

## Standard Chartered finances Spire sale-and-leaseback with £400m loan

*By James Wallace - Friday, January 18, 2013*

**Standard Chartered has closed a five-year £400m senior loan to finance the sale-and-leaseback of a portfolio of 12 Spire Healthcare hospitals, CoStar News can reveal, in a near £750m transaction which also doubles as the largest UK single-bank financing since the global financial crisis.**

Moor Park Capital Partners, the specialist real estate investor, arranged and closed the acquisition of 12 Spire Healthcare UK-wide hospitals into a joint venture majority-owned by Battersea Power Station buyer Malaysian pension fund Employees Provident Fund.



CoStar News understands that EPF owns about 79% of the equity in the joint venture, with hedge fund Och-Ziff and GWM Group each owning 10%, while Moor Park has less than 1%.

Moor Park is also the investment adviser to the joint venture.

The legacy £700m three-bank senior debt syndicate was evenly held by Royal Bank of Scotland, Lloyds Banking Group and Barclays, which has been replaced with around £400m senior debt and just under £350m in equity, against a real estate value of the 12 hospitals of near £750m.

Based on the senior loan amount and the estimated portfolios value at just under £750m, this implies that the LTV for the Standard Chartered loan is around 55%.

All parties declined to comment on the details of the financing terms.

Standard Chartered's five-year loan, with optional future extensions, is both one of the very largest single lender UK real estate loans in the last five years, eclipsing M&G Investments' £266m loan for Round Hill's acquisition of Nido from Blackstone last May.

The financing deal is also notable given that Standard Chartered is not a regular lender to the sector. However, CoStar News understands that this loan is not expected to be a precursor for a raft of UK real estate lending by the bank.

Standard Chartered's comfort in financing the sale-and-leaseback is understood to reflect a deep corporate relationship between the Hong Kong-based bank and EPF, and is a timely reminder of banks' willingness to follow core clients into even less traditional territory.

Furthermore, Standard Chartered is thought to have been comfortable with the credit risk to Spire Healthcare, the UK's second-largest private hospital provider, in a virtually recession-proof industry, driven by the country's ageing demographics and the enduring squeeze on NHS resources causing demand to rise year on year.

Spire Healthcare was formed from the sale of BUPA Hospitals to private equity company Cinven in 2007.

“This was a complex transaction that is typical of the type of bespoke investment that Moor Park Capital originates, structures and executes on a non-discretionary basis for its pool of investors – long-term sale-and-leaseback transaction let to a single tenant with multiple assets that are mission critical to their business,” said Jagdeep Kapoor, partner at Moor Park Capital in a statement.

Kapoor continued: “For our consortium members, we have created a transparent, assetbacked, fixed income style, inflation protected investment where all covenants are well covered.

“For Spire Healthcare, we have delivered an innovative solution, with low leverage, which enables them to inject over £700m of new capital into their business and to halve their proforma consolidated net debt, despite the challenging market conditions.”

Rob Roger, chief executive officer at Spire Healthcare, also said in a release: “the fact that we have been able to conclude such a sizeable transaction in challenging market conditions is a testament to the quality of our business and the people who work in it, and a great vote of confidence in the long term prospects for Spire Healthcare and UK private healthcare.”

Moor Park has undertaken or advised on around £20bn of transactions of transaction since it was founded by Gary Wilder, Shemeel Khan and Jagdeep Kapoor in September 2006, specialising in sale and lease-backs for corporates, governments, financial institutions and municipalities with single tenants and multiple high quality assets in Western Europe.

Moor Park invests on a non-discretionary basis behalf of retail, institutional and sovereign wealth fund investors.