

Earthworm EIS Fund



Product overview

- A portfolio of pre-identified asset backed companies in the waste, recycling and environmental sectors
- Tranche I includes over £11m of pre-qualified EIS opportunities ready for investment:
 - *Recycling companies with mainly local authority contracts in place to provide composting or waste water treatment services*
 - *Planning consents secured on sites in question*
 - *Industry underpinned by government legislation forcing local councils to increase the use of recycling facilities*
 - *Significant barriers to entry including planning and environmental permitting obligations*
 - *Predictable upside potential*
 - *Low technology risk associated with both industrial processes*
- Further tranches available before the end of the 2016/17 tax year
- Targeting a minimum return of £1.20 over a 4 – 5 year period
- Targeting low or negligible gearing for investee companies
- Prompt delivery of EIS3 certificates anticipated
- Ability to carry back to 2015/16 tax year for income tax purposes

Fund Advisor profile

- **Specialist in asset backed EIS environmental investment opportunities**
- **Hands-on management team** Involved in the operation and management of all underlying investments
- **£35m of assets in the environmental space**
- **Proven track record**
First EIS vehicle returned £1.15 per £1 invested over a 4.5 year period



Investment approach and portfolio examples

Exiting Investments

Earthworm Operations Limited

EXIT
October 2016

£1.15
per £1 invested



Earthworm Operations Limited is a single company EIS for which the management team raised £2m of EIS funds in 2011 to conceive, design, build and operate an IVC (In Vessel Composting) facility in Daventry, Northamptonshire. This plant started operating in 2012 receiving a combination of garden and food waste via a long-term local authority contract.

The facility utilises vertical stainless steel composting chambers that occupy a relatively small area and can process a mixed waste input incorporating both food, green and wood waste.

The system does not require agitation of the waste, biofiltration, external heating or air injection to promote the composting process.

The VCU (Vertical Composting Unit) system is a simple re-engineering of the natural composting process. It operates continuously on a 'plug flow' principle allowing for a constant feed of mixed food and green waste into the top of the vessel as raw compost is continuously harvested from the bottom. Heat generation creates a natural chimney effect with hot air rising within the vessel, drawing in cool air at the bottom.

This aerates the material within the chamber, a key requirement in the composting process. Additionally, the heat generated produces temperatures of up to 70 degrees centigrade towards the top of the vessel which sterilises the waste and ensures compliance with regulations on the processing of animal by-products with respect, in particular, to the elimination of pathogens.

The output of this process is a PAS 100 compost product used by a variety of end customers, from farmers to garden centers.

Current Status

Earthworm Operations Limited has achieved an exit, with its EIS investors at £1.15 for every £1 of initial investment in October 2016, not including any tax relief.



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Ben Prior
Managing Partner, EW Cap

Current Investment Opportunities

Beechwood Recycling Limited

Beechwood Recycling is a waste management company which has secured its first site in Warwickshire and secured a planning permission for the operation of a waste facility where it will compost organic waste in concrete tunnels, as well as process wood waste. Beechwood has negotiated a fixed price design and build contract for the facility, alongside a 30,000 ton per annum organic waste contract for food and garden waste.

Current Status

Beechwood’s first facility starts construction shortly with completion due in March 2017. It is also currently working on a planning permission for its second facility in the Midlands on a former landfill site which will enable it to grow its operations to service the Warwickshire market.



Henley Biomass Limited

Henley Biomass is a development company focusing on projects in the biomass, recycling and waste management sectors and has recently been successful in achieving planning permission for a waste water treatment plant in Northamptonshire. Henley Biomass has engaged a third party contractor under a fixed price design and build contract to redevelop the existing site.

Current Status

Henley Biomass is already a trading company that will focus on developing a range of waste management facilities predominantly in the Midlands.



Astwood Energy Limited

Astwood Energy is an operator of a waste water treatment facility. This facility processes waste water in an environmentally responsible manner rather than the usual method of chemical treatment. The company will be treating around 30,000 tons of waste water per annum from a range of suppliers, including some of the major landfill owners in the UK who are responsible for the disposal and processing of over 1.3m tons of waste water per annum.

Current Status

The company is already trading and the facility is under construction and due for completion and commencing operations in Q2 2017. This has been done under a fixed price design and build contract.



About EW Cap

EW Cap is a team of experts who have run their own businesses in the recycling, waste management, power generation and renewable energy sectors and who understand what it takes to conceive, develop and nurture early stage businesses.

We have experience of getting our hands dirty and physically operating businesses in these areas – unlike many fund managers who have made a career out of being business ‘experts’ without ever having run their own business.

When we invest in a company we are involved with its progress on a daily basis. From an investor’s perspective this means that we know far more about the businesses in which we are invested. When our investee companies succeed, we all benefit.

We have been investing in projects that make a positive impact to our environment since 2011 and now manage over £35m of investors’ capital and oversee investments in a range of sectors from waste management and recycling to renewable energy and power generation.

Our journey began in 2008 when we decided to build our own recycling facility to provide a showcase for what we could do. From a blank sheet of paper we conceived the idea, business plan and financial model, obtained planning permission and an environmental permit, signed long-term waste contracts, funded, built and physically operated the plant and machinery. This has given us huge experience which we are applying in all of our investee companies.

By March 2017 we will have built eight waste and renewable energy facilities. We like to think we know our industry as well as anyone, particularly the practical, day to day issues relating to operating recycling and energy sites.

Key Fund features

Exit time frame	The targeted exit time frame is 4 – 5 years.
First close date	Friday 20th January 2017.
Diversification	Target of 3 investee companies per investor.
Liquidity	Once invested, it is likely that your capital will only be returned when the underlying Investments in Investee Companies are sold.
Tax advantages	If you are a UK investor you may be able to benefit from tax advantages provided by the EIS. See Information Memorandum for details.
Min. Subscription	£10,000 (though lower subscriptions will be permitted at the discretion of the Manager). There is no maximum subscription.

Please read carefully the Investment Memorandum for the fund, specifically the Risk Factors set out on pages 28-30, before making your investment decision, and confirm with your independent financial adviser that you do have the expertise, experience and knowledge to properly understand the risks of participating in the Fund

For IFA enquiries:



RAM Capital Partners LLP

4 Staple Inn, London, WC1V 7QH

T: +44 (0)203 3006 7530 E: taxsolutions@ramcapital.co.uk

www.ramcapital.co.uk

Meet the team

Ben Prior – Managing Partner

Ben has been operating in the tax-efficient space for 16 years and has raised over £485m.

Ben and Spencer co-founded the first Earthworm project, a composting facility in Daventry, Northamptonshire. They developed the facility from a blank sheet of paper including conceiving, fundraising a £2m single EIS company, building and operating the facility which now processes 30,000 tons of organic waste per annum. He and Spencer then ran the day to day operations of this business through to investor exit.

Mike Capewell – Director of Operations

Mike has a strong background in the development, monitoring and due diligence on large scale environmental and infrastructure projects.

An experienced consultant with the global firm Deloitte, he worked alongside national and international clients (including the UK Ministry of Defence, National Health Service, various UK Councils, Evergreen and AstraZeneca) to assist them with major capital programmes and transformation projects.

Spencer Burnham – Project Development & Investment Oversight

Spencer is a co-founder of the original Earthworm recycling facility in Daventry, Northamptonshire. Having spent five years in the city with Dresdner Kleinwort Benson and Ernst & Young corporate finance, Spencer left to help setup the first Earthworm project.

He has been involved in the waste and recycling industry since 2008. He is also co-founder of Earthworm Energy, a developer of waste, recycling and renewable energy facilities.

Tony Webby – Project Development & Construction

Tony has 25 years’ experience in the construction industry. He has overseen a number of complex construction projects with large UK contractors including ISG, Carillion and most recently as director of Anglo Holt Construction.

Tony’s experience in construction is important to the majority of EW Cap’s investee companies who seek to build and operate infrastructure in order to realise their plans and he is instrumental in working with local planning authorities to identify suitable locations for EW Cap’s investment opportunities.



EW Cap

Unit 2 Rectory Court, Alvechurch, B48 7SX

T: +44 (0)203 137 6758 E: rebecca@ewcap.co

www.ewcap.co

Risk Warning: Prospective Investors should note that past performance is not necessarily an indication of future performance. The value of an investment can fall as well as rise and investors may not get back the amount originally invested. Therefore you should only make investments in unlisted companies which you can afford to lose without having any significant impact on your overall financial position or commitments. Taxation levels, bases and reliefs may change if the law changes and the tax benefits of products will vary according to your personal circumstances; independent advice should therefore be sought. This document constitutes a financial promotion and has been approved by RW Blears Capital Limited, who are authorised and regulated by the Financial Conduct Authority (FRN: 610217).