Client:	Abbey
Contract Name:	Columbus
Contract Type:	Flexible Property Outsourcing.
Portfolio:	▪ The portfolio consists of 1,300 properties totalling 2 million sqm, including bank branches, call centres, apartments and offices. ▪ Abbey transferred all freehold and long and short leasehold properties to Mapeley, including all estate management responsibilities.
Purchase Price:	£457.5 million.
Revenue	£90 million per annum.
Term:	20 years.
Charge:	Abbey pays against a single quarterly invoice, with the payment indexed at 3% per annum.
Scope:	Abbey initially chose to retain life cycle maintenance risk and FM management, but is now considering to include them in the contract.
Flexibility:	Abbey can vacate properties according to designated “hold” periods without incremental charge and can exercise further “extraordinary flexibility” against a transparent formulaic charge (see Operational Flexibility below).
Drivers:	▪ **Realise Capital** – Abbey registered a £70m gain on the sale of the portfolio. ▪ **Gain Operational Flexibility** – Abbey can move out of c. 50% of the portfolio over the life of the contract. ▪ **Find Strategic Partner** – The sale of First National in 2002 was achieved at a very low cost due to the high quality of property data and Abbey is able to revise contractual hold dates. ▪ **Complete Transaction Quickly** – Mapeley was appointed preferred bidder on Sept 6th 2000; Abbey achieved financial close on Oct 25th 2000; and Mapeley took over the **portfolio** on Dec 25th 2000. ▪ **Transfer Risk** – Abbey transferred all third-party rental liability and void costs to Mapeley. ▪ **Create Cost Certainty** – Abbey knows exactly what the invoice will be in any given quarter throughout the 20-year contract.
Operational Flexibility	▪ **Total Assumed Liability** – NPV of Abbey’s total lease liabilities at contract inception was £489m and NPV of Abbey’s 212 surplus properties was £49m on day one and the average lease expiry on these properties was 2010. ▪ **Flexibility Provision** – Abbey can vacate properties according to designated “hold” periods without incremental charge and can exercise further “extraordinary flexibility” against a transparent formulaic charge and Aggregate flexibility over the life of the contract is 50%. ▪ **Vacations** – Abbey has vacated 364 properties since contract inception, including the 212 surplus properties on day one, totalling 149,000 sq m of space and Total NPV of these vacated properties was £72m. ▪ **Extraordinary Flexibility** – Abbey can exercise further “extraordinary flexibility” against a transparent formulaic charge. Using ex-flex, Abbey has vacated four properties, totalling 45,000 sq m, which has saved them a total of £858,000 in annual rental liabilities. ▪ **Acquisitions** – Mapeley has acquired five new properties for Abbey since contract inception. ▪ **Issues** – Difficult to predict business needs accurately over extended periods.

Abbey portfolio – Geographic coverage