

BUSINESS INTELLIGENCE



PEOPLE POWER IMPACTS HEALTHCARE AND HOSPITALITY

Healthcare and hospitality may seem strange bedfellows, but these two vital sectors of the economy have a major characteristic in common: their people.

Both rely heavily on the recruitment, retention and reward of high quality people to deliver a high quality service to their clients. And both sectors are facing similar challenges which require a deep market knowledge and understanding from their growth funding providers.

Birmingham-based Mark Duggan, head of the healthcare team at Allied Irish Bank (GB) (AIB (GB)) in the West Midlands, explains: "Over the course of the 20 years that we've been involved with the sector, the delivery of healthcare has been transformed. Quite rightly, tightened regulation has and continues to drive up quality and staffing issues are currently a major concern, with huge competition for good people. With Brexit looming, this

pressure is likely to increase in the short to medium term and, as a result, successful owners and operators have introduced new ways to recruit and reward staff in order to tackle that particular challenge."

AIB (GB) is committed to supporting ambitious businesses across both the healthcare and hospitality sectors, with deal volumes and values increasing substantially over the last 12 months.

Northamptonshire-headquartered Christchurch Group is one of the UK's leading specialist multi-disciplinary neurological rehabilitation providers. Acquired by Sovereign Capital in 2010, the group has grown from two units in Northampton to currently eight units across the UK. AIB (GB) became involved with the business in 2017, refinancing its York care home and the further refinance of their Birmingham, Lincoln and Oxford homes in 2018.

When considering which businesses to support, a strong management team is viewed as critical for success.

Mike Tierney, AIB (GB)'s hotels and hospitality sector team leader in the West Midlands, says: "It's impossible to over-emphasise the importance of this aspect. We spend time getting to know owners and management teams, their businesses and where they sit in the market to drive

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meaningful conversations. Because we've a track record of supporting hospitality businesses for over 25 years, we talk their language; understand their goals and how to help the teams achieve them."

A perfect illustration of the bank's ethos of backing strong management teams is its recent backing of the Savera group of Midlands-based hotels owned by the five Johal brothers. The Ramada Sutton, the Days Hotel Coventry and Ramada Warwick Kenilworth, were purchased by the family between 2010 and 2014 after identifying opportunities to add value and use their experience to enhance the offerings at all three locations significantly. The family has been involved in the industry since building the Ramada Ruislip in 2002, which they still continue to own and manage successfully.

In 2017 the family began a search for a banking partner who could help them achieve their long term ambition of continuing to invest in their Midlands portfolio and adding further sites when opportunities arose. They were recommended to AIB (GB) in Birmingham by a number of regional professionals who were aware of the bank's reputation and

appetite to work with quality operators in the hospitality industry. The transfer of banking to AIB (GB) took place in May this year.

UK acquisitions by overseas investors looking for higher returns continues its upward trend, evidenced by a hat-trick of recent hospitality deals for AIB (GB), including its £10m backing of the purchase of The St John's Hotel in Solihull by Singapore-based fund manager CL Capital, represented by HFF Real Estate; the £10.1m funding to assist with the purchase of Crown Spa Hotel in Scarborough by Seacare Co-Operative, the investment vehicle for a large Singapore-based trade union and which will be managed by long-term partner Compass Hospitality; and the purchase of GoGlasgow Hotel by Buxani Group Hotels UK, owned by Singaporean high-net-worth individual Kishore Buxani, for an undisclosed sum.

Mike Tierney concludes: "These transactions and a healthy 2018 pipeline are testament to AIB (GB)'s appetite for backing high quality deals from both overseas and UK-based operators across these important growth sectors."



PUTTING OUR MONEY WHERE OUR MOUTH IS

Healthcare and hospitality are two key areas of business focus for AIB (GB) and both have enormous significance to the West Midlands' economy.

Earlier this year we launched two dedicated £500m lending funds targeted at owners of established businesses looking for growth finance, be it for acquisitions, capital expenditure programmes or refinancing packages.

Concentrating on key sectors means we're able to truly get under the skin of the businesses we work with, understand what the drivers and challenges are, as well as the market forces at work. Despite the challenges ahead, businesses which possess real opportunities for growth, led by strong management teams, will continue to do well.

Our sector expertise, coupled with empowered teams and short reporting lines, means that we're able to provide customers with a very responsive service. Customers and professional contacts tell us how much this approach matters.

Healthcare and hospitality are essentially people businesses. The same is true of relationship banking. Putting the customer at the heart of everything we do and backing them to achieve their dreams and ambitions is our primary purpose.

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