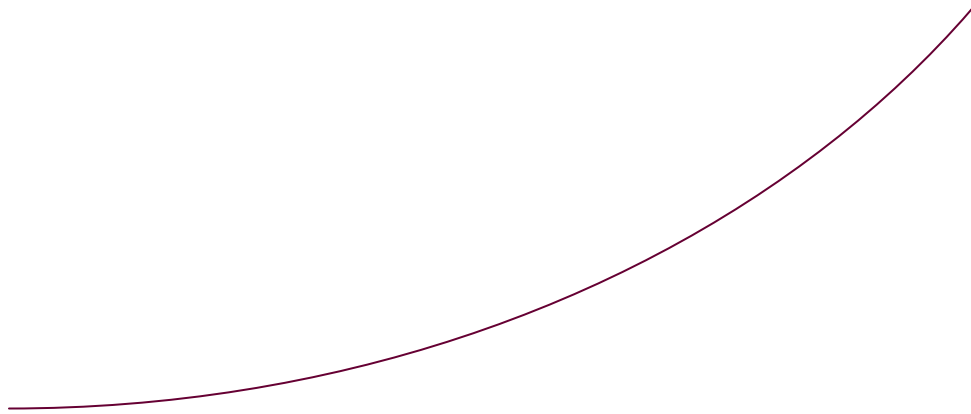


PKGT
AUDYT



Property initiative. Tax & legal



Making Your Property Work For You

- Does your Company have property assets?
- Are you a developer or investor in property?
- Does your property produce the best return?
- Are your property costs excessive?
- Would you like to release capital tied up in your property?
- Do you hold excess land and buildings?
- Have you optimised tax issues?
- Finance - is your property holding efficiently funded?



Making Your Property Work For You

In association with leading Property Professionals PKGT Audyt can assist you to achieve better returns from your property holding with a unique approach combining tax and development management advice.

We can carry out a strategic review of your property and suggest and implement a programme to improve the value, maximise cash-flow and implement efficient tax planning.



Strategic Review

- Audit of property assets
- Consider space against requirements of the business
- Determine an overview of condition and energy efficiency of buildings
- Provide an overview of steps to maximise value of property portfolio
- Consider tax implications of existing property holding structure and outline possible tax planning alternatives
- Consider whether tax writing down allowances can be increased
- Consider VAT issues



Development & Finance

- Consider re financing and development options
- Consider possible increases in asset value
- Produce development and tax strategy
- Implement development strategy and advise on funding options, tax plan implementation
- Appoint professional team, required at implementation to stage and manage:
 - Architects
 - Cost Consultants
 - Structural Engineers
 - Mechanical Engineers
 - Traffic Engineers
 - Lawyers
 - Valuers
 - Property Finance Specialists



Realisation of Property Assets. Overview

- Too many companies' property represents an operational liability in terms of management time and operating costs
- The potential to realise value from under-utilised buildings or sites is overlooked
- Capital required to invest in upgrading or replacing existing buildings is given low priority against the operational needs of the company
- Many companies continue to operate from poor buildings inefficient in terms of space and energy costs
- There is an answer



What is the Nature of the Portfolio (Buildings)

- Age of buildings and suitability for current use
- Overview of potential maintenance/costs
- Utilisation under/over used and design
- Life expectancy of older buildings against current criteria
- Energy efficiency of buildings (overview)



Land Holdings

- Sites freehold or leasehold
- Brownfield/Greenfield sites
- Contamination issue on Brownfield sites
- Location in residential, industrial or areas with other uses
- What services provided to the land
- What areas are surplus to company requirements



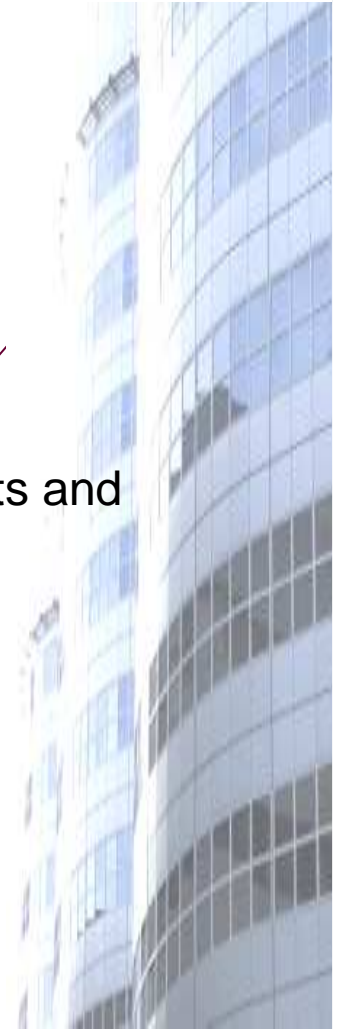
Development Potential

- What is the existing zoning of the site
- What use is shown in the Gmina masterplan
- Is there any property tax relief i.e. special employment zone
- What are the relative values of alternative uses
- What levels of demand exist for various uses in the area



Feasibility Study

- Preparation of brief to consultants
- Appointment of professional team
- Consideration of design issues and uses for site/building
- Preliminary discussions with statutory bodies
- Process for approvals
- Integration of advice from marketing agents
- Preparation of final feasibility report with preliminary design costs and timescale together with market analysis



Initial Development Phase & Funding

- Preparation of development appraisal to determine “Best Value”
- Discussions with potential funders/investors
- Establish strategy for development/joint venture/sale of site or buildings
- Agree requirements to fund renewal/upgrading of existing buildings



Implementation (Development Management)

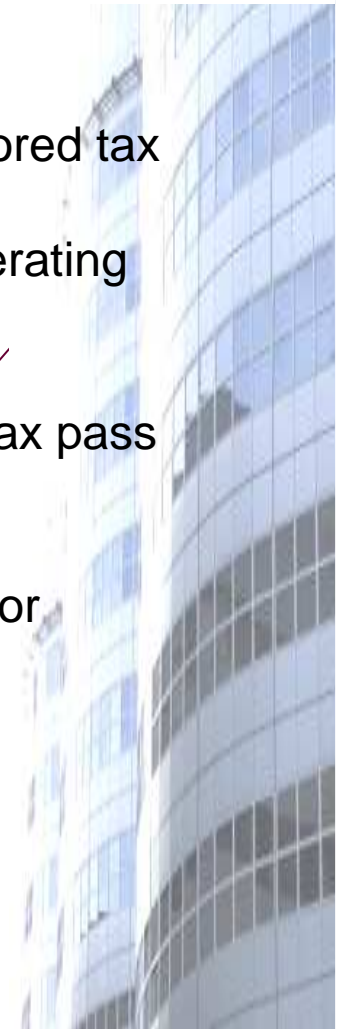
- Manage process of sale of asset or part of asset
- Define project criteria in terms of building requirements, cost and timescale
- Appointment of full professional team to meet design requirements
- Monitor the design process, review progress of design, programme and cost variations
- Monitor submissions for statutory approvals
- Agree tender process with professional team
- Review tenders received and agree appointment of contractors judged on cost, quality and programme
- Control development process via the professional team
- Ensure that completed development meets require criteria
- At all times liaise with funders/investors to ensure free flow of information
- Manage the process of sales or lettings



Tax optimisation of your property portfolio



- Most investments were evaluated on an EBITDA basis and ignored tax
- Surplus land and building assets are likely to be stuck in an operating company
- Limited liability companies (Sp. z o.o. and SA) create funding, tax pass through and dividend distribution problems
- Limited liability partnerships (Sp.k and Sk.A) are ideally suited for property development and investment purposes



Problems with Sp. z o.o., SKA and S.A. structures

- Thin capitalisation rules
- Difficult fund transfers between entities
- Underlying tax can be locked in
- Prior charges on profit difficult (management charges under scrutiny)
- Difficult to allow for variable profit share between partners
- Problems with timing of dividend distribution
- Withholding tax on dividends
- Tax problems if purchaser wants to buy a “clean” property – not the SPV



Advantages of Sp.k

- Using a shell SPV as the general partner liability can limit liability
- Funding transfers are simple
- Partners can utilise full tax credit
- Prior charges on profit are simple
- Profit shares can be varied recognising different partner inputs
- No withholding tax on distributions
- Distributions can be made at any time
- Simple tax efficient procedure on disposal
- Banks recognise the structure



Individual tax planning

- Home jurisdiction issues
- Double taxation treaties
- Differentiated strategies of groups of investors



Offshoring property ownership

- Move ownership abroad
- Shelter future gains
- No exit charge at present
- Use of family discretionary trusts



- Transformation of existing entities
- New entities
- Transfer of mortgages and charges
- Moving ownership abroad
- Setting up foreign entities and trusts

