

Earls Court, London.

Annuity Properties released results for the six months to September 30 which were in line with financial targets set at the time of listing, according to management. Annuity recently acquired a high-quality property portfolio valued at R817m and is one of many smaller listed property firms growing aggressively through acquisitions.

Vukile Property Fund released results for the six months ended

any overall JSE performance of

Solid performance is no fluke, says Ms Warner, who for the last year has been responsible for the Absa Property Equity Fund.

"Rental streams from shopping centres, office blocks and industrial premises drive regular distributions that compare well with returns on cash and fixed income.

"At the same time, the shares of good property companies tend to rise over time," she says.

Old commercial buildings qualify for wear and tear tax deductions

MANY taxpayers are well aware of the tax deductions by way of section 13 of the Income Tax Act No 58 of 1962 ("the act") when acquiring a new and unused commercial building, in respect of the shell or fabric of the building.

However, when these taxpayers acquire an existing and used commercial building, they invariably dismiss capital allowances

contained therein, like the power supply, air-conditioning systems, lifts, fire-sprinkler systems, etc.

This means that a detailed analysis of the acquisition expenditure needs to be carried out to ascertain what will be treated as eligible wear and tear assets for tax purposes.

Usually, such a claim (note that this would also be applicable to

Active, Mr Price Sport, Identity and Spitz. The mall also boasts health and lifestyle shopping from Clicks, Suco Optometrist and Mr Price Home.

Bringing customers the latest in banking, the mall features Standard Bank, Nedbank and Capitec, as well as ATMs from all these banks and Absa and FNB. Cellular brands Cell C, MTN and Vodacom, the three best-known cellphone brands in SA, are also there.

This fresh, modern mall takes

its role as a meeting place and a shopping space seriously. Visitors can enjoy the restaurant and fast-food array on offer from McDonald's, Spur, Fish and Chip Co, King Pie and Wimpy.

Lephalale Mall's top-notch shopping combines with easy access. The mall is near the centre of the new town in Onverwacht, and Chris Hani avenues. Street access from Chris Hani Avenue is matched with generous parking in

982 car and 13 motorcycle bays, as well as four bays reserved for disabled shoppers.

The bushveld tree, a traditional African meeting place, inspired the interior design of Lephalale Mall. Taking in the surrounding Lephalale environment, green leaf tones contrast with the warm sunset colours shimmering in the mall's finishes and tiles.

Natural timber is used inside and outside. Majestic hardwood trees mark the mall's two

this growing Limpopo town

entrances. Brought from a local farm, these lifeless trees have been given a new purpose as proud sentinels at Lephalale Mall's entrances.

Natural and energy-efficient light also features in the mall's design, and reflects off the distinct pink undertone of the polished, locally sourced concrete floors.

"Lephalale Mall is a modern high-quality shopping centre the community can enjoy and be proud of," says Mr Moolman.

It is thanks to these factors that Nedbank Corporate Property Finance has bucked the economic trend for much of the year, disbursing more than R15bn in finance so far this year, he says.

He says this success, even in the face of apparently overwhelming economic challenges, underpins his confidence that while most areas of SA's commercial and industrial property industries are likely to continue marking time for the foreseeable future, there will still be opportunities for developers and financiers who know where to look for them.

Mr Berkeley also says that appetite for listed property funds is likely to remain.

"Despite the fact that there are definitely fewer cranes dotting most of SA's city skylines, property stocks are, and probably always will be, a fairly reliable means of investment preservation and steady, albeit marginal, growth because they offer access to a diverse range of established properties instead of the single building exposure and volatility risk of direct property ownership or investment."

the sale contract.

For the well-advised buyer, this can be an area for negotiation, either on the values set out in the sale contract or on the actual sale price. Therefore, it is important to fully understand the inherent tax savings opportunities in respect of acquiring existing commercial buildings. By Vas Naidoo, director at Capital Allowances Specialists.

tract how the price is split between (1) the land and buildings and (2) the plant and machinery on which wear and tear allowances have been claimed. This is a valuable planning technique used by some sellers to mitigate the possible recoupment of previously claimed wear and tear allowances by way of setting the values of these assets to their tax written-down values in

inant wear and tear deductions, in the region of between 10% and 30% of the total price.

However, it is also important to note that a proper due diligence investigation should be undertaken before acquiring an existing building.

To elaborate on this point, sellers familiar with capital allowances may set out in the sale con-

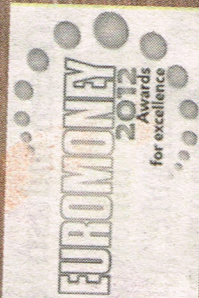
acquiring a new and unused building) will involve separating the qualifying wear and tear assets from the land and building value and then applying a "just and reasonable" apportionment of the total purchase consideration.

Depending on the specifications and location of the commercial building, experience has shown that there can be signif-

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