

The objective of this case study is to illustrate a typical joint venture and fundraising transaction

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On appointment, we would agree with you a tailored transaction process designed for your individual situation

Typically we transact deals between £1-100 million for owner managed businesses, corporates and financial institutions. Although, we have completed larger and smaller deals

UK based we have completed deals for clients and with counter parties located in the EU, Asia & the Americas

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*We look forward to working with you. For further information please call your local partner, details below.*

## CASE STUDY: Joint Venture & Fundraising

Four medical practitioners were becoming increasingly concerned about long term developments in the private health care sector. They anticipated that revenues in their private practices would come under increasing pressure from medical insurance companies and health care facility operators.

The practitioners decided to take matters into their own hands and to explore the possibility of establishing their own private hospital and clinic. In so doing, they hoped to enjoy the benefits of capital growth from a shareholding in a profitable hospital/clinic venture, whilst also being in a stronger position to negotiate rates with insurers directly.

They approached HW Corporate Finance to advise on the feasibility of establishing a new venture and to assist in developing a business plan if appropriate. The feasibility assessment is a critical part of any large scale project, it establishes:

- the management resource required to execute the plan;
- the funds required to complete the project;
- whether the proposition itself is a fundable;
- the key risks and likely mitigants for the project; and
- likely alternatives comparing the benefits and risks of each.

Having undertaken a full assessment of the opportunity, HW Corporate Finance and management concluded that establishing a stand-alone operation was likely to prove extremely difficult. In particular, obtaining approval from insurers for a new start operation was likely to be very challenging and without this the new operation would not be in a position to meet c. 80% of its revenue targets.

HW Corporate Finance then recommended an alternative route – to partner with a private hospital operator currently not operating in the same geographic area. This would allow the consultants to achieve their ambition of ownership whilst also allowing the operator to enter a new market on a lower risk basis.

Following a detailed search, review, short listing and meetings with potential partners, a joint venture with Nuffield Health was agreed. HW Corporate Finance advised the consultants throughout the process to ensure that the joint venture reflected:

- the needs of both parties;
- the value of the practitioners contribution;
- established a share structure allowing new consultants to participate in the future; and
- permitted an exit in the future for the founders.

With the JV business successfully established HW Corporate Finance were then instructed to prepare a detailed business plan supported by extensive market research with the objective of raising the £13 million necessary to build and operate the facility.

To raise finance for a new start it was critical that the plan clearly outlined the opportunity and proactively mitigated the risks any potential funder might identify. HW Corporate Finance then approached specific funders appropriate to the project in order to limit the impact of the fund raising on management time.

HW Corporate Finance conducted a tight fund raising process with a limited number of pre-qualified parties. They worked to generate competitive tension and this resulted in significant adjustments compared to initial offers in terms of both price and deal structure. RBS were finally selected by the team as management were impressed not only by their terms for the £13 million facility but also by their understanding of the business and its potential.

The clinic has now opened and the consultants have achieved both their personal and business ambitions. The clinic has been very successful and since opening a further 8 consultants have joined and become shareholders. Following on from this transaction HW Corporate Finance have advised on another private hospital joint venture in Guildford.

The benefits of similar joint ventures are also relevant across other industry sectors. HW Corporate Finance has worked on a number of other JV's and fundraisings including:

- Advice to the joint venture partners in Vale Clinic, a new start private clinic and hospital;
- Advice to the joint venture partners in Guildford Clinic, a new start day care facility;
- Debt and equity fund raising from RBS and Aberdeen Asset Management for the MBO of Training for Travel Ltd; and
- Debt and equity fundraising from HSBC and Aberdeen Asset Management for the MBO of TC Communications Plc.

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South East	- Charles Whelan	07733 003 487
London	- Richard Hall	07960 126 559
North East	- Chris Scott	07836 288 823
Yorkshire	- Miles Stanyard	0113 398 1100

South West & Wales	- Adrian Godfrey	07710 158 371
Midlands	- Alan Gardner	01902 793 333
North West	- Sean Moriarty	0161 819 6843
Scotland	- Richard Gibson	07712 880 164