

Aviva Commercial Finance

A Funder's Perspective

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OVERVIEW OF AVIVA HEALTHCARE LENDING

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THEN (2010) AND NOW (2013)

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LENDING TRENDS

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A LOOK TO THE FUTURE



General Practice Finance Corporation (GPFC) was originally formed in 1967 as a Government quango.

Norwich Union started lending on surgeries in 1984.

The Government sold GPFC to Norwich Union in 1989 for £140m.

In 2009 Norwich Union became Aviva.

Total healthcare book now £3.6bn

In the early years loans were to GPs to build and own their premises.

Lending to specialist property investors to develop surgeries and lease them back to the GPs followed from the early 1990's

There has been a natural progression to lending on healthcare PFI projects and NHS LIFTs since the late 90's

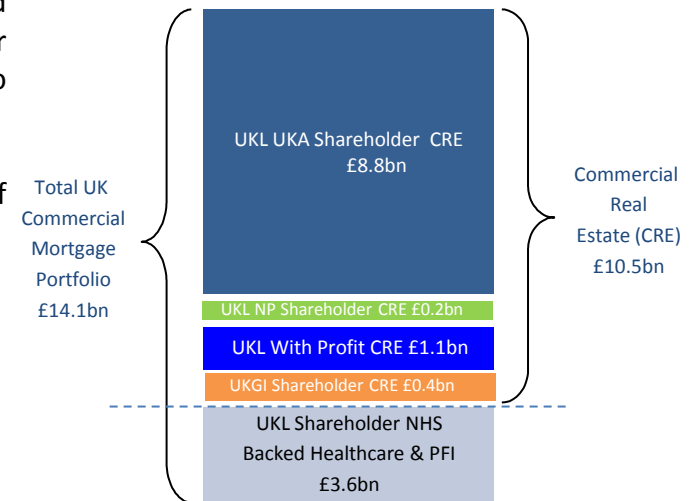
From there blue light PFI's and schools soon followed

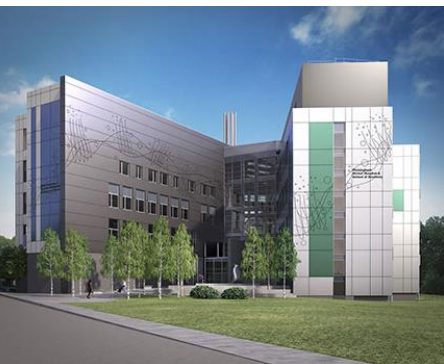
- Aviva Commercial Finance (‘ACF’) is a well established end-to-end operation based in Norwich with over 100 employees, which has been originating and managing Aviva’s commercial real estate debt assets in the UK for approximately 28 years, during which time the total portfolio has grown to £14.1bn.
- ACF is a leading fixed rate commercial lender in the UK with a market share of circa 5%. It has expertise in funding:-
 - Pre-let Commercial Real Estate (‘CRE’) for experienced property investors (£10.5bn)
 - Property based PFI and NPD schemes for specialist investors and NHS Primary Healthcare premises (£3.6bn)

capital outstanding

GPF £0.7bn	Direct lending to GP’s for surgeries
NHS LIFT £0.7bn	Lending to fund primary healthcare premises.
PI £1.5bn	Lending to investment companies to fund surgeries with GPs as tenants.
BSF £0.5bn	“Building Schools for the Future”
PFI £0.25bn	PFI’s in Fire, health, education etc

Portfolio Size – Capital Outstanding





£50m Birmingham Dental Hospital & School of Dentistry



£70m project to replace nine of London's oldest fire stations



£50m Inverness College UHI campus



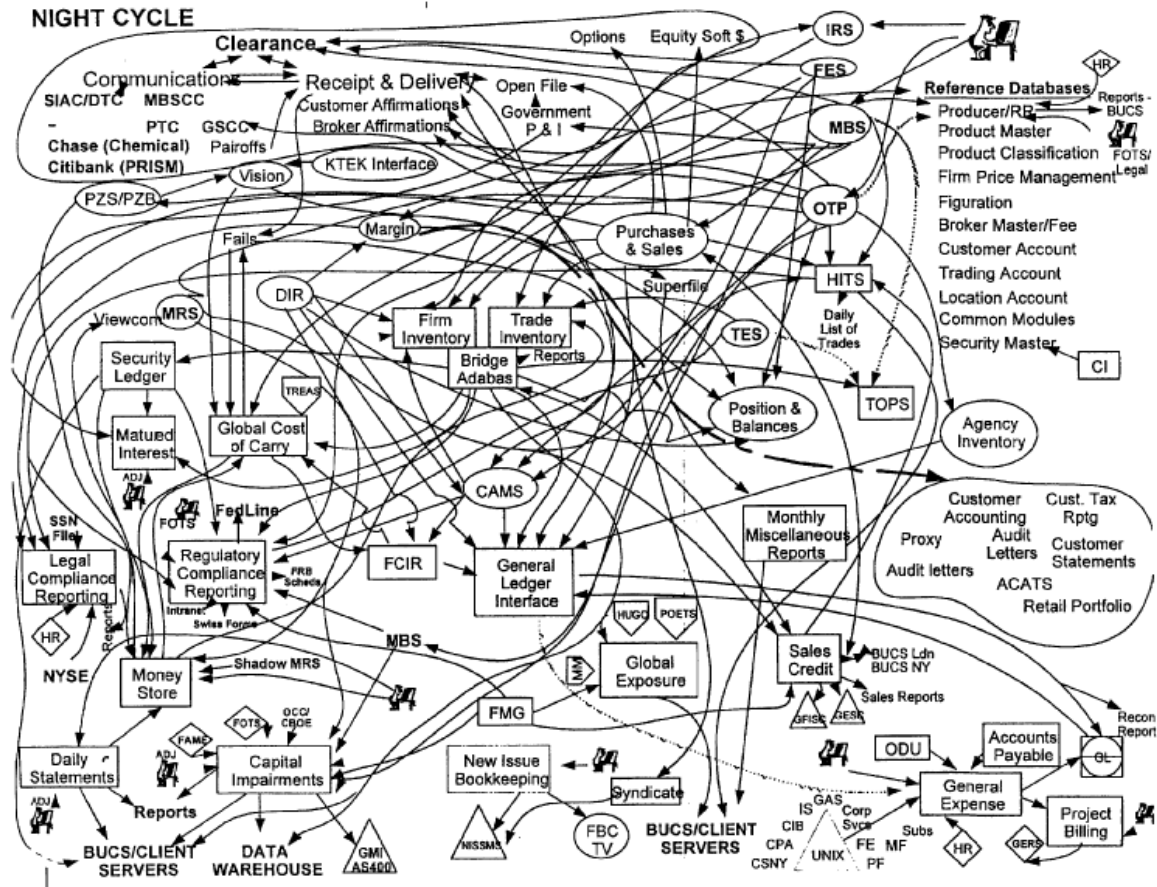
Universities Partnership Programme

In Nov 2010 my key questions were:

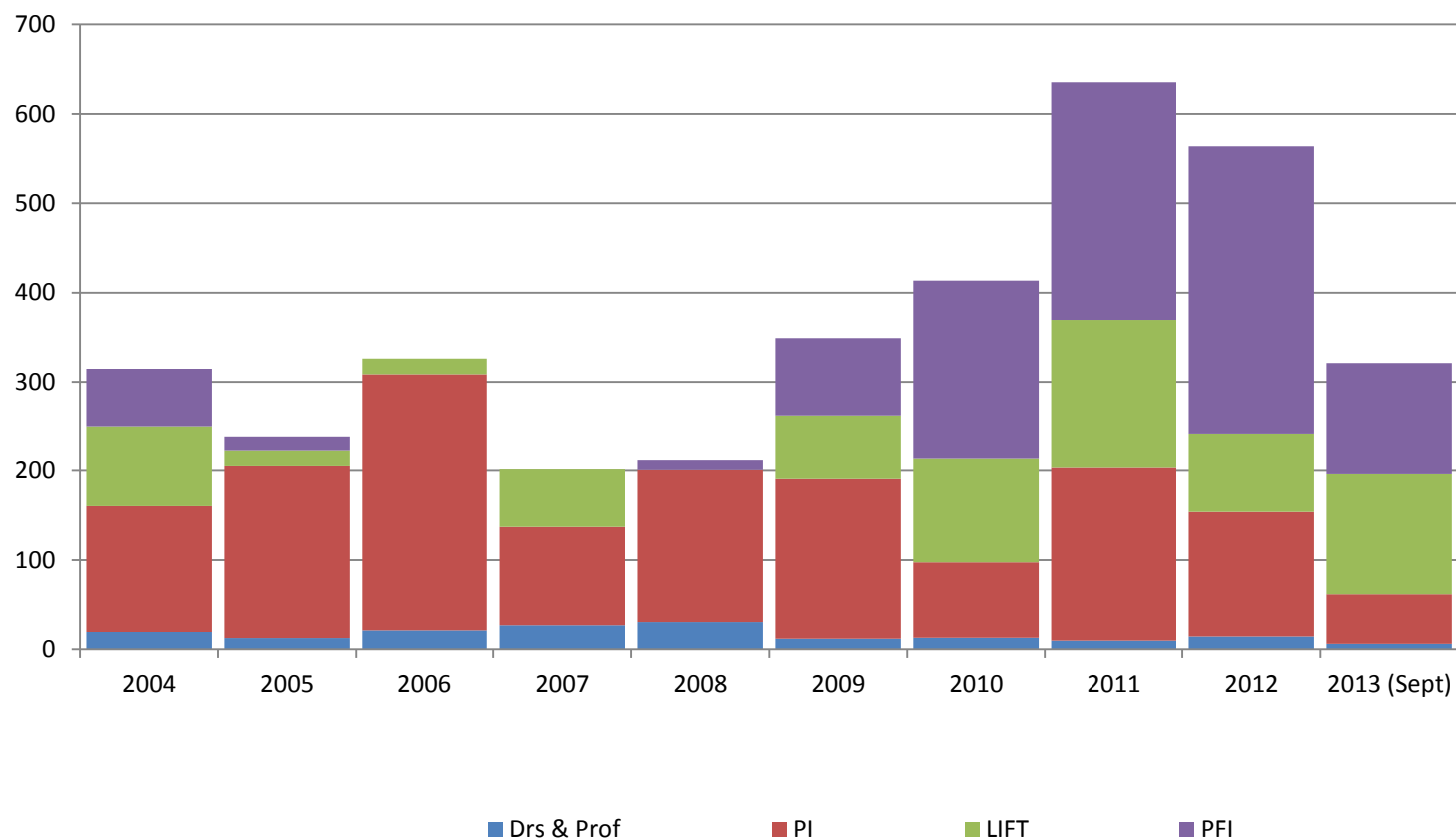
“who will take PCT’s responsibilities, who will own the estate, who will be responsible for the estate strategy and who will control the funds to develop the estate?”

In 2013 we know the answers to some of these questions but in some cases this has created more complexity. The NHS England Business Case Approvals Process is yet to be fully understood and for those dealing with new transactions it may well feel a little bit like this ...

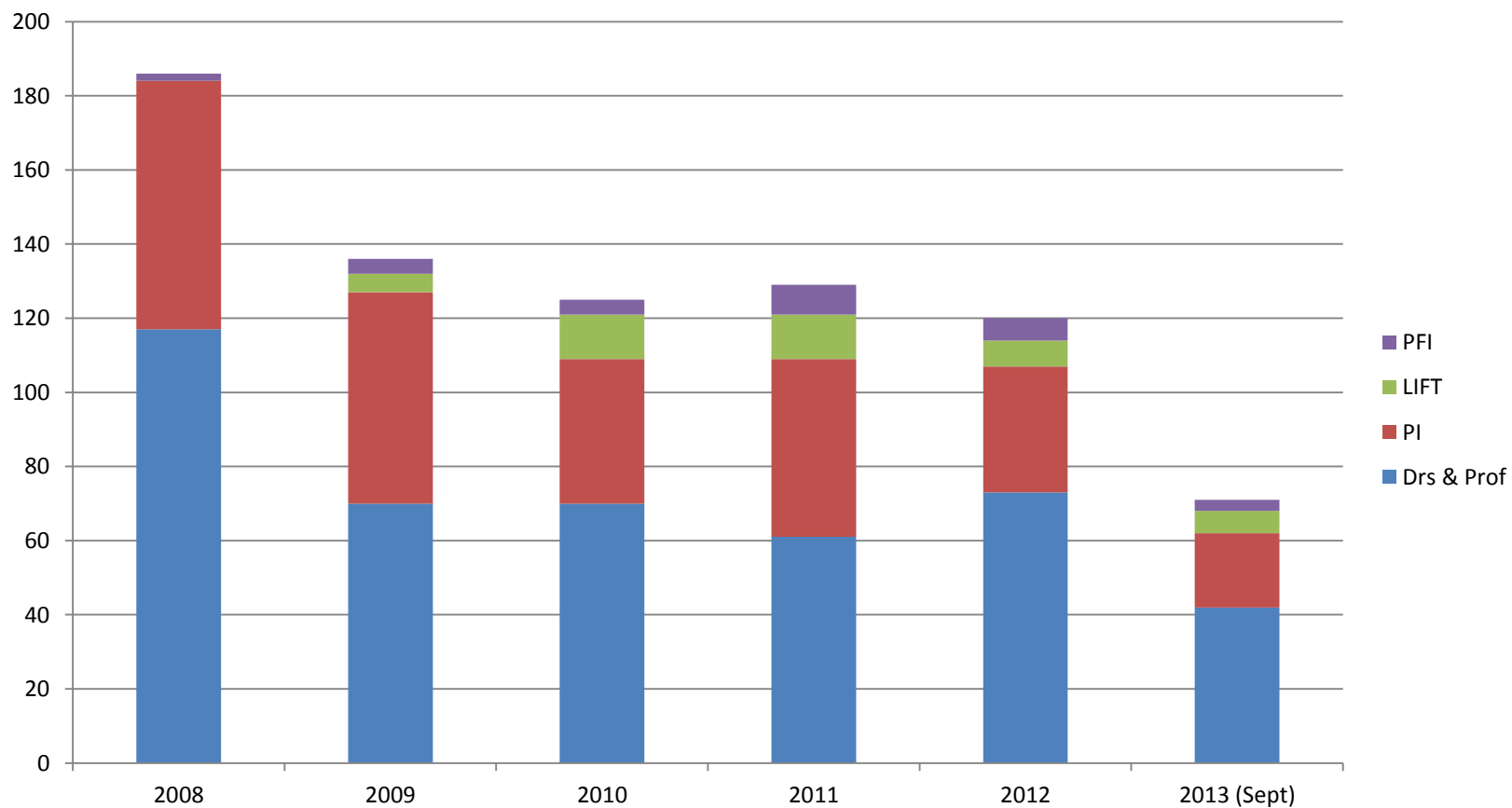
NIGHT CYCLE



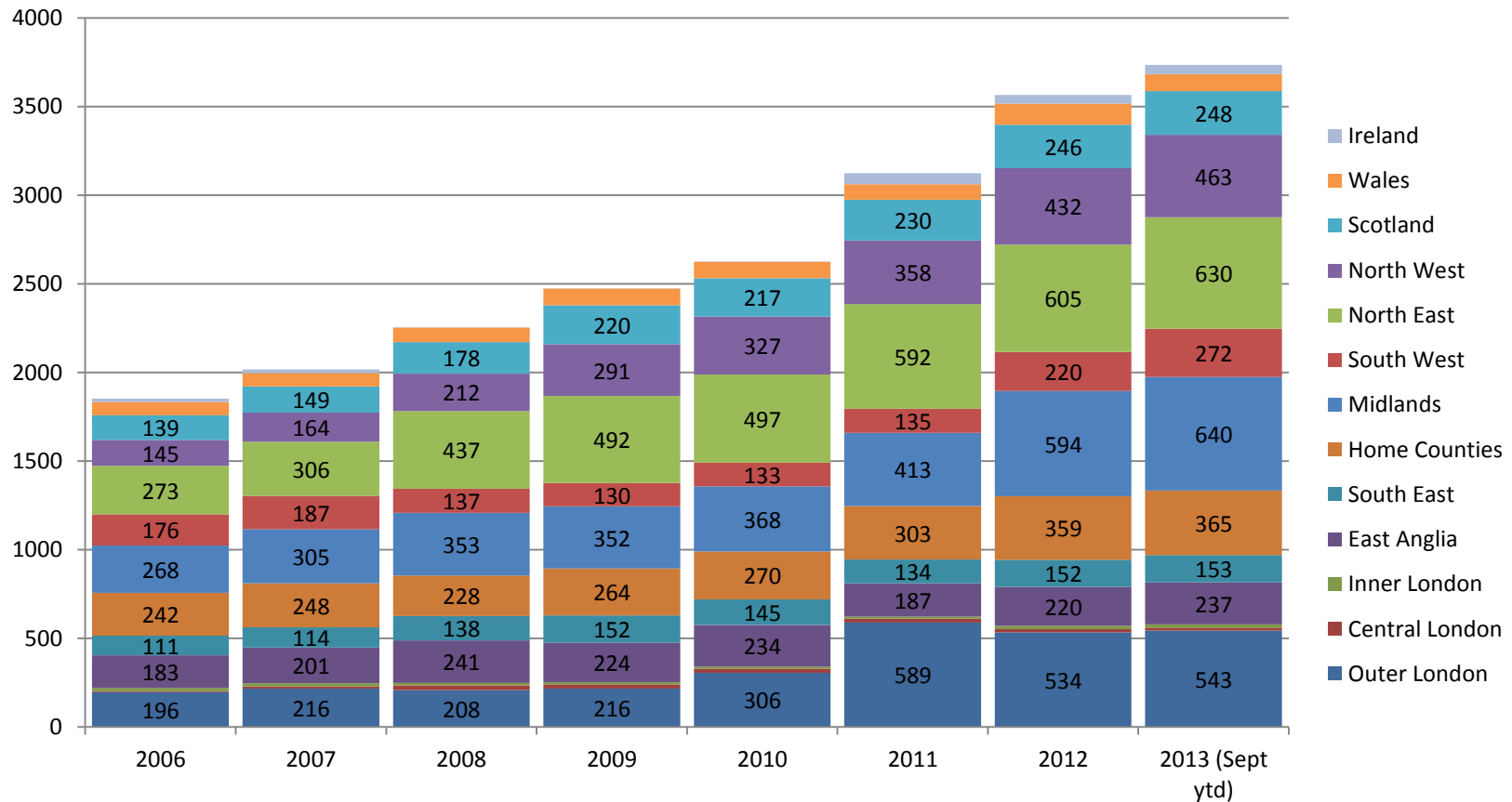
Gross Healthcare/PFI Lending



Number of Healthcare/PFI Loans



Lending by Region



- Assuming the approvals process becomes clearer, we are interested in how the PI and LIFT markets will function going forward.
- Will they operate in a single market?
- Whilst there are clear differences between the asset types, will the strategy of NHSPS mean that a new approach taking the best from each will be developed?
- Will this new approach fit better to the PI or LIFT players?
- Whatever the new world looks like, we hope it gets here soon!

