

PRESS CUTTING

Renaissance rescue for four care homes

Deal for Southern Cross properties to triple size of company

Scott Reid

RENAISSANCE, the care home operator owned by industry veteran and entrepreneur Robert Kilgour, will triple in size tomorrow when a deal to take over four former Southern Cross properties pushes through.

Scots-born Kilgour, who founded Four Seasons Health Care in the late 1980s, said the acquisition of the homes - three in the north-east of Scotland and one in Edinburgh - would take annual turnover from £3 million to some £9m. Profits are expected to double to £600,000.

Southern Cross, which had been the UK's biggest care home operator, ran into crippling financial problems after it was unable to pay its rent bills to its landlords. Rescue deals have since been struck for scores of homes, mainly south of the Border.

Kilgour, who built up Four Seasons into a UK-wide group with more than 100 homes before stepping down in 1999, said he had "no wish or desire" to create another industry heavyweight.

The four properties will join a Renaissance portfolio that already encompasses three homes in Edinburgh and the Lothians. A further property in East Lothian operates under



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Robert Kilgour, left

a leasing agreement with the local council.

The Musselburgh-based company has been working on the deal to acquire the Southern Cross homes for several months. It is understood to have run the rule over other potential targets before settling last month on the Bonnington Care Centre in Edinburgh, the Cowdray Club and Persley Castle care homes in Aberdeen and the Meadowlark Care Centre in Forres.

Kilgour said he was aiming to grow Renaissance to between 15 and 20 homes, all in Scotland, by 2015.

"We are looking at roughly doubling from where we are," he told *Scotland on Sunday*, adding there were "opportunities" in the marketplace.

The sector suffered a fresh blow this month when Aberdeen-based Argus Care Group, which runs 12 homes, was forced to call in the administrators as a result of "general cash-flow difficulties".

Kilgour said he was keen to build a business based upon a mixture of wholly owned properties, management contracts and leased homes, rather than have "all the eggs in one basket".

The four homes being added this week are larger than the existing ones, tripling the total bed number to around 300 and taking the staff number to about 400. Profits will double rather than treble, due to extra senior management costs.

Kilgour said: "These deals can be complicated. They have

to be right for us, they have to be right for the landlords and, in a lot of cases, they need to be right for the landlords' funds.

"The main focus is to ensure continuity of care - we have walked away from more deals than we have done."

He added that he had been approached by one fund that was looking to buy a home a year for the next three to five years, with Renaissance undertaking a rolling management contract as part of any agreement.

A new senior team has already been appointed to run the enlarged care home business, headed by former Four Seasons Scotland managing director Claire Docherty. William McLeish, formerly of Southern Cross, is in the post of finance director.

"You need to be of the right size to attract good staff and be capable of retaining them by offering a good career path," added Kilgour.

The company has funded its expansion in a "number of ways", including input from landlords and suppliers, and investment from Kilgour.

PKF, the accountant and business adviser brought in to handle the running of Argus, has said it is "confident" of finding new owners for the nursing and residential homes.