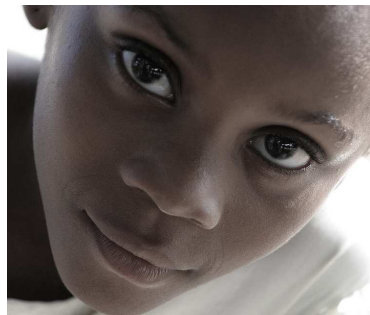


CIRCLE



*Tunbridge
Wells
Town Forum*
6th March
2008





Public Exhibitions

- **Please visit one of our Public Exhibitions and meet some of the consultant partners**
- **Saturday 15th March** – 11:30 am to 4:30 pm at Abbey Well room, Hotel du Vin, Crescent Road
- **Sunday 16th March** – 12:00 am to 4:30 pm at Esporta Leisure Centre, Knights Park
- R.S.V.P. to: info@circlehealth.co.uk
or call 0207 630 1253



Who are Circle?

A Partnership of healthcare professionals, business people and clinicians who believe that there is a better way to deliver healthcare

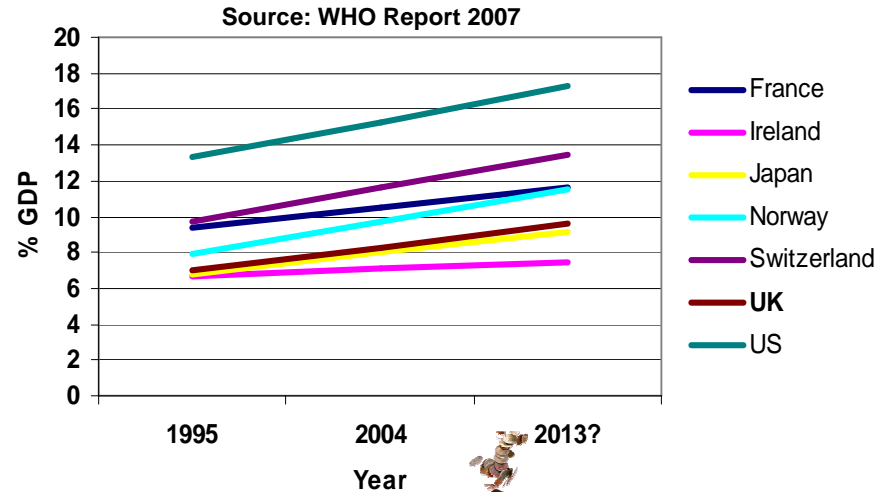
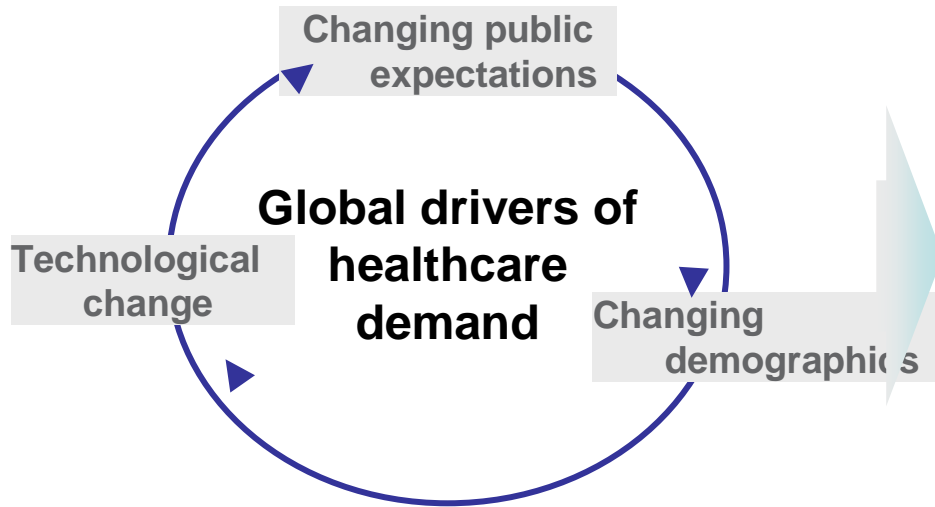
- **The Objective:** To build a great healthcare company in partnership with local clinicians in key healthcare markets in the U.K. bringing insights from other industries to healthcare
- **The Idea:** Circle was initially formulated nearly 3 years ago
- **The Partnership:** Virtually all the consultants practising in Tunbridge Wells are part of a national partnership of 1049 consultants and over 500 GP partners in multiple locations. Circle believes that **everyone** who works in our healthcare facilities should be a partner so nurses, porters, cleaners, managers and all other staff will be partners in a manner similar to the John Lewis model

Tunbridge Wells Doctors plan a New Hospital for Tunbridge Wells



- We have submitted a planning application to build a new elective hospital in Tunbridge Wells at Knights Park designed by Hopkins & Partners
- This will be owned and run by everyone who works in it
- The unit will be small; approx. 6,500m² unit and 1/10th the size of the new Pembury hospital
- It will provide state of the art facilities designed around 21st surgical and diagnostic practice
- The facility will become a landmark building designed by a world renowned architect, Sir Michael Hopkins
- Following government reforms all patients both NHS and private can be treated in it. NHS patients will be able to choose to be treated in the new facility free at the point of delivery
- It's elective service profile will complement the new planned Pembury PFI hospital which is planned to concentrate on emergency care

Global Healthcare Drivers



NHS Constraints

- 1.4m people organisation
- Vast matrix of bureaucracy
- Over 100 trade unions
- Over 1,000 legislations, targets, rules
- Decades of under-investment
- Entrenched behaviours

Reform is inevitable



Examples of Poor Performance

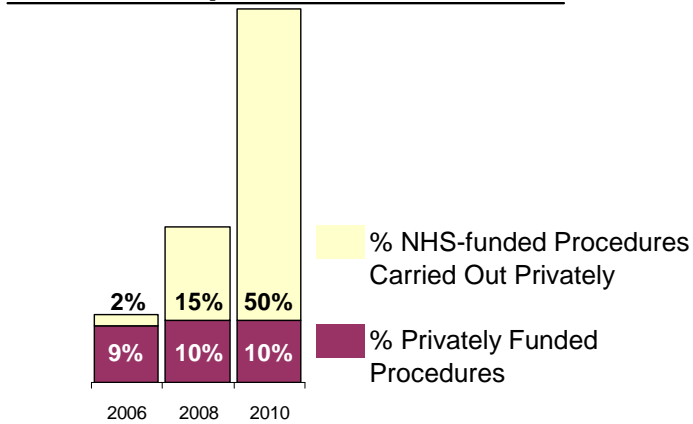
- CVA mortality twice Canada, Japan, Sweden, Switzerland and the US (Civitas)
- Cancer survival 15/22 (Eurocare-4 2007)
- UK slipped to 19/26 in preventable deaths 1999-2003 (OECD)
- Deaths from C. diff up 69% 2003-2006 (HPA)
- Productivity no better if not worse (King's Fund)

The Restructuring of Secondary Care



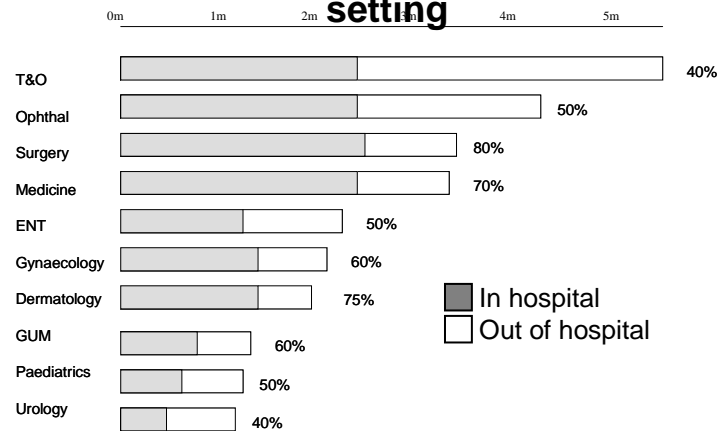
1 Provision of choice in a competitive market: "Choose and book"

Elective procedures



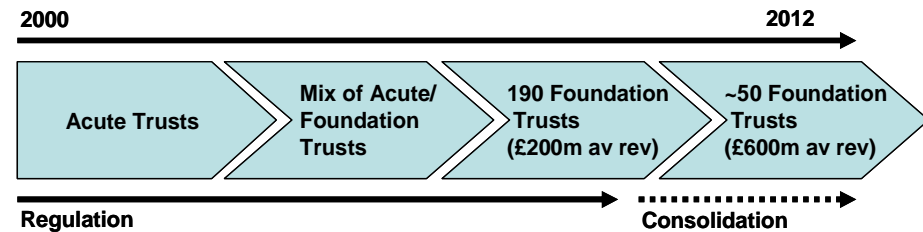
Source: DOH and CCE Projection

3 Care in the most "appropriate" setting



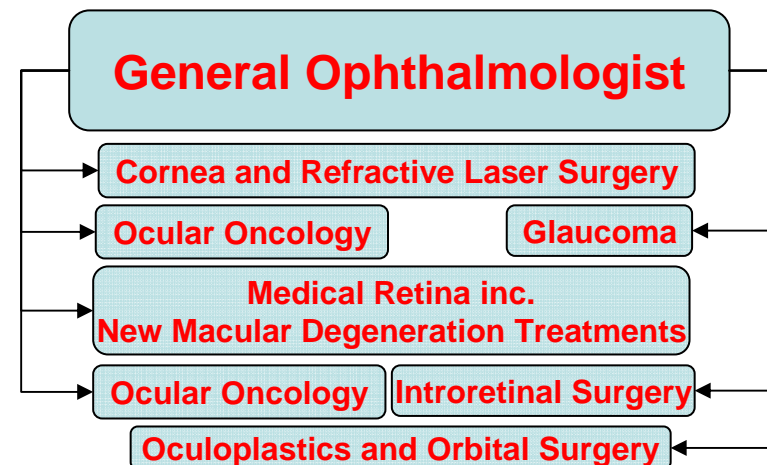
Source: DOH Strategy Group 2006

2 Foundation Trust framework rolled out



Source: CCE, 2007

4 Sub-specialisation



Source: CCE/Bath Eye Care

UK Healthcare Market

Current government policy



Reading the headlines leaves one confused...



FINANCIAL TIMES, FRIDAY NOVEMBER 16 2007



FINANCIAL TIMES, TUESDAY NOVEMBER 27 2007

Reading the detail gives a clearer picture...

Actual DoH ISTC announcement, 16-Nov-07

- Successful usage of Wave I Contracts
- Wave II Contracts still on track to exceed £2 bn
- Utilisation of capacity is key
- Emphasis switching to local procurement
- Opening up Primary Care to the private sector
- Increasing usage of private facilities under ECN
- Accelerated implementation of Free Choice
 - Formal confirmation that Free Choice has been extended from just orthopaedics to include gynaecology, cardiology and general surgery
 - All specialties are expected to be covered by Free Choice by 31-Mar-08

Circle experience in Q4 2007

- Independent Sector Procurement Forum founded DoH in Nov-07
- Monthly referrals to Circle Burton ISTC continue to increase
- Burton unit has accepted nearly 4,000 additional referrals in Dec-07 with at least another 700 surplus cases under discussion

"Patient choice, more diverse suppliers, more use of the voluntary and private sector, is inevitable and not reversible"

David Nicholson, NHS chief executive
FINANCIAL TIMES, THURSDAY JUNE 21 2007

Industry Change

We've seen it all before



	Industry	Incumbent	Entrant	Common themes
	1950s	Food Distribution	Corner shops	TESCO
	1960s	Retail	WOOLWORTHS	MARKS & SPENCER
	1970s	Manufacturing	GM	TOYOTA
	1980s	Financial Services	Kidder Peabody & Co	charles SCHWAB BANK
	1990s	Telecoms	BT	vodafone

- Incumbent hindered by legacy
- Barriers to entry lowered
- Better value for and focus on customer**

Meanwhile consultants are disillusioned



- Increasing regulation
- Guidelines, Audit, Protocols, Inspection
- Targets
- Political priorities
- “Compact” with society/patients
- Job expectations

- PMEDB
- Junior support/competence
- Shifts/continuity of care
- Consultant workload
- Nurse surgeons, endoscopists, consultants

Are we just Technicians?

- Additionality
- ISTCs
- Consultant contract
- Employee v Professional
- Organisational decisions
- Appraisal

- Waiting lists
- Choose and Book
- Practices/departments/hospitals
- Strategic planning
- Clinical priorities/ decisions
e.g. PCTs imposing priorities
Trusts prioritising admissions

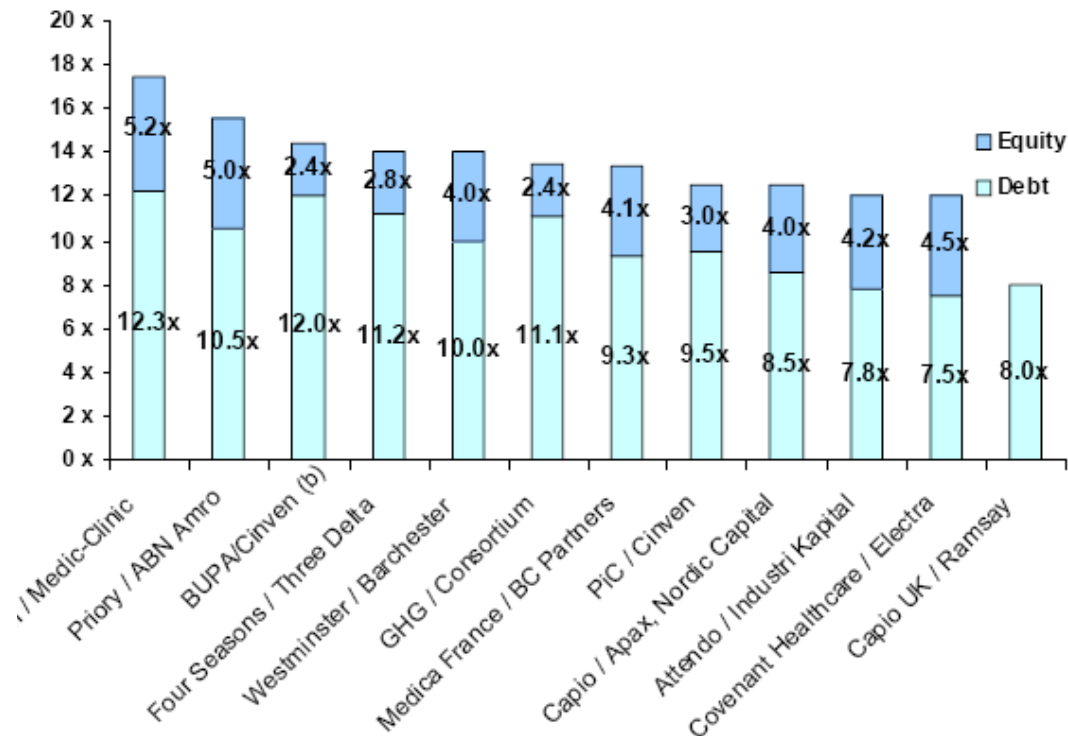
- Lack of investment
- Insurance company “zero sum” behaviour
- Lack of clinician involvement in business planning
- Insensitive management
- NHS v private patients
- Future uncertainty for private practice

UK Healthcare Market

Capital markets are increasingly active



Debt versus Equity, AV / EBITDA Multiples (a)



Some real estate in the structure.
EBITDA used is NTM and normalised to reflect standalone operating model.

>70%^(c) UK private beds sold in the last tv years

- HCA Int., Capio UK, BMI, BUPA & Nuffield Rui hospitals all sold
- Aspen hospitals group for sale
- Spire to buy Classic hospitals group
- ISTC consolidation: Care UK/Mercury Health, Circle/Nations Healthcare

These trends are not restricted to the hospital market:

- Alliance Medical acquired by Dubai International Capital
- LBOs of Oasis Dental Care and Associated Dental Practices. Integrated Dental Holdings for sale
- Ultralase acquired by 3i
- Southern Cross IPO & block trade

These trends are also seen outside UK:

- **Australia:** Primary Health Care A\$2.8bn offer for Symbion
- **Europe:** Clinica Baviera IPO and USP Hospitales acquired by Cinven. Hirslanden acquired by Medi-Clinic
- **US:** Recent acquisitions include HCA, Triad, USPI, Take Care Health System, Health South and Symbion. Health Dialogue acquired by

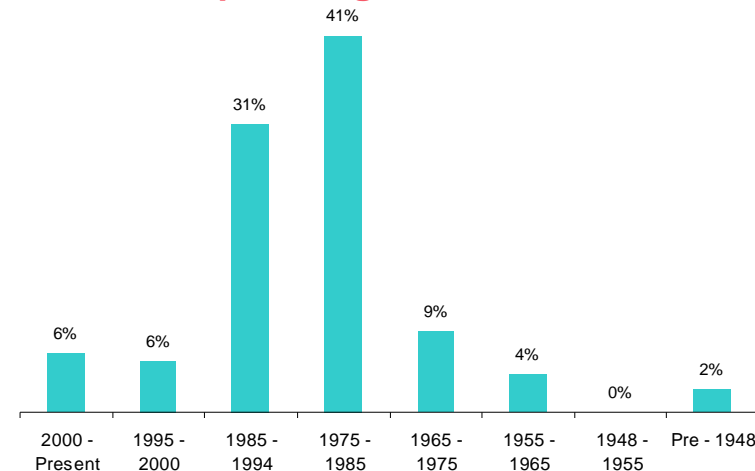
Circle Solution



'New-build' beats 'buying old' in the private market

- The average operating age of private hospitals is approx. 25 years. The actual age of the building is much more, as many hospitals were nursing homes/country houses previously.
- The average age of NHS hospitals is approx. 50 years.
- A traditional private hospital costs **£60mn** to build, commission and take to profitability (£30mn build, £10mn IM&T, £20mn goodwill & cash burn)
- Recent private equity deals are valuing hospitals at an average of £85mn (1.3 x rental cover)
- Circle's cost of taking a new-build hospital to profitability is approx **£1.5mn** in commissioning / pre-opening costs

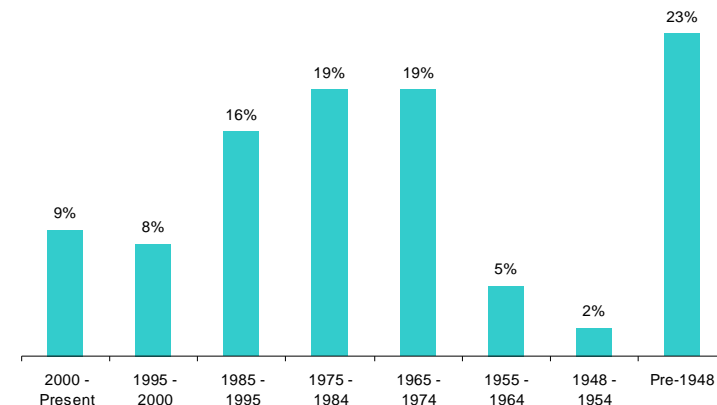
UK Private Hospitals Age Profile



Note: This chart refers to the number of years the building has operated as a hospital. Many hospitals were nursing homes/hotels before they were converted

Source: Laing & Buisson 2005/06.

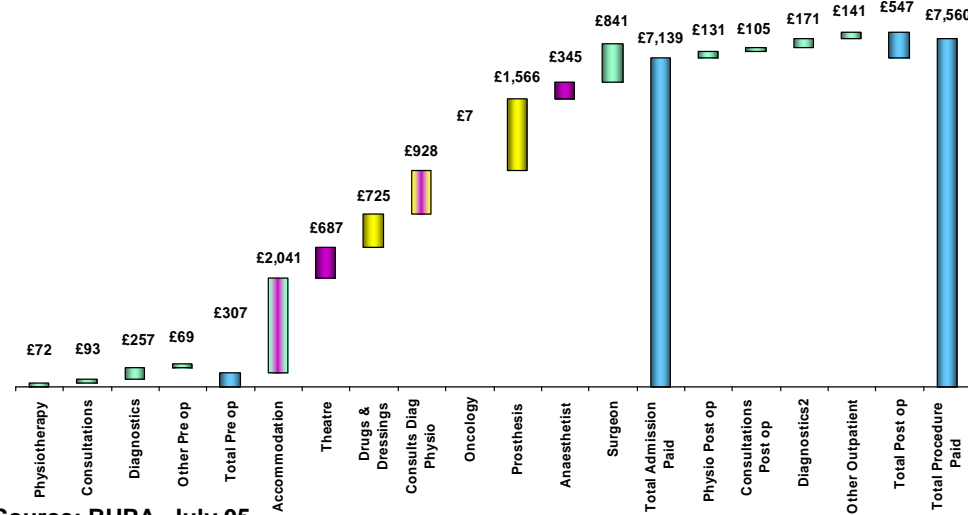
NHS Buildings Construction Date Profile



Source: Department of Health.

Circle Analysis

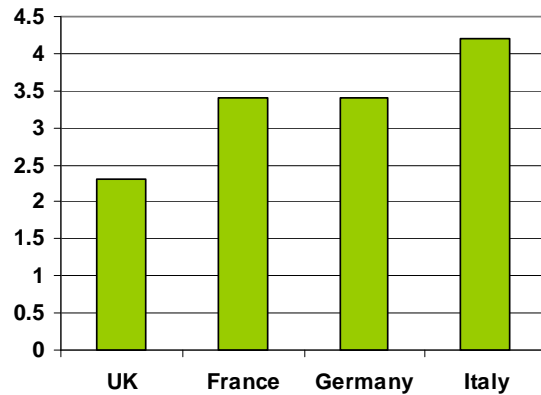
Doctors influence up to 90% of the total procedural cost



Source: BUPA, July 05

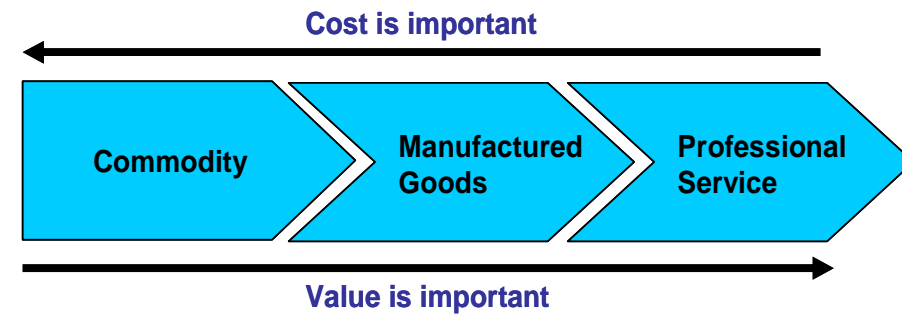
UK clinicians are in very short supply

Clinicians per 1000 head of population



Source: Royal College of Physicians, September 06

Healthcare is a professional service



Audit Commission Report December 2007

NHS medics can solve finance woes

By Nicholas Timmins

December 3 2007

Doctors and finance staff are not talking to each other and this lies at the heart of the NHS's financial woes and often at the heart of poor services, the Audit Commission said yesterday. **When doctors and nurses are given financial information about their services, they are often the ones who can design them to produce higher quality care at less cost, it added.**

The commission's study looked at finance and clinical staff at 16 hospitals, and found that each group had "strongly negative stereotypes" of the other. **But where finance staff provided clinicians with data and helped train them to interpret it, clinicians had the tools to lower costs and redesign services.**



Professional Ownership forms the basis of our model

1. Partner what matters and align incentives



The Professionals



Let Them Own You

2. Give the professional what they need

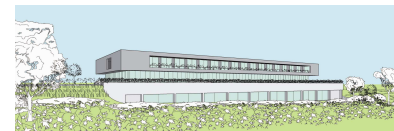


Integrate & Re-engineer Services

Expertise	Outcomes, staff, technology, processes				
Comms.	Patient education and compliance				
Measures	Diagnostics, history				
Access	Office and lab visits, hospital care, transport, home health, remote consults				
Prevention	Diagnosis	Preparation	Treatment	Recovery	Monitoring
• History	• History	• Organisation	• Drug therapy	• Inpatient	• Patient condition
• Screening	• Tests	• Pre-intervention prep	• Procedures	• Rehab	• Compliance
• Risk factors	• Reporting	• Advice	• Discharge plan	• Lifestyle changes	
• Prevention	• Expert review				
	• Treatment plan				



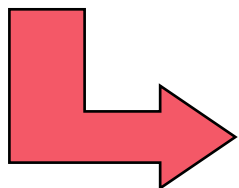
Facilities



The Circle Partnership



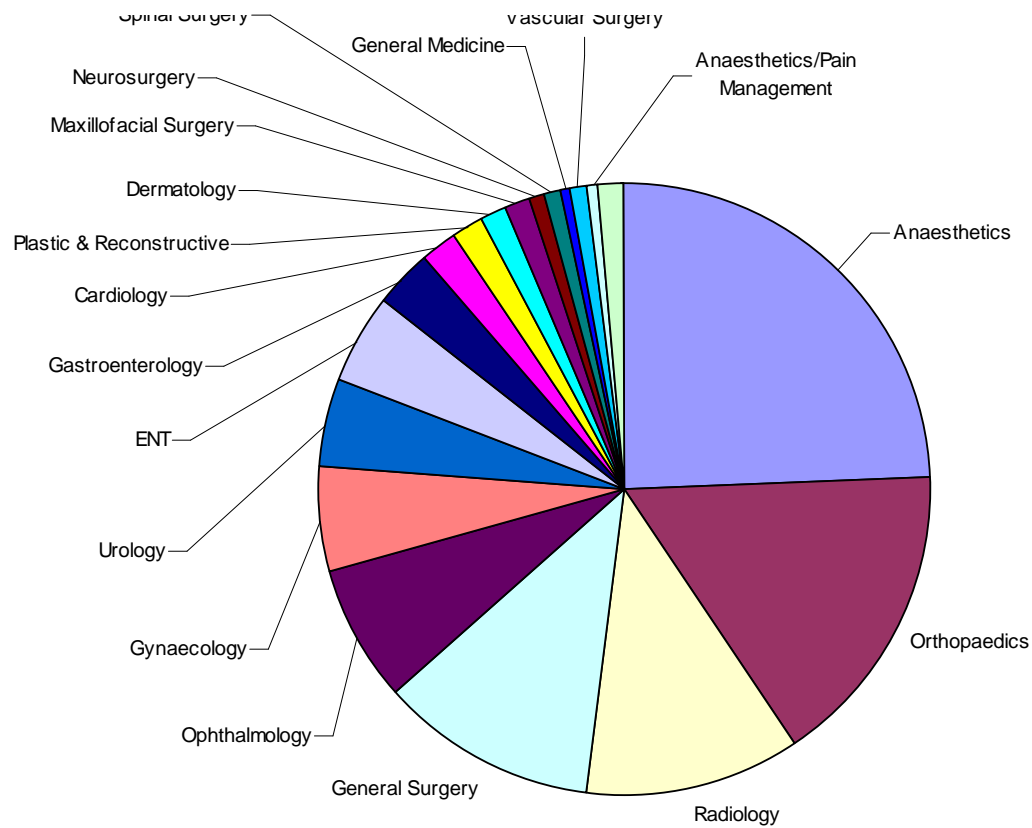
- Aligned Incentives
- Partnership Mentality
- Continuous Improvement
 - -Buildings, Processes and Thinking
- Outcome Focused
- Quality Care
- Superior Value and Profitability



Better Service to the Patient



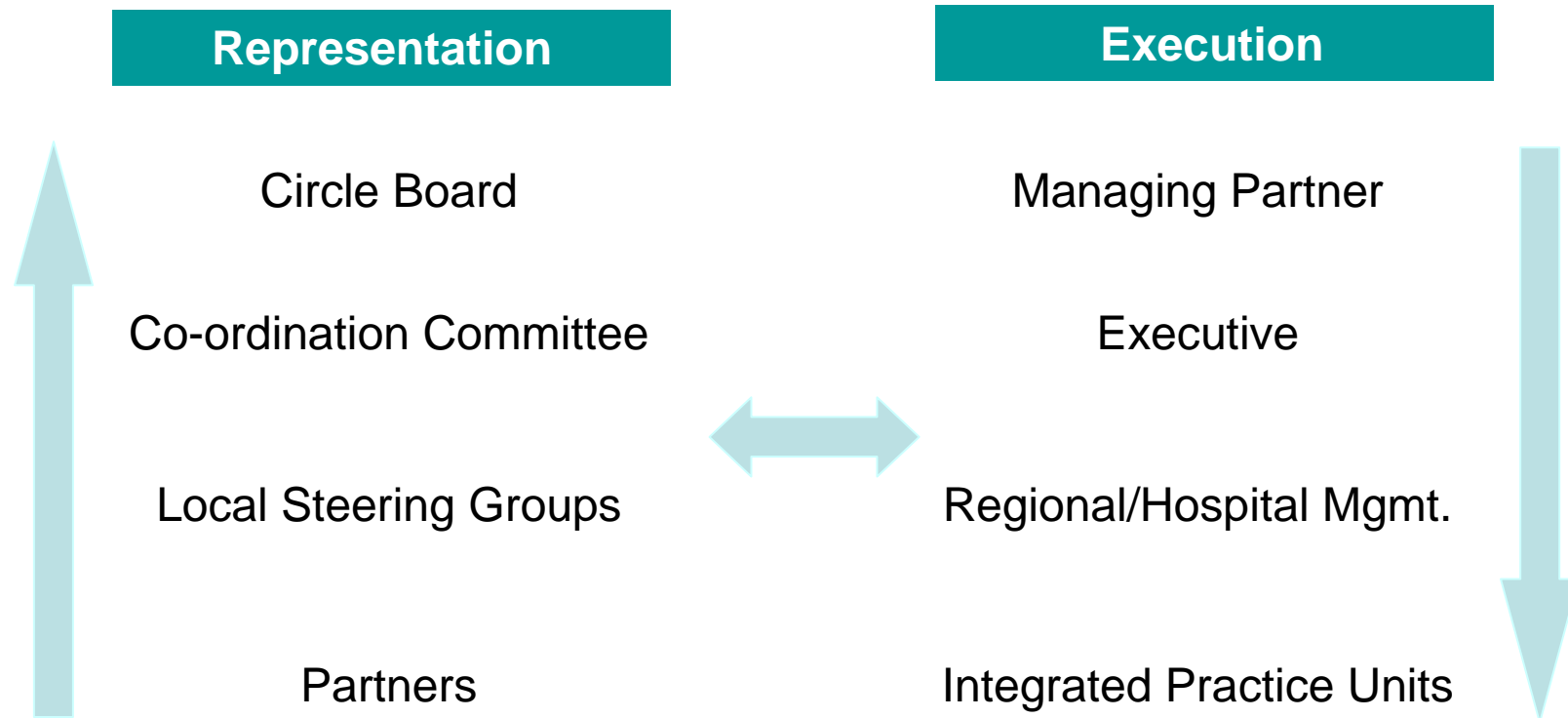
The National Partnership: By Specialty



Total Partners:1049

Circle Execution

Corporate governance: How we run our business



- Executive and management teams working closely with Partnership
- Representative bodies ensure that Partners' opinions are registered swiftly and responded to
- Lean executive / management structure allow efficient and effective achievement of objectives



Circle Execution

Nations Healthcare acquisition

EXCLUSIVE
Doctors' co-operative set to expand

NEWS
Helen Mooney
helen.mooney@emap.com

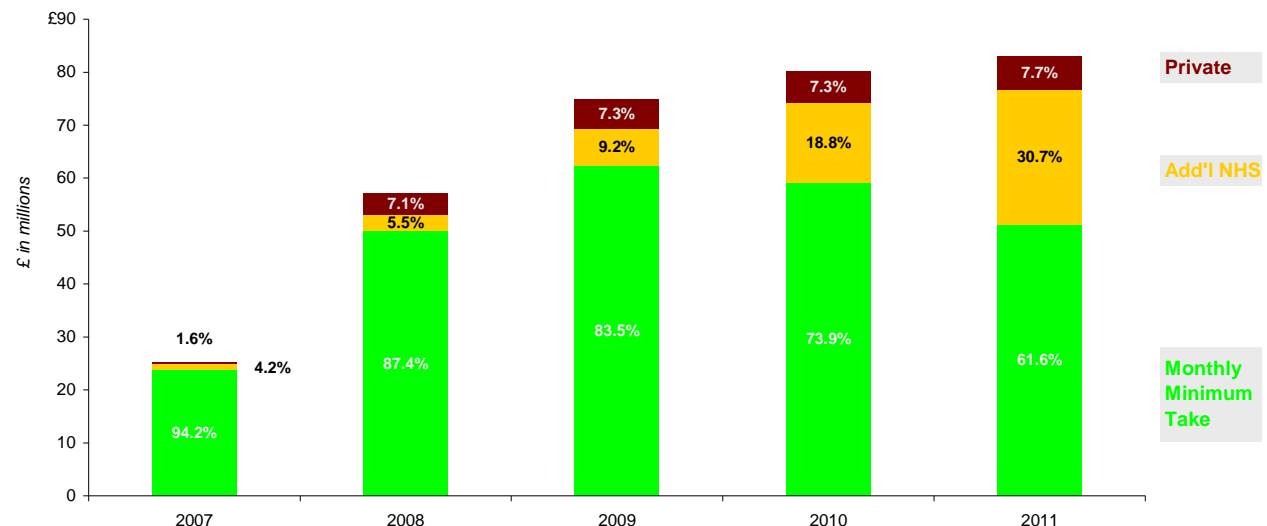
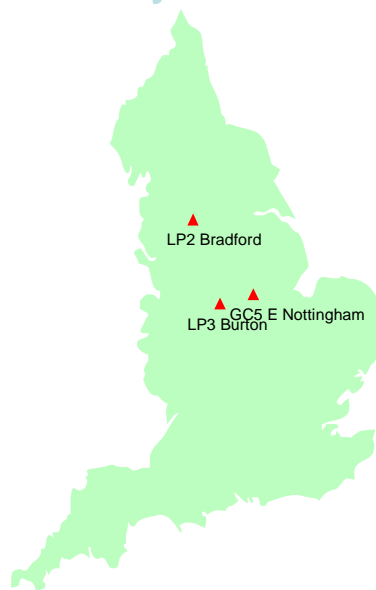
Centres for Clinical Excellence (CCE), the healthcare company set up as a doctors' co-operative, is set to become one of the UK's biggest private healthcare players treating NHS patients as it prepares to acquire Nations Healthcare and bids to take over Mercury Health, *HSJ* has learned.

HSJ, 15th February 2007

Why Acquire?

- Accelerates market entry
- Develops reputation and brand awareness
- Demonstrates our Partnership model
- Puts operational turnaround expertise to work
- High quality facilities, with the largest (Nottingham) being freehold
- Allows us to establish a more meaningful dialogue with the NHS in the Midlands and North of England
- £320m of guaranteed revenue over 5 years
- Nottingham Contract >60% of total contracted revenue (Nottingham being our 2nd largest Partnership)

Facility Locations



What does Nations look like?

The Midlands NHS Treatment Centre



What does Nations look like?

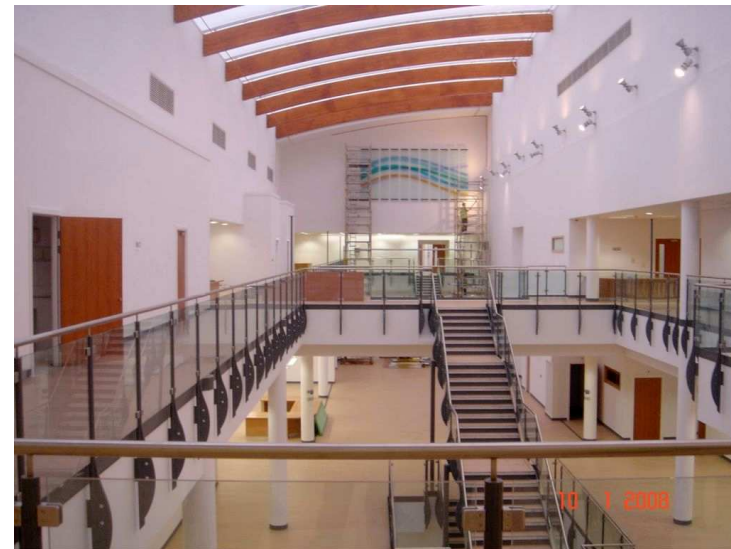


The Eccleshill NHS Treatment Centre



What does Nations look like?

The Nottingham NHS Treatment Centre



Richard Rogers Partnership



**Madrid's Barajas Airport:
RIBA Stirling Award Winner 2006**



Foster & Partners



Swiss Re Headquarter 1997 - 2004





Foster & Partners

Millau Viaduct 1993 - 2005



Richard Rogers Partnership



Bordeaux Law Courts – Better by Design



£300

£200

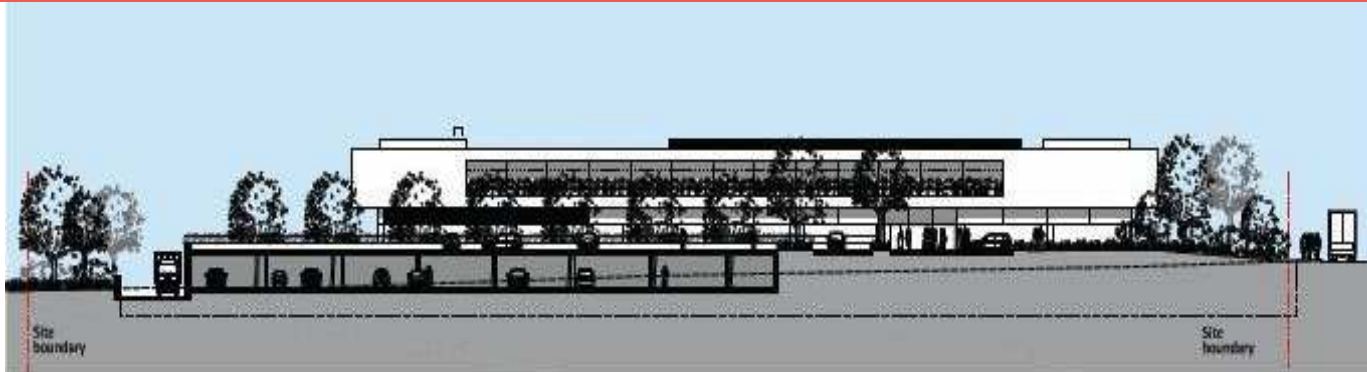
£70

£50

Average cost per square foot £100



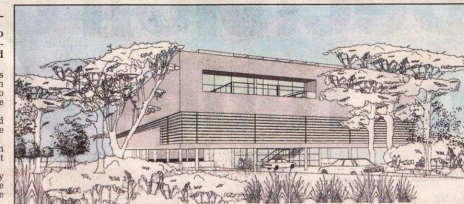
Circle Execution New generation of “hospitals”



New hospital clears first planning hurdle

By Thomas Jones

DEVELOPERS seeking to build a new hospital at Pease-down St John have cleared the first planning hurdle. Outline planning permission was approved last Wednesday by Bath and North East Somerset Council to build the hospital on 2.5 acres off the Pease-down bypass. Nine out of ten councillors voted in favour of the project, with one abstaining. All emphasised that the Norton Radstock community must benefit for further plans to be approved. Radstock councillor Phyllis Gay said: "The proposal is one of the most exciting we have heard in the area for years. I welcome it and will be supporting it fully. If the next, more detailed, planning application is approved, the hospital could be up and running within three years. It will cater for NHS and private patients and treat 600 outpatients a week. Health Properties (Bath) Ltd and Cubex Land (Wellow Vale) Ltd, which have submitted the plan on behalf of the Centres of Clinical Excellence company have said it will bring more than 140 medical, management, administrative and support jobs to the area, in addition to 200 construction jobs. Councillors were shown heavily revised plans of how the structure will look. It will face south on a downward



HEAVILY REVISED: This artist's impression from last autumn shows part of the Centres of Clinical Excellence hospital, in Pease-down St John, on stilts; this has now been changed to meet with the district council's approval

slope of the Bath Business Park behind the Mercedes Benz garage. After a previous plan for a raised building on stilts was rejected, the developers presented a new design that will not exceed the height of the Mercedes garage and not obstruct the view from Pease-down. The developers said the structure would be sustainable and energy efficient, using low-energy lighting and rainwater harvesting. Plans indicated the structure would also utilise the natural contours of the sloping land to maximise space, with part of the structure underground. The celebrated architect Lord Foster is in charge of the project. While approving the plans, councillors made a series of recommendations that must be followed for final planning permission to be granted. Pease-down councillor Gail Cole-shill (Lab Dem, Pease-down) said: "There are several ideas mentioned in the plans that must become reality. The project must include the rainwater harvesting system. It must also have a strong travel plan that will benefit the community. The shuttle bus mentioned must be for everyone and not just for access to the hospital. "The lighting used must not disturb the natural environment, and it must be energy efficient." Councillors also emphasised that the project should not be dominated by making the hospital convenient for the people of Bath, but should primarily benefit the Norton Radstock community. This will be done through jobs, travel plans and support for businesses. CCE has said it aims to start work later this year, with completion due in 2010.

FOSTER & PARTNERS

Hospital plan is cure for drab design ills

By Edwin Heathcote, Architecture Critic

High design is coming to the drab world of healthcare after a decision last night to grant planning permission for a mini-hospital on the edge of Bath.

Its unique selling proposition is that it is intelligently and elegantly designed – by the prominent firm of Foster & Partners for whom it represents the first foray into healthcare.

Centres of Clinical Excellence, its client, is attempting radically to raise the standards of hospital buildings by using the best-known British architects. It is an audacious move – a riposte to the dismal standard of design that has become the norm in an industry driven by the demands of the private finance initiative and a contractor-driven process that can reduce architects to peripheral consultants.

The ground floor of the £20m, 6,500 sq m building is dominated by operating theatres for minor surgery, providing natural sunlight and views across the surrounding countryside.

That is a striking feature, given the enclosed and claustrophobic arena in which operations are often carried out.

The first floor functions as an administrative base with consultants' rooms clustering around its edges, while the second floor contains the patients' individual recovery rooms, each with a small patio or balcony giving on to the landscape. Ali Parsa, chairman of Centres of Clinical Excellence and a former investment banker at Goldman Sachs, describes the split as "clinic/office/hotel". It is also, significantly, a hospital without corridors – certainly one of the first of its kind and forecast to come in at well below the prices of similar PFI projects.

Mr Parsa said: "We could just build another hospital but modern healthcare cannot be delivered in these badly designed buildings. You are at your most vulnerable when you are ill, you need to be in a building which makes you feel good. We thought let's take the country's best architects and challenge them."



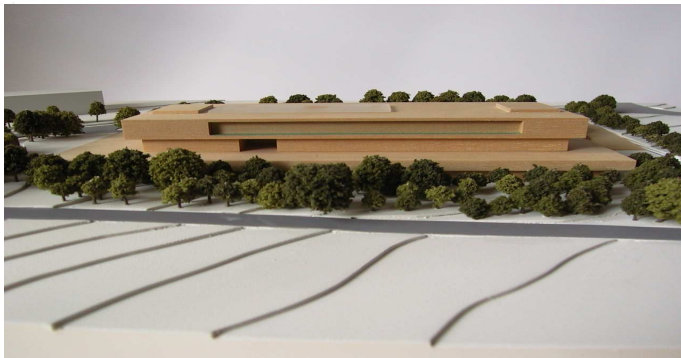
An artist's impression of the Foster & Partners-designed building

Somerset Chronicle, 15th March 2007

Financial Times, 8th March 2007



Circle Hospital Bath (Foster + Partners)



Circle Hospital Plymouth (Rogers + Partners)



Design Concept

13

Artist's impression of design vision
Bird's-eye view



Circle, centre of clinical excellence, Plymouth (Rogers + Partners), February 2008

Rogers + Partners



Hopkins Architects



Evelina Hospital:

**RIBA Stirling Award 3rd
Prize 2006 and People's
Choice**



Hopkins and Partners



Evelina Children's Hospital, London
1999-2005



Glyndebourne Opera House, Sussex
1989 - 1994



Inn the Park
1996-2004



Jubilee Campus, University of Nottingham
1996 - 1999



'Ulopla' Broughton Hall, Skipton
2001-2005



Norwich Cathedral Refectory Centre, Norfolk
1995 - 2004



David Mellor Cutlery Factory, Hathersage
1988-1989



Ainwick Garden Pavilion, Northumberland
2003-2006

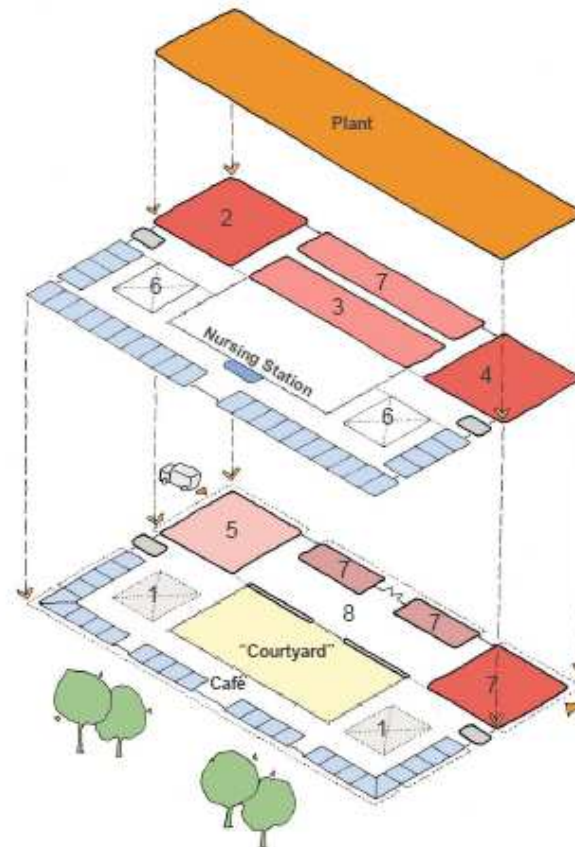
Tunbridge Wells Site



Design around Process

Key

- 1 Out-Patients' Zone
- 2 Operating Zone
- 3 Daycase Zone
- 4 Imaging Zone
- 5 Equipment, Sterilisation and Supplies (ESS) Zone
- 6 In-Patients' Zone
- 7 Admin & Support Zone
- 8 Greeting Zone



The organisational principle of the Tunbridge Wells design is dictated by the hospital's complex clinical adjacencies and the flow of patients and staff. The spatial diagram separates highly serviced areas (red) from the patients' facilities (blue).

The clinical accommodation (red) is serviced by mechanical plant directly above (orange). This contrast the lighter patients' pavilion (blue) with a courtyard bridging between the two (yellow).

The clinical accommodation houses the operating zone with the daycase and imaging zones on the first floor. The ground floor will accommodate the ESS zone with administration and the greeting zone.

The patients' pavilion (blue) provides accommodation for the out-patients zone on the ground floor and the in-patients zone on the first.

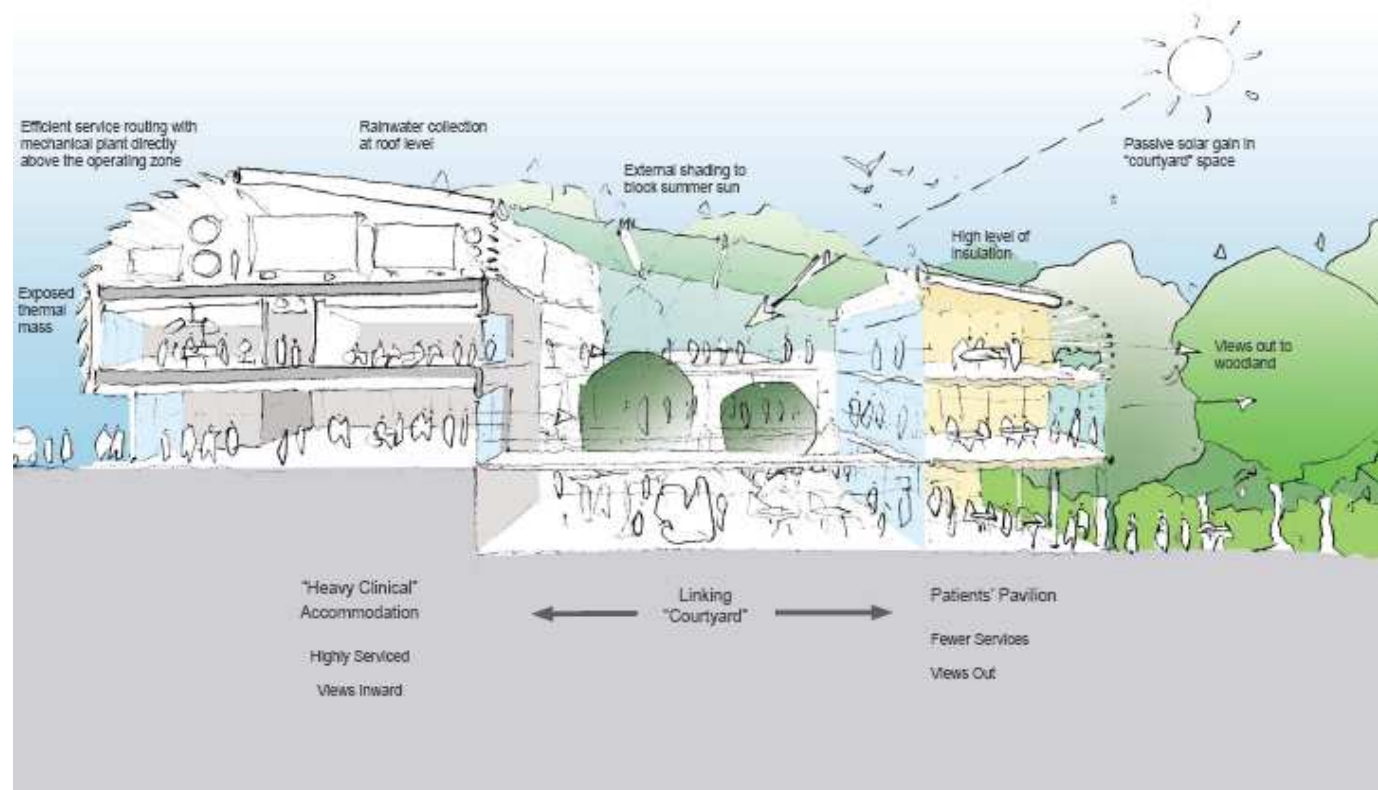
The linking 'courtyard' provides the interface for the two areas and creates an opportunity to bring daylight into the heart of the building.

This building diagram enables the patients' pavilion to look onto a private garden whilst the car parking is screened from view by the clinical accommodation.

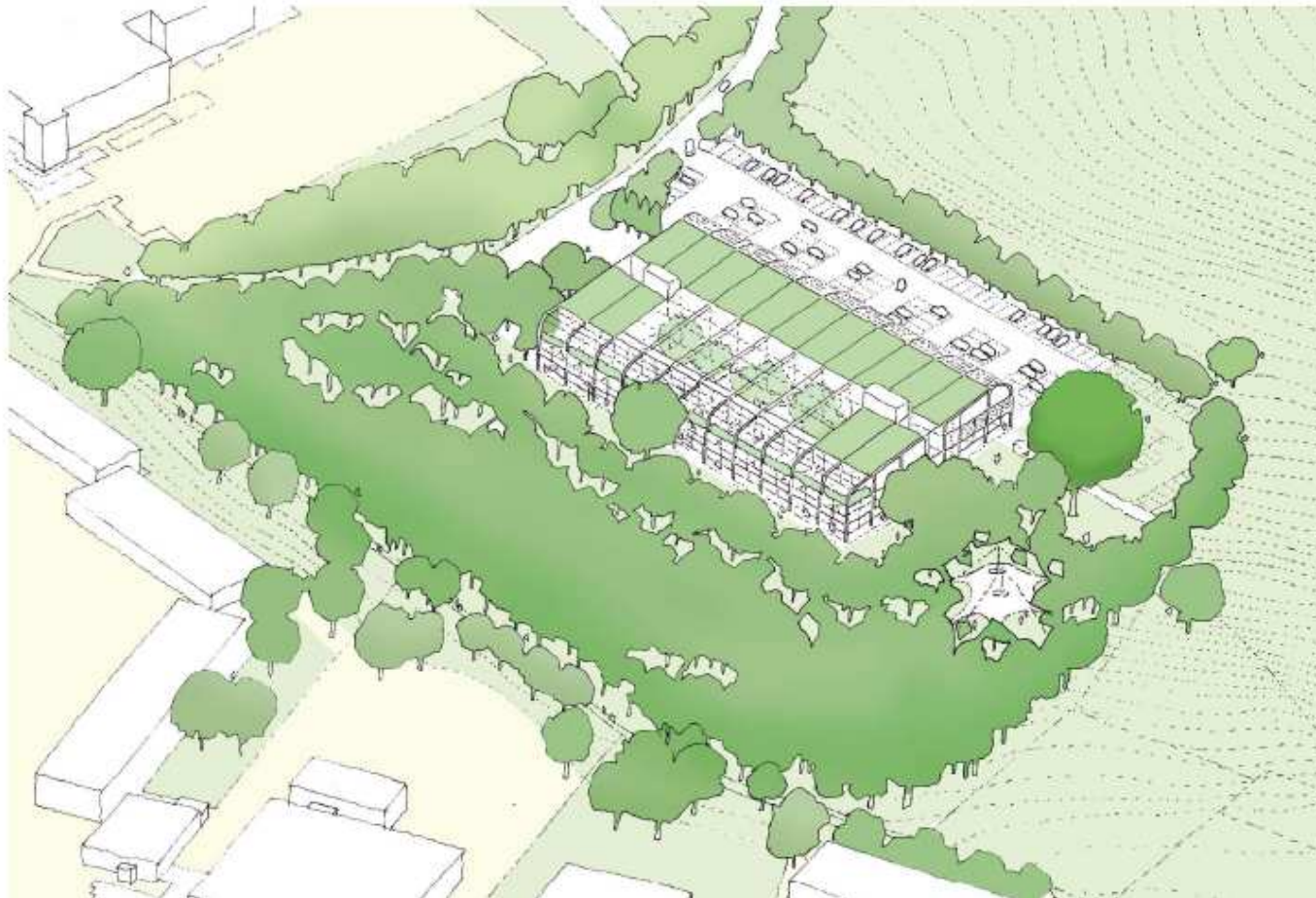
The Building, Tunbridge Wells

Building Scale	Max	Min
Footprint	4015m ²	3011m ²
Height (AOB Point +82.415)	15m	15m
Indicative Areas		
(In support of application)	Max	Min
Gross external area	9000m ²	6750m ²
Net Internal Area	7000m ²	5250m ²
Future Expansion		
(In support of application)		
Gross external area	2000m ²	0m ²
Net Internal Area	1500m ²	0m ²

Tunbridge Wells Design



Fits into Environment





Fits into Environment





Public Exhibitions

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or call 0207 630 1253



Circle[™]
of life