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For immediate release

Don't let a short practice lease be a barrier to a sale

If you have a dental practice to sell, it's advisable to consult a solicitor before you go to market. This is the recommendation of the lawyers' group of the National Association of Specialist Dental Accountants (NASDA) whose members can identify in advance potential obstacles to a sale. For instance, a common sticking point is the length of outstanding lease on practices in rented accommodation. The lease must be long enough to satisfy the purchaser and, if funds are being borrowed, their lender.

Chris Pomfret, of specialist dental law firm rhw, said that if the practice is in rented surgery space, buyers will expect a lease of at least five years in which they can establish themselves or if they are buying the practice with a bank loan, ten years, or in some cases, 15 years.

"We have recently been involved in two transactions where the sale has fallen through due to the remaining term of the lease having insufficient years to run, and the unwillingness of the landlord to grant a new lease on satisfactory terms. This could have been avoided if we had been consulted prior to a sale agreement being reached."

Chris pointed out that that it is usual for the lease to be protected by The Landlord and Tenant Act 1954. This means the tenant can request a new lease on similar terms (except for rent) at the end of the term and the landlord is required to grant one, unless there are grounds for a re-possession. If, however, a lease has not reached the end of its term, the landlord is not obliged to grant a new lease.

NASDA lawyers group recommends that vendors take legal advice in advance of selling in order to identify and deal with any potential problem areas before the practice is advertised for sale.

Note to editors

NASDA lawyers' group consists of 13 solicitors in law firms with many years of experience and specialist knowledge of dental practice and partnership issues. For more information, please call Caroline Holland on 020 8679 9595.