



Case Study: Healthcare Sector Financial Solution Dental Practice Case Study

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Dental Practice Case Study

Opportunity:

In this case study, we delve into how Knights Row successfully facilitated the financial aspirations of a thriving dental practice. The partners aimed to capitalise on the equity of their business premises for an external venture. Below, we outline the strategic approach and solutions provided to meet their financial goals.

Financial Objective:

The dental practice partners sought to release £280k from their existing business premises, intending to allocate these funds towards a non-dental related project.



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Overview of Business and Property:

- The dental business is structured as a partnership, with the premises held under a separate limited company owned by the partners.
- The property's market value stood at £375,000, with an outstanding mortgage of £73,600.
- Business Financials
- Annual turnover of the dental practice: £950k
- Gross profit margin: £364k
- Adjusted net profit: Initially reported at £8k



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Strategic Approach:

The primary challenge was to reassess and validate the net earnings in collaboration with the clients' accountants. This effort produced an adjusted net profit figure of £150k, which was crucial for the affordability assessments required by lenders.

Our comprehensive search encompassed discussions with a variety of lenders, evaluating offerings from owner-occupier, commercial investment, and healthcare finance perspectives. This inclusive strategy was vital to navigate the complexities associated with the funds' intended non-dental use.

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Achieved Results

Our meticulous research and negotiations culminated in procuring a bespoke financing solution, adeptly suited for the healthcare sector yet flexible enough to cater to the unique funding requirement.

We obtained a 95% Loan-to-Value (LTV) mortgage against the dental practice premises.

Funding Breakdown

Total Loan Amount: £353,000

Settlement of Existing Mortgage: £73,600

Equity Released: £279,900



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Terms of the Loan

- A fixed interest rate for five years, providing predictable financial planning.
- Absence of penalties for early repayment or overpayment, offering flexibility.
- A nominal product fee of 0.7%, is proportional to the loan amount.
- The initial fixed interest rate set at 7.35% until February 2024.
- Monthly repayments (capital plus interest) were established at £2,832.54 over a 20-year term.

Conclusion

By identifying and securing diverse funding solutions and collaborating closely with a lender to craft a specialised product, Knights Row enabled the dental practice partners to fully leverage their business premises. This strategic financial manoeuvre has empowered them to embark on new ventures with the requisite capital at their disposal.

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