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Question: Can you advise us on drawing up an agreement for an exit strategy from our GP-owned premises? Is it advisable to use market value at the time of valuation when a partner wishes to sell their surgery share?

Answer: I do recommend that for partners entering or leaving the Practice, when dealing with the property, the Market Value is assessed. Market Value is an internationally recognised description and is fully defined within the Royal Institution of Chartered Surveyors Appraisal & Valuation Manual.

If a valuer is instructed to assess Market Value, it will have regard to such things as the current surgery use, potential alternate use and development, but it will exclude any personal element such as the level of Cost Rent if applicable. Thus, some partnership agreements will add special assumptions to the assessment of Market Value such as "Market Value assuming that the permitted use is restricted to a surgery or health centre" (designed to exclude any inflated value that redevelopment may carry), or alternative "Market Value with the assumption that the level of Notional or Cost Rent will remain but excluding any element of goodwill" (designed really where you have a cost rented property). Further advice can be obtained on this subject and the BMA has specific practice premises guidance. In 2006, the BMA issued an update of "Partnership Agreements" and there was an associate paper "Valuing Surgery Premises" which I believe was revised in 2007 and is aimed at owner occupiers to update them on the current principles applied to the valuation of surgery premises with particular regard to the drafting of the relevant clauses within a partnership agreement.