. Environmental advice was provided by SOCOTEC Asbestos Ltd. We also assessed the site for physical condition through Amey, SNCL Lavelin and TXM for purposes of operational use, general site condition and non-intrusive existing building assessment.

**7. From the Due Diligence exercise are any of the contracts that Pullman have making losses?**

No.

**8. What is meant by arms-length support, does TFW intend to subsidise the company in case of financial distress?**

Based on the due diligence exercise, historic performance and financial forecasts, it is highly unlikely that the company will enter financial distress. The only financial support provided currently is the repayable loan. Any decision required in the remote chance the company enters financial distress would be made based on the specific circumstances at that time. 'Arms-length support' refers to the availability of expertise, knowledge and resources from the wider TFW group while maintaining the

operational independence of Pullman Rail Limited. Any support will be provided in accordance with the UK subsidy control regime.

**9. Was Pullman openly marketed for sale or did TfW approach Pullman i.e. was it an unsolicited purchase?**

The Colas Group were approached by TfW in 2021.

**10. Will Pullman compete for non-TfW business?**

Yes. Over 90% of Pullman business is non-TfW.

**11. Will TfW favour Pullman when assessing future tenders?**

Under no circumstances will TfW favour Pullman when assessing future tenders. TfW will comply with the public or utilities procurement rules (as applicable) and the UK subsidy control regime.

We hope this information is of use to you.

Yours sincerely,

**Transport for Wales**

**Appeal Rights**

If you are unhappy with the way your request has been handled and wish to make a complaint or request a review of our decision, please write to the Head of Freedom of Information at either Transport for Wales, 3 Llys Cdwyn, Pontypridd, CF37 4TH or freedomofinformation@tfw.wales. Your request must be submitted within 40 working days of receipt of this letter. If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision.

The Information Commissioner (ICO) can be contacted at Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF or you can contact the ICO through the 'Make a Complaint' section of their website on this link: <https://ico.org.uk/make-a-complaint/>

The relevant section to select will be "Official or Public Information".