

Duninga House Estate

A Country Retreat in Georgian Splendour

We would like to introduce you to a taste of wonderful country living in this Georgian Demesne Estate in the heart of County Kilkenny and the sunny South East. Set amidst the rolling hills of the Kilkenny hinterland, under the watchful eye of Mount Leinster, Duninga House Estate boasts breathtaking views over the Barrow River Valley where canal boating, fishing, rafting, gliding and horse riding are part of the daily life. Golf is available on five courses within twenty minutes (12km from the world renowned Mount Juliet Golf Club), horse racing is on the doorstep at Gowran Park Race Course and the well known Goresbridge horse sales facility is adjacent.



Duninga House Estate enjoys a rich and mature landscape in the midst of a special area of conservation with easy access to Kilkenny City and Carlow town. The present journey time of 75 minutes to Dublin will be further reduced on the completion of the M9 motorway. The Airport Coach to Dublin can be accessed in Paulstown (1 mile) and the countryside train service is 1.5 miles away in Bagenasstown.

The Demesne which is currently being developed will consist of 28 suites within Duninga House, 14 Holiday Lodges in the Walled Orchard Garden, 6 Stable Mews in the Courtyard, 5 Stone Mews in the Horse yard, one Gate Lodge, a Leisure Centre and circa 47 acres of rolling fields, woodland and river walks.

The Promoter is now releasing the first phase of a development of 14 beautifully designed holiday lodges with valuable Section 23 type relief available.

INVESTMENT PROPOSAL

The Duninga Estate Holiday Lodges (“the Lodges”) provide one final opportunity to investors to acquire holiday lodges with substantial Section 23 type tax breaks in a much sought after location.

The Lodges consists of fully fitted-out high specification residences on the Duninga Demesne. Prices range from €412,000 to €545,000 exclusive of VAT (scheme in place to recover VAT, see below). The illustrative prices for each of the three types of Lodges are as follows:

	Type A-3 Bed	Type B-4 Bed	Type C-4 Bed
	€	€	€
Purchase cost (incl. VAT)	454,000	544,800	601,550
Fit-out (incl. VAT)	<u>14,520</u>	<u>18,150</u>	<u>18,150</u>
Total Cost (incl. VAT)	468,520	562,950	619,700
Recoverable VAT	<u>(56,520)</u>	<u>(67,950)</u>	<u>(74,700)</u>
Cost net after VAT	412,000	495,000	545,000
Tax Saving (see over)	<u>(171,120)</u>	<u>(205,620)</u>	<u>(226,320)</u>
Net Cost over 10 years	240,880	289,380	318,680

Note: Prices above exclude stamp duty.

INVESTMENT STRUCTURE

Individual investors will purchase the Lodges. In order to qualify for the allowances each property must be used for short-term holiday lettings.

A management company is set up to manage the common areas of the site. Each purchaser will grant a lease to the management company. A lease of at least 10 years is required to satisfy the requirements for holiday lodge registration. The management company will manage the development including the marketing and the leasing of the Lodges.

The investor will receive a guaranteed gross rent (before management charges) of 3.6% of the cost (net of VAT) per annum for the first year. From year two onwards the management company profits will be distributed between the 14 investors. The gross rent from each unit is forecast to exceed the first year guarantee. Purchasers of the holiday Lodges will become shareholders of the management company and each Lodge owner will own an equal number of shares in the management company. Management charges are expected to be approx €5-6k per Lodge.



TAXATION SUMMARY

Capital Allowances

Capital allowances are available in respect of the qualifying construction cost to both individuals and companies provided that certain conditions are met (summarised below). It is anticipated that the qualifying cost of the holiday lodges will be approx. 90% of the VAT exclusive cost of each Lodge excluding fit-out. The rate of allowances available is 10% per annum over a 10 year period. Capital allowances are also available in respect of expenditure incurred on furnishing the holiday lodges at a rate of 12.5% per annum for 8 years. Both allowances are available for offset against Irish rental income and any unused allowances may be carried forward.

The following table illustrates the capital allowances that can be claimed by an individual over the 10 year period. This is based on the assumption that the investor has sufficient Irish rental income at the marginal rate to absorb the capital allowances each year.

	Type B €412,000			Type B €495,000			Type C €545,000		
<i>Year</i>	<i>Ind. Building Allow</i>	<i>Fit-Out Allow</i>	<i>Total</i>	<i>Ind. Building Allow.</i>	<i>Fit-Out Allow.</i>	<i>Total</i>	<i>Ind. Building Allow</i>	<i>Fit-Out Allow.</i>	<i>Total</i>
	€	€	€	€	€	€	€	€	€
Year1	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 2	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year3	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 4	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 5	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 6	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 7	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 8	36,000	1,500	37,500	43,200	1,875	45,075	47,700	1,875	49,575
Year 9	36,000	-	36,000	43,200	-	43,200	47,700	-	47,700
Year 10	36,000	-	36,000	43,200	-	43,200	47,700	-	47,700
Total	360,000	12,000	372,000	432,000	15,000	447,000	477,000	15,000	492,000
Self-employed 46%	165,600	5,520	171,120	198,720	6,900	205,620	219,420	6,900	226,320
Non self- employed 43%	154,800	5,160	159,960	185,760	6,450	192,210	205,110	6,450	211,560

Qualifying Conditions

TAMS, which is responsible for the registration of holiday cottages, have confirmed that the proposed development will be included on the register once completed in line with the planning.

The Lodges must be let solely to tourists and must be used for no other purpose for the months of April to October each year. No person may occupy the Lodges for more than two consecutive months at any time or for more than six months in any calendar year without prior consent from Bord Fáilte.

Capital allowances can be clawed back if the property ceases to meet the qualifying conditions within 10 years of commencement.

VAT

VAT will be charged by the developer at rate of 13.5% on the build and at 21% on the fit-out.

Each Lodge owner will enter into a 21 year lease with the management company. The purchaser should be able to fully reclaim the VAT by registering for VAT if not already registered. The investor can then avail of a measure of relief known as the 'Section 4A procedure', which provides that VAT does not have to be charged or paid over. A proportionate VAT repayment may arise if the property is sold before the end of the 21 year lease without there being a continuing lease in place. Details of each investor's VAT registration will have to be provided to the Promoter's solicitor before closing.

Interest

Tax relief for interest on borrowings used in the acquisition of the Lodges will be allowed as a deduction against rental income.

Capital Gains Tax

Capital Gains Tax may be payable on any gain arising on the disposal of the holiday Lodge.

Stamp Duty

Stamp duty is payable on the purchase of the completed holiday Lodge on the VAT exclusive cost.

DISCLAIMER

The information contained in this document is based on our understanding of the tax legislation and the current interpretation thereof. Investors should be aware that legislation and practice are subject to change without notice. As with any property transaction, each investor should seek independent legal and tax advice. In particular, investors are advised to seek independent advice in relation to the implications of registering for VAT. The Promoter and his advisers cannot accept any responsibility for any loss or damage however arising including failure to obtain capital allowances occasioned by any person acting or refraining from acting as a result of the information contained therein. The particulars are issued on the understanding that they will not form part of any contract.

CONTACT DETAILS

For further information contact:

Cogent Taxation Group
21 St Patrick's Hill
Cork
Tel: 021-4509380
Fax: 021-4509632
info@cogenttax.com



DUNINGA HOUSE ESTATE HOLIDAY LODGES



- The 14 lodges are extremely spacious and architecturally superior.
- The stone exterior consists of reclaimed and local stone, the use of which is a feature throughout the development.
- The ground floor of each lodge is stone-tiled with the first floor timber-floored.
- Each holiday lodge will include under-floor heating.
- The kitchens will be fit out with hand crafted wooden free standing kitchen units.
- From the local hand crafted wooden kitchens to the beautifully landscaped gardens, all elements of the dwellings are finished to the highest quality and are protected by Homebond Guarantee.

