

## EIS STRENGTHENED IN 2013

The Employment and Investment Incentive Scheme (EIS) is a tax relief investment scheme providing eligible investors with an opportunity to avail of income tax relief; it replaced the Business Expansion Scheme (BES). Investors can deduct the cost of their qualifying investment from their total income for income tax purposes and reduce their 2013 income tax liability. Following measures introduced in the recent budget the High Income Earners Restriction no longer applies to EIS investments so tax relief may be claimed on the investment, up to a maximum of €150,000, without restriction in the year of investment.

## OVERVIEW

Having successfully raised circa €870,000, via EIS private placing, for **Kilmeedy Windfarm Limited** (the "Company") in 2012 **McKeogh Gallagher Ryan Accountants** ("MGR Accountants") are now offering the second tranche of EIS investment in 2013. The directors of Kilmeedy Windfarm Limited - **David McDonnell** and **Eddie Sheehan** (the "Promoters") - have over 20 years experience in the Irish wind energy industry and have a successful track record of developing small to large scale projects nationwide as well as successfully raising BES/EIS wind farm investments.

**MGR Accountants** are one of the country's most experienced EIS advisors and will professionally structure the private placing. **Mary McKeogh** is one of the country's leading tax practitioners and EIS experts with over 20 years advisory experience. She has been involved in raising and investing over €30m through BES/EIS - via private placing and designated investments funds. **Eoin Ryan** is the commercial partner overseeing the investment. He has structured and negotiated a range of M&A deals and investment buy-outs and is known for his rigorous approach and financial insight. The Company will engage MGR Accountants to report regularly to investors.

## KEY STATS—KILMEEDY WINDFARM

Kilmeedy is located outside Newcastle West, Co Limerick. The wind farm is being developed at elevations between 210 and 228 metres. The total cost of development is estimated at €7.9m. The project has secured grid connection on Gate 3 of Ireland's network connection policy for renewable generators. Most aspects of the development are covered by fixed price contracts. Windsourc Ltd, a specialist wind energy company operated by the Promoters, will provide development and operational management. The target completion date for fully operational turbines, supplying electricity to the grid, is Q1 2015.

The Company's funding strategy included two tranches of EIS to be raised during 2012 and 2013. Two tranches of EIS investment in the Company strengthen the EIS investors' equity stake and reduce the Company's overall reliance on bank debt. In 2012 circa €870k was successfully raised. All RICTs issued to investors on schedule.

January 2017 is the planned exit date for this EIS round. The Promoters plan to comply with the EIS employment conditions to secure the full EIS tax relief available.

From the exit date to the end of its useful life the projections indicate that the Company will be in a position to pay off the debt and generate free cash for distribution to investors.

Investment term	3 years	Tax relief	Up to 41% (30% + 11%)
Maximum investment	€150,000	Minimum investment	€5,000
Projected buyout price <i>Capped on exit</i>	€1.10 per €1 invested	Projected net cash flow <i>Based on an investment of €50,000</i>	€23,097
RICT expected	April 2014	Proposed exit	Q1 2017

### TAX RELIEF

- 30% relief available in year 1 (or in subsequent years if not used)
- Additional 11% relief available after year 3 conditional upon:
  - ▶▶ The Company proving that additional employment was created
  - OR that the capital raised was used for R&D expenditure
- Tax relief for the full €150,000 investment is no longer restricted under the High Income Earners Restriction and can be claimed in the year of investment

**CLOSING DATE**

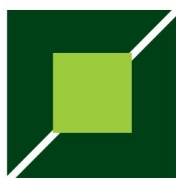
**31 DECEMBER 2013**

## CONTACT US

Further information, investment memorandum and application forms are available from:

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### BENEFITS

✓	All income tax relief offering up to 41% relief (on the basis that additional employment is created). Amount invested no longer subject to the High Income Earners Restriction
✓	<i>Experienced promoters with over 20 years experience in the Irish wind energy industry</i>
✓	Administered by an experienced professional fundraising team, with a successful track record
✓	<i>EIS investors' equity stake strengthened by 2 investment tranches reducing the Company's reliance on available bank debt</i>
✓	Ireland targeting generating 40% of electrical consumption from renewable resources (majority from wind) by 2020
✓	<i>Supply secured under Gate 3 and most aspects of the development are covered by fixed price contracts</i>
✓	Revenue projectable and controllable
✓	<i>Maintenance contract from wind turbine manufacturer guaranteeing 96% technical availability over 15 years</i>
✓	Indicative banking terms previously agreed as part of Tranche 1
✓	<i>Operational costs projectable and controllable as Promoters control the company in charge of the development</i>
✓	Site secured with full planning permission. Life cycle estimated at 25 years
✓	<i>Low grid connection costs</i>
✓	Optimal site conditions should maximise wind yields
✓	<i>Planned EIS exit date (Q1 2017)</i>
✓	Full conversion of shares to voting shares in the event of default
✓	<i>Completed wind farms continue to be sold at strong prices - €1.10 per €1.00 invested projected for the Company</i>

### RISKS

!	<i>3-year investment, no early exit mechanism</i>
!	Typical range of development risks including cost over-runs, delays and major construction issues, mitigated by the fact that most aspects of the development are covered by fixed price contracts
!	<i>Availability of finance. However indicative banking terms previously agreed as part of Tranche 1. Two EIS investment tranches reduce the Company's reliance on bank debt</i>
!	Promoters not personally liable to complete the buyout
!	<i>Price per kilowatt hour has been agreed under the draft power purchase agreement. However conservative wind projections were used and any CPI uplift in the projections was excluded</i>
!	Investors should seek professional tax advice before subscribing having regard to the particular risks involved, their own financial circumstances, and their tax position

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