

‘A unique facility and a unique investment opportunity’ – GCRE takes next step in private investment process

January 22, 2023



The Global Centre of Rail Excellence (GCRE) has outlined the next phase of its plans to bring private sector investment into the company, GCRE Ltd.

When it opens in 2025, GCRE will be a facility providing world class research, testing and certification of rolling stock, infrastructure and innovative new technologies that will fill a strategic gap not just in UK rail, but across Europe.

In November last year GCRE Ltd published a prior information notice, indicating its intention to invite investors from across the world to take a majority controlling equity stake in its business to support and fund the next development phases of the rail innovation facility it is constructing in South Wales.

On Friday, GCRE Ltd formally launched the procurement process, with the publication of a Contract Notice and Selection Questionnaire inviting applicants to pre-qualify. A Memorandum of Information outlining

more detail of the investment opportunity is available on request (subject to signing a confidentiality agreement).

With £50m of public funding already in place from the Welsh Government and £20m from the UK Government, GCRE is now seeking a single investor, or a consortium of investors, to help fund the innovation facility to completion and support the wider commercial potential of the 700 hectare site.

The total estimated capital cost is £400m, for investment phases 1 and 2. These investment phases include the delivery of the rail infrastructure, a new business premises, maintenance facilities and a hotel. The estimated capital cost is proposed to be funded through public funding already committed and new private investment being sought through the procurement process.

Chief Executive of the Global Centre of Rail Excellence Simon Jones said: “The Global Centre of Rail Excellence is going to be a unique facility in European rail. It will meet the significant demand that has existed for many years in the sector for a purpose built, integrated site for world class research, innovation and testing and validation of new products, technologies and processes.

“We believe that the customers needing and wanting to use a facility like ours – not just here, but across Europe – is significant and that in turn makes GCRE Ltd a strong commercial proposition and a unique investment opportunity.

“Today we have published further detail of that opportunity for potential investors, marking an important milestone in the procurement process. There is a lot of work ahead of us, but what we have published today provides a strong platform for the important months ahead.”

The public procurement process is expected to run until the autumn of 2023. Following this it is expected that GCRE will become majority owned by a private investor(s).

Simon Jones added: “GCRE Ltd has an ambitious vision to create a genuinely world class facility that can transform innovation across European rail, with multiple benefits for the sector, for the taxpayer and for our economy.

“For the industry we can speed up innovation and bring products to market faster; for governments we can reduce the cost of rail by helping deliver major projects to time and to budget; and for future generations we can help accelerate our path to net zero and support the creation of good quality jobs in an area that needs it.

“Today we’ve taken an important step toward realising that ambition and we’re encouraging potential investors from across the world to consider the strong investment opportunity that GCRE Ltd represents.”

This is the pre-qualification stage of the procurement process. Once selected bidders have been invited to the tender stage, additional information will be provided to them including detailed analysis such as the financial model, revenue and client base.

Supporting GCRE in the procurement process are advisors Ernst and Young and Ashurst LLP.