

CAPABILITY STATEMENT

Health and Community Services



INDUSTRY SUMMARY

Given Australia's aging population, the health and community services industry will continue to grow in both size and importance to the national economy. It is estimated that by 2020, 16.4 per cent of Australia's population, 4.2 million people, will be aged 65 or over.



The growth in the aging population will affect the requirements and demand for health and aged-care services across Australia.

Even though this will trigger growth opportunities, this industry will face a number of challenges to appropriately manage this growth.

The Federal Government has recognised the importance of health and aged-care in Australia by announcing in the 2010/2011 Federal Budget additional funding of \$7.3 billion over the next five years, and a further \$23 billion over the balance of the decade for health and aged-care.

The ongoing care of patients, residents and other customers is of paramount importance in the health and community services industry. Taylor Woodings understands this and strives to achieve solutions that provide continuity of care with minimal disruption.

OUR EXPERTISE

Through our strong experience, Taylor Woodings has developed an excellent understanding of Australia's health and community services industry. Our team offers a range of specific services including:

- **formal appointments**
- **strategic recovery advice**
- **workout and restructuring assistance**
- **pre-lending reviews**
- **investigating accountants reports**
- **leasehold valuations**
- **advice in relation to health related property development**

Taylor Woodings' national health and community services team has advised on a wide range of sectors in this industry, including aged-care (high and low-level residential care), retirement villages, pharmacies and pharmacy groups, medical centres and licensed residential care facilities. Through this experience we have gained a thorough understanding of the unique requirements associated with each sector, which is essential for the most successful outcome.

WHAT TAYLOR WOODINGS OFFERS

EFFICIENCY

We understand the time sensitivities around projects in the health and community services industry. Once appointed, Taylor Woodings quickly establishes communication with the relevant state and federal regulatory bodies to ensure all requirements are being met. Next, our team assesses the stability of the underlying business so an effective solution can be put in place.

THE RIGHT RELATIONSHIPS

Given the highly regulated environment of this industry, it is vital that all regulatory requirements are met to achieve a successful outcome. Taylor Woodings has strong relationships with relevant government departments, operators, suppliers, valuers, agents and other third parties. We utilise these contacts as required in order to ensure an optimal outcome is achieved for our clients and other key stakeholders.

OVERALL SOLUTIONS

Given the risks and sensitivities of this industry, we understand the importance of delivering a complete solution that takes into account, sometimes competing, stakeholder interests. Our holistic approach ensures the best possible outcome for our clients.

RISK MANAGEMENT

The Australian health and community services industry carries increased risk when compared to other industries. This risk is driven by:

- the level of regulation
- sensitivities in dealing with people's health and wellbeing
- the probability of increased media exposure

Taylor Woodings understands these unique pressures and strives to minimise risk for our clients and other stakeholders. In particular, we have significant experience in managing media interest in our clients and in our appointments.

CASE STUDIES

01

Pharmacy Group, Sydney NSW

Taylor Woodings was appointed to provide a pre-lending report in relation to the franchisor of 25 pharmacies in Sydney. Some pharmacies were owner-operated by the franchisor who was forecasting to add 20 new pharmacies per annum for the next five years.

The potential borrower had developed relevant business support systems to streamline the franchising of pharmacies and had approached the financier for expansion funding. The bank considered offering funding to each new individual pharmacy. In addition, the franchisor was considering providing a mezzanine funding package that would be available to incoming franchisees. This would result in the financier having an exposure of greater than 100 per cent of the purchase price of each new pharmacy.

Taylor Woodings undertook the following:

- reviewed the proposed business model
- conducted an analysis as to the viability of the underlying pharmacies given the level of franchise fees
- assessed the franchisor's management capabilities with particular emphasis on its ability to deliver ongoing support to the franchisees

Taylor Woodings concluded that, although the franchisor had the appropriate expertise and resources to support the franchisees, the proposed franchise fee was too high and would likely result in the franchisees incurring trading losses. In addition, we considered the funding package to be too aggressive. Accordingly, we made recommendations for a different franchise fee structure and funding structure. As a result, the bank restructured the funding offer based on our recommendations.

02

Sunshine Lodge, Southern Highlands NSW

Taylor Woodings was appointed Receiver and Manager of Sunshine Lodge, a licensed residential care facility for 100 residents in the Southern Highlands region of New South Wales. As this industry is heavily regulated, it was important for us to enter into immediate dialogue with the relevant government bodies to ensure all requirements were being met. We then took steps to stabilise the business, including ensuring all residents were adequately cared for.

Due to a change in legislation, we were required to enter into complex negotiations with the New South Wales Government prior to offering the asset for sale. These negotiations were primarily in regard to the number of beds the Government would license to the asset for sale.

We successfully negotiated more beds than the Government originally determined, which resulted in the asset being sold for a price in excess of the valuation.

03

The Peridon Group Retirement Villages, Central Coast NSW

Taylor Woodings was engaged in relation to a large unregistered managed investment scheme that developed and operated two retirement villages. Due to an adverse tax ruling, the scheme failed and had been wound-up. One of the three creditors with security over the assets engaged Taylor Woodings to investigate the possibility of consolidating the other financiers' debt and restructuring the Group. Taylor Woodings identified the inadequacies and risks in the proposed refinancing, and recommended significant improvements to the model and creditor's security prior to advancing funds.

OUR TEAM



Matt Adams

Partner, Sydney – Team Leader
+61 2 8247 8000
matt.adams@twcs.com.au

Matt has in-depth experience in the health and community services industry, with emphasis on aged-care, retirement villages, pharmacies and medical centres. Matt's experience extends across New South Wales and Western Australia, including the management and sale of a licensed residential care facility, the trading and sale of numerous pharmacies and the preparation of investigating accountant reports for retirement villages and aged-care facilities.



Ross Blakeley

Partner in Charge, Melbourne
+61 3 9604 0600
ross.blakeley@twcs.com.au

Acting on behalf of major banks, Ross has been involved in monitoring and reviewing a number of retirement villages, aged-care facilities, childcare centres and a large pharmacy group. Through this experience, Ross has developed an understanding of the specific considerations relevant to the health and community services industry in Australia, including operational and regulatory issues.



Stefan Dopking

Partner in Charge, Brisbane
+61 7 3041 2900
stefan.dopking@twcs.com.au

Stefan is a senior practitioner with over 20 years working in insolvency and advisory services focusing on corporate receiverships, business reviews and financial health assessments for lenders and directors. Through this, Stefan has experience across many transactions within the health and community services industry in Australia.



Ian Francis

Partner in Charge, Perth
+61 8 9321 8533
ian.francis@twcs.com.au

Ian has undertaken a number of assignments in the health and community services industry with a particular focus on aged-care and retirement villages. Ian was appointed as Voluntary Administrator to a group which operates a large retirement village in metropolitan Perth requiring a major debt reconstruction.



Quentin Olde

Partner in Charge, Sydney
+61 2 8247 8000
quentin.olde@twcs.com.au

Quentin has had significant experience in the health and communities services industry over many years through appointments as investigating accountant, Receiver and Manager or Voluntary Administrator for pharmacies, aged and retirement businesses and medical centres. Through his experience, Quentin has developed a detailed understanding of the key drivers and issues that impact this industry.



Nathan Landrey

Associate Director, Sydney
+61 2 8247 8000
nathan.landrey@twcs.com.au

Nathan has worked in conjunction with secured lenders on a number of health facilities in New South Wales, Queensland and Victoria to assess the financial viability of the institutions. In trading on these businesses, Nathan has obtained a thorough understanding of the financial model required for a successful operation. Nathan also understands the statutory, employee and external issues and pressures driving this industry through his experience in the continued trading of hospitals.

ABOUT US

Taylor Woodings is an independent, national Chartered Accounting firm providing clients specialist services in Restructuring, Corporate Recovery, Advisory and Transaction Services and Forensic Accounting. With offices in Sydney, Perth, Melbourne and Brisbane, we offer our clients a truly national service.

Taylor Woodings is committed to delivering timely, relevant and innovative strategies to meet our individual clients' needs. With our *one-firm, one-focus* philosophy, we share resources, technical staff and specialist knowledge to ensure clients receive a full-service offering regardless of their geographic location.

Our experience extends across Australia's key industries of agriculture, manufacturing, health, mining and property. We work with all types of organisations within Australia and overseas, from small family businesses to publicly listed ASX and multinational companies, on both complex and straightforward assignments.

Taylor Woodings has established working relationships, essential to delivering successful outcomes for clients, with national and regional retail banks, investment banks, corporate advisory firms, law firms, accounting firms and specialist consultants.

Taylor Woodings is a national partnership that is supported by a dedicated and expert team of advisers. We maintain an efficient internal structure and allocate the most appropriate resource to assignments. This approach provides clients with direct access to senior, specialist advice and cost effective solutions that place our clients' objectives first.

We have an affiliation with TW Gerry Rea Partners, a specialist insolvency and litigation support firm in New Zealand. We also have a joint venture arrangement with Allen Capital, an independent corporate advisory and private equity investment firm. Taylor Woodings is a member of the international insolvency network, hww Insolvency Co-operation Partners, which is represented in 21 countries around the world.

RESTRUCTURING | CORPORATE RECOVERY | ADVISORY AND TRANSACTION SERVICES | FORENSIC ACCOUNTING

SYDNEY PERTH MELBOURNE BRISBANE

taylorwoodings.com.au

