



The Davy EII Tax Relief Fund 2012

Want to Cut Your Personal Tax Bill?

Visit www.bes.ie

Managed by BES Management Ltd. which is a joint venture company owned by Davy & BDO. BES Management Ltd. is regulated by the Central Bank of Ireland.



WHAT IS THE EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME?

The Employment and Investment Incentive Scheme (“**EII Scheme**”) is the reformed and revamped Business Expansion Scheme (“**BES**”). It is a **tax relief incentive scheme** which provides tax relief to eligible Investors for investments in certain qualifying small and medium sized trading companies (“**SMEs**”)**.

The EII Scheme offers **one of the few remaining tax reliefs** and is one of the few sources of total income relief (which includes, for example, rental income and deposit income).

HOW DOES IT DIFFER FROM BES?

The main differences between the EII Scheme and the former BES are:

1. **Shorter investment term** - three years compared to five years.
2. **Opportunity for eligible Investors to avail of income tax relief of up to 41%*** - 30% in the year of investment and a further potential 11% in the year following the projected three year investment period.
3. **Wider scope of companies** can now avail of funding under the EII Scheme - The new scheme is available to the majority of SMEs** as opposed to the BES which was restricted to manufacturing and internationally traded services companies.
4. **Significantly increased company investment limits** - a qualifying company can raise up to €10 million under the EII Scheme (previously €2 million).

THE DAVY EII TAX RELIEF FUND 2012 (“THE FUND”)

The Davy EII Tax Relief Fund 2012 will be managed by BES Management Ltd. which is a joint venture between BDO and Davy and is Ireland’s longest running BES/EII Scheme Manager.

Key Characteristics of BES Management Ltd.:

- Managed by BDO and Davy;
- Successfully raised 19 BES Funds and 1 EII Scheme Fund over the past 17 years;
- Raised over €129 million which is invested in over 140 Irish companies; and
- Funds are managed by a full-time and experienced management team.

BENEFITS OF INVESTING IN THE DAVY EII TAX RELIEF FUND 2012:

1. Opportunity for eligible Investors to avail of **one of the few remaining all income tax reliefs currently** offering up to 41% income tax relief*.
2. Opportunity for eligible Investors to invest in a **diversified fund** with a minimum three year investment term which will:
 - **Spread your investment** over a portfolio of established and performing SMEs;
 - Focus on indigenous Irish companies with **future growth potential**; and
 - Invest in a **range of industries** which will help reduce exposure to any one sector.
3. Avail of a **professional, experienced** and **knowledgeable** investment team.

Risks associated with investment in the Fund are set out herein on pages 18 and 19.

WHO MIGHT THIS INVESTMENT BE SUITABLE FOR?

Prospective Investors should determine the suitability of the investment based on an assessment of their own personal circumstances, attitude to and capacity for investment risk. The investment may be suitable for Investors who:

- do not need access to their investment for the term of the investment, which will be at least three years from the date the Fund makes its investments;
- will be able to avail of income tax relief on the full investment, within the relevant limits and restrictions;
- are aware they may lose some or all of their investment; and
- can afford to lose some or all of their investment.

* Terms and conditions apply. Relief on an investment in the Fund may be available to Investors in two tranches. Investors can currently deduct 30/41’s of the amount subscribed (i.e. an effective rate of 30% for higher rate tax payers with sufficient income chargeable to income tax at the higher rate) to the Fund from their total income for income tax purposes for either the tax year of subscription ending on 31 December 2012, or if so desired the tax year of investment by the Fund ending 31 December 2013 and Investors can currently deduct 11/41’s of the amount subscribed (i.e. an effective rate of 11% for higher rate tax payers with sufficient income chargeable to income tax at the higher rate) from their total income for income tax purposes in the year of assessment following the end of the three year investment/relevant period, subject to conditions in relation to employment levels or expenditure on research and development being achieved by investee companies. You should consult your tax adviser about the rules that apply in your individual circumstances. This investment may not be suitable for all Investors. For more information, please refer to The Relief herein on page 23.

** Exceptions apply. For more information, please refer to Relevant Trading Activities herein on page 25.

MEMORANDUM: THE DAVY EII TAX RELIEF FUND 2012 (the "Fund") 15 October 2012

Before subscribing to this Fund, Investors should consult their bank manager, stockbroker, solicitor, accountant or other professional adviser authorised or exempted under S.I. No. 60 of 2007 European Communities (Markets in Financial Instruments) Regulations 2007 or the Investment Intermediaries Act 1995, having regard to the special risks involved, their own attitude to and capacity for investment risk, their own financial circumstances, need for access to funds, their tax position and to make their own commercial assessment on the proposal contained in the Memorandum. Your attention is drawn especially to pages 10, 18 and 19 with regard to the Fund's investment strategies and risk factors respectively.

It is envisaged that the Fund will invest across a range of companies operating in various industries. The Employment and Investment Incentive Scheme ("**EII Scheme**") is available to the majority of small and medium sized trading companies ("**SMEs**"), the profits or gains of which are charged to tax under Case I of Schedule D, excluding activities as detailed herein on page 25 under Relevant Trading Activities.

Applications to participate in the Fund must, pursuant to Section 4 of the Designated Investment Funds Act 1985, be made on the terms of this Memorandum and on the Application Form contained in Appendix III herein.

Applications must reach J&E Davy, trading as Davy ("**Davy**"), no later than 31 December 2012, (the "**Closing Date**"). Applications shall be accepted in order of receipt up to a permitted maximum Fund balance of €15 million but, BES Management Ltd. (the "**Manager**") reserves the right to close the application list at any time before 31 December 2012. In the event of over-subscription, applications may be accepted where the Minister for Jobs, Enterprise and Innovation (the "**Minister**") approves an increase in the size of the Fund. If such approval is not obtained or if the Manager in its sole discretion decides, all Subscription Monies, (as defined in the Trust Deed), received after the sum of **€15 million** has been raised shall be returned in full.

The procedure for and conditions of application are described on page 21 of this Memorandum.

This Memorandum constitutes a prospectus within the meaning of Section 1 of the Designated Investment Funds Act 1985. The provisions of Part 16 of the Taxes Consolidation Act 1997, (as amended) ("**TCA**") shall apply to this Fund.

The Minister, in giving the approval for this Memorandum, has required that the following matters be brought prominently to the attention of Investors:

1. The proper management of the Fund is the sole responsibility of the Manager and no liability whatsoever shall attach to the Minister.
2. No right to relief from income tax shall arise by reason only of the Minister having approved this document.

The Fund has been designated an "investment fund" by the Revenue Commissioners for the purposes of Part 16 of the TCA. The Revenue Commissioners have asked that it be pointed out that their designation is relevant only for the limited purposes of Section 506 of the TCA (which deals with the approval of investment funds under the scheme of Relief for Investment in Corporate Trades), and that such designation in no way bears on the commercial viability of the investments to be made and neither does such designation guarantee the availability, amount or timing of relief from income tax.

BES Management Ltd. is regulated by the Central Bank of Ireland.

The information contained within is based on our understanding of current tax legislation and the current Revenue Commissioners interpretation thereof and is subject to change including retrospectively without notice. This is intended as a general guide only and is not a substitute for individual tax advice. Potential Investors should seek competent professional tax advice specific to their circumstances prior to investing. With effect from 1 January 2007 Chapter 2A of Part 15 of the TCA and associated schedules 25B and 25C limit the use of certain tax reliefs and exemptions, known as 'specified reliefs'. The First Tranche of EII Scheme tax relief (as defined herein under Definitions) comes within the definition of "specified relief". Therefore, potential Investors should seek competent professional tax advice on the tax efficiency of investing in the Fund. Investors are responsible for establishing their entitlement to participate in this investment and for making their own tax relief claims.

“Employment and Investment Incentive Scheme” or “EII Scheme”

The Scheme of Relief for Investment in Corporate Trades as provided for in Part 16 of the Taxes Consolidation Act 1997, as amended.

“Closing Date”

31 December 2012 or such other date as the Manager in its absolute discretion, pursuant to the terms of this Memorandum may determine.

“Eligible Shares”

EII Scheme shares which the Fund may acquire in a Qualifying Company as defined in Part 16 of the Taxes Consolidation Act 1997, as amended.

“Fund”

The Davy EII Tax Relief Fund 2012.

“Investee Company”

An unquoted company which is a “qualifying company” as defined in Part 16 of the Taxes Consolidation Act 1997, as amended and Schedule 10 thereto, in which the Fund acquires EII Scheme shares and “Investee Companies” shall be construed accordingly.

“Investor” or “EII Scheme Investor”

An individual who subscribes to the Fund and “Investors” or “EII Scheme Investors” shall be construed accordingly.

“Manager”

BES Management Ltd., a joint venture company owned by J&E Davy and BDO, with a registered office at 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2.

“Qualifying Company”

An unquoted company which is a “qualifying company” as defined in Part 16 of the Taxes Consolidation Act 1997, as amended and Schedule 10 thereto, and “Qualifying Companies” shall be construed accordingly.

“Qualifying Individual”

An individual who subscribes to the Fund, and “Qualifying Individuals” shall be construed accordingly.

“Relevant Trading Activity”

A trade which is being carried on by a Qualifying Company as defined in Part 16 of the Taxes Consolidation Act 1997, as amended and Schedule 10 thereto, and “Relevant Trading Activities” shall be construed accordingly.

“First Tranche of EII Scheme tax relief”

The first tranche of tax relief available to a Qualifying Individual at an effective rate of 30% under the EII Scheme as defined in Section 489 (2) (a) of the Taxes Consolidation Act 1997, as amended and “First Tranche” or “First Tranche of tax relief” shall be construed accordingly.

“Second Tranche of EII Scheme tax relief”

The second tranche of tax relief available to a Qualifying Individual at an effective rate of 11% under the EII Scheme as defined in Section 489 (2) (b) of the Taxes Consolidation Act 1997, as amended and “Second Tranche” or “Second Tranche of tax relief” shall be construed accordingly.

“Trustee”

IFG Trust Company Limited with a registered office at Universal House, Shannon, Co. Clare.

“Trust Deed”

Deed between BES Management Ltd. and IFG Trust Company Limited dated 23 July 2012 which governs the terms under which the Fund is established and managed.

TABLE OF CONTENTS

Manager and Advisers	6
The Davy EII Tax Relief Fund 2012	7
The Manager	8
Investor Compensation Act 1998 (the "Act")	9
Investment Strategy	10
Advantages of Investing in The Davy EII Tax Relief Fund 2012	11
Operation of the Fund	12
The Manager's Remuneration	14
Connected Companies and Investment by Davy, BDO, IFG Trust Company Limited & BES Management Ltd.	15
Manager's Option	15
Realisation of Investments	16
Transferability and Early Realisation of Investments	17
Auditors to the Fund	17
Risk Factors	18
Data Protection	20
Procedure for and Conditions of Application	21
Tax Relief	22
Trust Deed	22
Summary of Employment and Investment Incentive Scheme Legislation	23
Appendices	
I Illustrative Examples of Simulated Return Calculations	27
II Amount to be Submitted on Application	29
III Application Form	31

MANAGER AND ADVISERS

Manager:

BES Management Ltd., 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2.

Registered Office of the Manager:

5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2.

Directors of the Manager:

Brian Davy (Chairman), Sinead Heaney, Richard Kinsella, Ivan Murphy, David McCormick, Andrew Bourg.

Trustee of the Fund:

IFG Trust Company Limited, Universal House, Shannon, Co. Clare.

Solicitors to the Fund:

Eversheds, One Earlsfort Centre, Earlsfort Terrace, Dublin 2.

Auditors to the Fund:

KPMG, Chartered Accountants, 1 Stokes Place, St. Stephen's Green, Dublin 2.

Bankers to the Fund:

Bank of Ireland, 39 St Stephen's Green East, Dublin 2.

Stockbrokers to the Fund:

J&E Davy, 49 Dawson Street, Dublin 2.

THE DAVY EII TAX RELIEF FUND 2012

The Fund has been established in accordance with section 506 of Taxes Consolidation Act 1997, (as amended) (“**TCA**”) and the Designated Investment Funds Act 1985, to invest on behalf of Investors in Qualifying Companies under the Employment and Investment Incentive Scheme (“**EII Scheme**”). The provisions of Part 16 of the TCA apply to this Fund.

On 25 November 2011, the Minister for Finance announced that State aid approval had been received from the European Commission to reform and revamp the existing Business Expansion Scheme (“**BES**”) with a new incentive called the EII Scheme.

The Finance Act 2011 made the following changes to the BES:

- The BES was renamed the **Employment and Investment Incentive Scheme**;
- The maximum that can be invested in any one company was increased to **€10,000,000**, subject to a limit of **€2,500,000** in any 12 month period;
- The qualifying trades’ limitations was removed and the EII Scheme is now available to the **majority of SMEs** (exclusions apply as detailed herein under Relevant Trading Activities on page 25);
- The required **holding period was reduced from five years to three years**; and
- The **tax relief provisions** were changed so that Investors can avail of relief under the scheme in two tranches as follows:
 - 30/41’s of the amount subscribed (i.e. an effective rate of 30%) may be given as a deduction from the Investor’s total income for either the tax year of subscription ending on 31 December 2012, or if so desired the tax year of investment by the Fund ending 31 December 2013;* and
 - 11/41’s of the amount subscribed (i.e. an effective rate of 11%) may be given as a deduction from the Investor’s total income for the year of assessment following the three year investment period.*

*Terms and conditions apply. For more information, please refer to The Relief herein on page 23.

The primary objective of the Fund is to provide Investors with the opportunity to invest in selected Qualifying Companies and so benefit from the tax relief provisions of the EII Scheme.

The Fund will seek to raise a minimum of **€1 million** and a maximum of **€15 million**. Applications to participate in the Fund should be received by J&E Davy no later than 31 December 2012 or such later date as the Manager in its absolute discretion shall determine.

The Manager previously raised 19 BES Funds and 1 EII Scheme Fund. In the previous 17 years the Manager raised a total of €129 million.

WARNING: Past performance is not a reliable guide to future performance. The value of your investment in this Fund may go down as well as up. If you invest in this Fund you may lose some or all of the money you invest. There is no guarantee that the Fund will meet its target objectives. If you invest in this Fund you will not have access to your money for at least three years from the date the Fund makes its investments.

The Davy EII Tax Relief Fund 2012 anticipates that it shall invest in a portfolio of Qualifying Companies operating in various industries. The EII Scheme is available to the majority of small and medium sized trading companies, the profits or gains of which are charged to tax under Case I of Schedule D, excluding activities as detailed herein on page 25 under Relevant Trading Activities.

It should be noted that the maximum investment on which an individual can obtain relief is €150,000 in either the tax year of subscription to the Fund (2012) or in the year in which the Fund makes its investments (2013).

The Manager of the Fund will be BES Management Ltd., a joint venture company owned by Davy and BDO, who will also act as the business and financial advisers respectively to the Manager.

Davy

Davy is Ireland's leading provider of stockbroking, wealth management and financial advisory services. Davy offers a broad range of services to private clients, small businesses, corporations and institutional investors, and organises its activities around five interrelated business areas – Asset Management, Capital Markets, Corporate Finance, Private Clients and Research.

Founded in 1926, Davy has continually broken new ground in the industry by bringing about the expansion of financial and capital markets in Ireland and providing new opportunities for investors and growing companies. By harnessing the energy, talent and experience of its people and doing business the Davy way, Davy has managed to deliver extraordinary results for its clients. Davy has done this with absolute commitment to effective corporate governance, and a strong culture and ethos of compliance.

BDO

Established by entrepreneurs for entrepreneurs, BDO is Ireland's leading adviser to entrepreneurial and growing owner-managed businesses and the people behind them. Through its own professional expertise and by working directly with businesses, the firm has developed a unique insight into what makes a business successful. The firm provides a range of services which include audit, tax, corporate finance and recovery services, financial services, corporate secretarial, consulting, family business advisory, and wealth management.

BDO employs over 300 staff in Dublin, Limerick and an associate office in Belfast. BDO is a member of BDO International. The BDO International network has almost 48,800 partners and staff working in 1,118 offices in 135 countries throughout the world.

Directors

The Directors of the Manager responsible for the operation of the Fund in determining how the Subscription Monies should be invested or otherwise dealt with are:

Brian Davy

Brian Davy is Chairman of Davy and a former president of the Irish Stock Exchange. Brian graduated in Business Studies from University College Dublin in 1963 and joined Davy one year later. His entire working career has been involved in building up the executive team and business of Davy to be the largest broking firm in Ireland. He is a director of several companies including Ayzta, AG.

Sinead Heaney

Sinead Heaney is a Partner in the Corporate Investment & Business Advisory Department of BDO. Sinead has considerable experience in structuring BES/EII Scheme investments. She also has extensive experience working with small, medium and large privately owned businesses in both developing and achieving their strategic plans. Sinead is a member of the Institute of Chartered Accountants in Ireland.

Richard Kinsella

Richard Kinsella is Director of Portfolio Management with Davy Private Clients. He specialises in developing and advising on investment strategies for private clients, private companies, charities and pension funds. Richard holds an MBA (Hons.) from UCD Michael Smurfit School of Business and is a Registered Representative of the Irish Stock Exchange.

Ivan Murphy

Ivan Murphy is Head of Corporate Finance at Davy having joined in 1991. Since then he has been involved in advising many of Ireland's leading public and private companies on a range of transactions including flotations, secondary fundraisings and mergers and acquisitions. He has 25 years experience in corporate finance having previously worked with Kleinwort Benson, London. He is an honours economics graduate of UCD and a fellow of The Chartered Institute for Securities & Investment.

David McCormick

David McCormick is a Partner in the Corporate Secretarial Department in BDO and specialises in developing innovative solutions for corporate structures involving company secretarial advice and corporate company administration in various jurisdictions. A fellow of the Institute of Chartered Secretaries and Administrators, David is also a Director of BDO Simpson Xavier Private Wealth Management Ltd as well as a number of property investment funds.

Andrew Bourg

Andrew Bourg is a Director in the Corporate Investment & Business Advisory Department of BDO. Andrew has significant sectoral experience across a broad range of Irish industries, including the Food & Agri, Industrial and Manufacturing sectors. He has over 10 years' experience advising corporates at board level in areas which include funding, acquisitions, growth strategies, international expansion, business planning and board governance. Andrew is a Fellow of The Institute of Chartered Accountants of Ireland.

INVESTOR COMPENSATION ACT 1998 (the “Act”)

The Manager is an investment management business authorised under the Investment Intermediaries Act 1995.

The Manager is a member of the Compensation Scheme (as defined in the Act). In the unlikely event that the Manager is unable to return an Investor's investments or cash, due to its financial circumstances, Investors may be able to make a claim under the terms of the Act.

The Act does not cover losses due to adverse market/price movements or the loss of an investment due to the liquidation, etc. of an Investee Company.

Pursuant to section 38(1) of the Act, the Manager hereby informs the Investor of the following information concerning investor compensation:

- (a) The Act provides for the establishment of a compensation scheme and the payment, in certain circumstances, of compensation to certain clients of authorised investment firms, (“**Eligible Investors**”);
- (b) The Manager is a member of that compensation scheme;
- (c) Compensation may be payable where money or investment instruments owed or belonging to an Eligible Investor and held, or in the case of investment instruments, administered or managed by the Manager, cannot be returned to that Investor for the time being due to the financial circumstances of the Manager and there is no reasonable foreseeable opportunity of the Manager being able to do so;
- (d) The right to compensation will arise only:
 - (a) if the Investor is classified as an Eligible Investor as defined in the Act;
 - (b) if it is determined that the Manager is not in a position to return an Investor's money or investment instruments owed belonging to clients of the firm; and
 - (c) to the extent that the Investor's loss is recognised for the purposes of the Act.
- (e) Where an entitlement to compensation is established, the compensation payable shall be the lesser of:
 - (a) 90 per cent of the amount of the Eligible Investor's loss which is recognised for the purposes of the Act; or
 - (b) compensation of up to a maximum of €20,000.

The objective of the Fund will be to provide Investors with investment opportunities in suitable unquoted companies which qualify under the EII Scheme.

The changes introduced in the Finance Act 2011 significantly widened the scope of companies that can avail of funding under the EII Scheme. Previously the scheme was limited to manufacturing companies and companies involved in internationally traded services. The EII Scheme is now available to the majority of SME's (exclusions apply as detailed herein under Relevant Trading Activities on page 25).

In addition following the changes approved by the Finance Act 2011, the maximum EII Scheme investment allowable in the lifetime of a Qualifying Company and its associates has been increased to €10,000,000, subject to a limit of €2,500,000 in any 12 month period.

The Manager will seek to invest in a number of companies with capable management and future growth potential. Certain key criteria which may be used by the Manager in assessing the potential Investee Companies and their promoters are:

- a capable and industry experienced management team;
- a recognised market for its product/(s) and service/(s);
- growth potential;
- well defined market strategy; and
- prospect for realisation of investment after the three year EII Scheme period.

The criteria listed above are not intended to be an exhaustive or an exclusive list. The Manager shall take all reasonable care in selecting and assessing proposals for investment and will enter into agreements with the promoters of each project at the time of investment which will give the Manager the right to appoint a director to each of the Investee Companies. However, the Manager will exercise this right only where it considers it to be desirable and in the interests of the Fund and the Investors. The agreements will also oblige the promoters to provide regular financial and other information so that the Manager can monitor the performance of each Investee Company on an ongoing basis.

In order to spread the commercial risk of the Fund, the Manager shall seek to balance the portfolio of investments across several industries. The Investee Companies may be at various stages of development.

The Fund may invest in companies which have received BES/EII Scheme funding from previous Davy BES/EII Scheme Funds, subject to the €10,000,000 limit.

It is intended to complete the investments in each Investee Company as soon as possible following the Closing Date. However, due to the nature of such investments this may take up to 12 months.

No investment in any one Investee Company shall exceed 40% of the total amount subscribed to the Fund. It is also the intention of the Manager to invest in a range of industries to minimise the risk or exposure to any one sector. Your attention is drawn to the risk factors set out on pages 18 and 19.

ADVANTAGES OF INVESTING IN THE DAVY EII TAX RELIEF FUND 2012

Investors may be able to derive a number of advantages by investing in the Fund including:

1. The opportunity to avail of tax relief under the EII Scheme legislation.
2. The Manager offers Investors professional management of the funds invested by an experienced team with substantial business expertise and thorough knowledge of the EII Scheme.
3. Investments by the Fund will be chosen by the Manager for their commercial innovation, capable management and future growth potential.
4. Investors may be able to spread their investment risk by subscribing to the Fund.
5. The Fund offers Investors the potential for a high after tax return.

WARNING: Past performance is not a reliable guide to future performance. The value of your investment in this Fund may go down as well as up. If you invest in this Fund you may lose some or all of the money you invest. There is no guarantee that the Fund will meet its target objectives. If you invest in this Fund you will not have access to your money for at least three years from the date the Fund makes its investments.

OPERATION OF THE FUND

No investment shall be made before the Closing Date for subscription of units in the Fund.

Funds are segregated from any accounts held by the Manager. Any interest earned on Subscription Monies pending investment shall be retained by the Manager and/or its shareholders. The account is a pooled account i.e. an account containing the assets of more than one client.

The Manager intends to invest the Subscription Monies in Qualifying Companies under the EII Scheme as soon as possible, which could take up to 12 months, after the Closing Date.

Ownership

The Investor will, at all times, be the beneficial owner of Eligible Shares of Qualifying Companies in which investments have been made. The shares will be registered in the name of the Trustee who shall act as nominee for the Investor, pursuant to the provisions of the Trust Deed. An Investor must retain beneficial ownership of shares on which tax relief is claimed for three years to avoid withdrawal or reduction of the relief.

Connected companies

The Manager will not knowingly invest monies forming part of the Fund in shares of a company with which any Investor is connected for the purposes of section 492 of the TCA.

Conditions

It is a condition of the Fund that each Investor irrevocably authorises the Manager and the Trustee, subject to the terms and conditions of this Memorandum:

- (a) to invest the Subscription Monies for shares in Qualifying Companies under the provisions of the EII Scheme and any amendment/(s) to the EII Scheme;
- (b) to act on the Investors' behalf in respect of the shares and all rights thereto for a minimum period of three years from the date on which the shares were issued, while recognising that, at all times, Investors retain beneficial ownership of the shares subscribed for in the Investee Companies;
- (c) to direct, in its absolute discretion, the exercise by the Trustee of all voting and other rights in connection with investments made or held on the Investors' behalf under the Fund;
- (d) to receive and deal with all distributions and dividends paid on investments in accordance with the provisions of the Trust Deed;
- (e) to arrange for the sale or disposal of any investment in whole or in part as the Manager may in its absolute discretion decide;
- (f) to agree to any transactions or arrangements (including without limitation arrangements for exchange, amalgamation or reconstruction) and to take or refrain from taking any action whatsoever and make any decisions in respect of the shares of Investee Companies;
- (g) to draw on any monies subscribed by or due to the Investor under the Fund to satisfy the Manager's fees and expenses as set out in this Memorandum or the Trust Deed;
- (h) to place monies on deposit with the Bankers to the Fund; and
- (i) to agree that no Investor is entitled to require any particular share to be either realised or transferred into his name before a period of three years has elapsed from the date on which the share is issued.

The foregoing appointment and authorisations will remain binding on each Investor's personal representative in the event of the death of an Investor.

Investment

When an investment is made in an Investee Company, the shareholding in the Investee Company shall be registered in the name of the Trustee, acting as a nominee for the Investors collectively. The beneficial ownership of the shares in each Investee Company shall be allocated to an individual Investor in the same proportion that his subscription bears to the total Subscription Monies received by the Fund. Fractional entitlements, if any, shall be rounded down.

Each Investor shall be informed as soon as practicable of each investment made on his behalf and furthermore, will be provided with full details of the extent and nature of the shares issued to the Trustee and held on his behalf after the final investment has been made.

It is a condition of participation in the Fund that the Manager may exercise its discretion on behalf of Investors in any way, on any matter relating to the investments of the Fund after taking any professional advice it considers necessary.

Should the Manager exercise the right to dispose of shares within three years of acquisition, this may result in the tax relief available to, obtained, or to be obtained by an Investor being wholly or partially withdrawn or not granted. In coming to a decision to sell, the Manager shall have regard to the interests of the majority of the Investors but reserves the right to exercise its discretion in this regard.

Reporting to Investors

During the term of the Fund, half yearly reports relating to the financial periods ended on 30 June and 31 December shall be made available to Investors on the Manager's website (www.bes.ie), which shall set out any acquisitions and disposals of investments which have taken place during these periods. The reports shall not be issued in intervals exceeding six months. The first report shall be made in respect of the period ending 30 June 2014. Audited accounts of the Fund to 31 December of each year shall be made available to Investors for inspection as soon as practicable after the year end. The first audited accounts shall be for the period ending 31 December 2013. To access these reports Investors will be provided with a username and password to the website separately by the Manager.

Any Subscription Monies which have not been invested before 31 December 2013 shall be returned to the Investors within 30 days of that date in the same proportion that the uninvested funds bear to the total Subscription Monies provided by each Investor. In such an event, the Manager shall pay interest on the uninvested funds returned to Investors.

MANAGER'S REMUNERATION

Investor Fees

Each Investor shall be liable for the following fees:

A once-off fundraising fee of 3.5% will be payable by each Investor on the amount of his subscription at the date of application. The Manager may share all or part of this fundraising fee with an investment product intermediary. Intermediaries must hold the appropriate authorisation to advise and promote EII Scheme investments.

Any interest earned on Subscription Monies pending investment and on monies subsequently realised on the sale of such investments shall be retained by the Manager and/or its shareholders. This interest shall make a contribution towards the direct costs and overheads incurred in identifying and investigating potential Investee Companies.

Upon realisation of the investments, the Manager and the Trustee shall be entitled to recover all reasonable and necessary costs associated with the realisation of investments, up to a maximum of 1.5% of the total amount realised, such costs being recovered, if necessary, from the proceeds of the realisation.

The fee structure as outlined above is intended to cover the costs associated with raising monies for the Fund and to cover the management and administration costs (including legal, trustee and audit fees) of operating the Fund. Investors shall not be liable for any additional fees.

Investee Companies Fees

Investee Companies shall be liable for the following fees:

The Manager may receive for its own account remuneration from the Investee Companies.

The Manager may charge Investee Companies an arrangement or similar fee of up to 6% and a legal fee of up to 1% of the original amount invested at the time of investment. In addition, the Manager may in its absolute discretion, charge Investee Companies an annual management fee of up to 2.5% of the original amount invested in each Investee Company.

The Manager may also receive fees from Investee Companies for its own account in respect of services of directors nominated by the Manager to the board of such companies or in respect of advice or assistance given to those companies.

The fee structure as outlined above is intended to cover the costs associated with raising monies for the Fund and to cover the management and administration costs (including legal, trustee and audit fees) of operating the Fund. The above list is neither exclusive nor exhausted and other commissions or fees may apply. Investee Companies will be notified of such in advance of any investment made.

CONNECTED COMPANIES AND INVESTMENT BY DAVY, BDO, IFG TRUST COMPANY LIMITED & BES MANAGEMENT LTD.

The Fund may invest in companies which are clients of Davy, BDO or the Trustee, provided that none of those entities are connected (for the purposes of section 492 and 506 (8) (vii) of the TCA) with such companies. No investment shall be made by the Fund in companies for the time being connected, as defined in section 10 of the TCA, with the Manager or with the Trustee or with any of their associates.

However, the Manager and its associates may negotiate and acquire an interest in Investee Companies for itself at arm's length either simultaneously with or subsequent to investment by the Fund in that Investee Company. Notwithstanding the above, the Manager and its associates will not in any case acquire a controlling interest or any right or interest that may prejudice tax relief obtained by Investors in the Fund.

MANAGER'S OPTION

In addition, the Manager or its nominees may seek an option to subscribe on its own account for an equity share in any Investee Company. This option may at the Manager's absolute discretion be exercised at any time during the period of investment by the Fund in the Investee Company or thereafter.

REALISATION OF INVESTMENTS

Investments will normally be held for the minimum period of three years from the date each of the Investee Companies issue the shares to the Fund, being the minimum period permitted by the EII Scheme legislation.

After that period, the Manager shall encourage the boards of the Investee Companies to make arrangements for the realisation of investments on behalf of Investors. A non-exhaustive list of options is outlined below:

- (a) sale of the EII Scheme shareholdings to the promoters of the Investee Companies;
- (b) merger, acquisition or take-over;
- (c) public issue or sale of shares on the Irish Stock Exchange or any other recognised securities market;
- (d) repurchase by the Investee Company of its own shares;
- (e) private placing, e.g. trade sale;
- (f) call or put options at market value with the promoters of the Investee Companies; and/or
- (g) any other method of realisation which may, in the opinion of the Manager, be appropriate at that time.

In respect of investments made in private companies, if it has not been possible to arrange for the realisation of such investments after the projected three years or if, in the opinion of the Manager, the Investors should retain their shareholdings in particular Investee Companies, the Manager may, utilising the mechanism contained in section 6 Designated Investments Funds Act 1985, arrange for shares to be transferred into the names of individual Investors, who shall be responsible for the payment of any stamp duty and other reasonable costs associated therewith.

It may be necessary to dispose of the EII Scheme shares, within three years, of the EII Scheme investment in respect of some Investee Companies. Should the Manager exercise the right to dispose of shares within the three year EII Scheme investment period, this may result in the tax relief available to or obtained by an Investor being wholly or partially withdrawn. In making a decision to sell, the Manager shall have regard to the best interests of the majority of the Investors but shall act as the Manager sees fit in this regard.

Should dividends be declared by the Investee Companies on the class of shares held by the EII Scheme Investors, then upon receipt of those dividends, the Manager may distribute them during the term of the investment or alternatively upon realisation of the investment as the Manager may see fit.

TRANSFERABILITY AND EARLY REALISATION OF INVESTMENTS

Under the provisions of Part 16 of the TCA, no Investor in the Fund shall be permitted or entitled to have realised or transferred into his own name, any shares in any Investee Company in which the Fund has invested, until a minimum of three years have elapsed from the date of issue of the shares to the Fund. However, in exceptional circumstances, but without obligation, a request made to the Manager by an Investor for the disposal of all the investments held on the Investor's behalf (but not individual investments) may be considered provided a purchaser for same can be found. This may result in the loss of all or part of the tax relief available or claimed by an Investor. The Manager of the Fund shall give no undertaking to find such a purchaser.

In the event of the death of an Investor, any uninvested sums held in trust at that time shall, subject to compliance with the usual legal formalities, be placed at the disposal of the Investor's personal representatives. However, it is not envisaged that it will be possible for the personal representatives of the estate of an Investor to have the shares allocated to that Investor's estate or otherwise to realise that Investor's investment in Qualifying Companies prior to the expiration of the projected three year EII Scheme period.

The Trustee will arrange for the continued management or transfer of any shares remaining in the name of Investors at expiration of the three year period.

Arrangements for the transfer of shares in the Investee Companies into the names of the Investors will be made under the terms of section 6 Designated Investment Funds Act 1985.

AUDITORS TO THE FUND

KPMG, Chartered Accountants, have agreed to act as Auditors to the Fund. In this connection, they shall report to the Investors on the financial statements for each year ending on 31 December and on termination of the Fund. The first such report will be in respect of the period ending 31 December 2013.

Unquoted Companies

Investment in unquoted companies through the Fund carries risk as well as the potential for growth. Investors are encouraged to consider their investments as medium to long term and, in compliance with the legislation, should not expect to be able to realise them for at least three years from the date of investment by the Fund in each of the Investee Companies. There is no early exit mechanism for investments in the Fund.

The risks associated with investment in the Fund include the possible loss of the full amount invested and the potential limitations on the realisation of unquoted shares even in a successful company since these shares are not listed on a regulated market.

Investee Company Compliance

Taxation relief is granted to Investors under the provisions of the EII Scheme in two tranches.

The First Tranche is granted subject to the Qualifying Company complying with the conditions of the EII Scheme legislation. Taxation relief may not be granted or may be lost if an Investee Company fails to meet the requirements of or comply with the EII Scheme legislation as set out in Part 16 of the TCA and Schedule 10 thereto, or ceases to be a Qualifying Company engaged in a Relevant Trading Activity as set out on page 25.

The Second Tranche is granted subject to certain conditions in relation to employment levels or expenditure on research and development being achieved by the Qualifying Company. This element of the tax relief will only be available to Investors if the Qualifying Company fulfils the conditions of the legislation.

Investors will bear the risk of the First Tranche and/or Second Tranche of tax relief either not being granted or being withdrawn which may result from the Investee Company not qualifying for or complying with the conditions of the EII Scheme.

Independent Advice

Before subscribing to this Fund, prospective applicants should consult a bank manager, solicitor, accountant or other professional adviser, and carefully consider the risks involved, their own financial circumstances, and their tax position to determine the potential suitability of this investment for their circumstances.

Tax Risk

The information contained herein is provided for Irish resident investors only and is based on our understanding of Irish tax legislation and the known current Revenue interpretation thereof. This can vary according to individual circumstances and is subject to change without notice, including retrospectively. It is intended as a guide only and not a substitute for professional advice. Investors should consult their tax adviser for the rules that apply in their individual circumstances.

Income Requirement

Investors must have paid income tax in Ireland to the value of the relief being claimed in that tax year. The maximum investment on which an individual can obtain relief for any one tax year is €150,000. The Manager, its shareholders and the Fund will be in no way liable if an Investor does not qualify for tax relief due to his personal circumstances.

High Earners Restriction

With effect from 1 January 2007, Chapter 2A of Part 15 of the TCA and associated schedules 25B and 25C limit the use of certain tax reliefs and exemptions, known as 'specified reliefs'. The First Tranche of tax relief comes within the definition of "specified relief". Therefore, potential Investors should seek competent professional tax advice on the tax efficiency of investing in the Fund in their personal circumstances and satisfy themselves that they qualify for tax relief.

Withdrawal/Withholding of Relief

Relief may be withdrawn if the conditions attaching to the relief relating to the Investee Company cease to be satisfied within three years of the investment being made or, if later, the commencement of trading. Investors will bear the risk of a potential loss of tax relief which may result from the conditions of the EII Scheme legislation not being satisfied by the Investee Company.

Relief may also be wholly or partly withdrawn if the Investor receives value from the Investee Company or disposes of his shares within three years of the investment in the company. There are additional rules whereby an Investor may suffer a withdrawal of some or all of the relief by reason of other non-qualifying shareholders receiving value from the company. Investors should receive independent financial advice to ensure they have taken these risks into consideration.

Limitations on Taxation Relief

Taxation relief shall be limited to the extent that the Manager successfully identifies and invests in suitable Investee Companies. Relief may be lower than the amount invested by the Investor, should the Manager not succeed in fully investing the Fund. The actual amount of tax relief will not be known until after Investors have subscribed to the Fund and the Manager has made its investments.

Timing of Taxation Relief Claims

The timing of taxation relief claims shall depend on the timing of investments made by the Manager on behalf of Investors in Investee Companies and the subsequent receipt of the relevant tax relief certificates from the Revenue Commissioners. Investors will not have discretion in this regard and may not be in a position to claim tax relief when it is most suitable to their personal circumstances.

Default of Trustee and Bank Solvency

The Manager shall not be liable to Investors in the event of the default or liquidation of the Trustee or the Bankers to the Fund where Investors' money may be deposited.

The Manager is a member of the Investor Compensation Scheme, set up by law, which provides compensation to eligible Investors. The right to compensation, however, only arises in certain limited circumstances, as outlined on page 9. Even if an Investor is an eligible Investor and has a right to compensation, it is capped at 90% of the net amount lost or €20,000, whichever is less.

Commercial Investment Risk

No compensation fund shall exist for Investors who lose all or part of their investment due to commercial investment risk. The Fund may invest in companies which by their nature are high risk. In addition there are limitations on the liquidity of unquoted shares and the time scale for realisation of EII Scheme investments cannot be guaranteed after the three year period has elapsed.

Interest Earned

Interest earned on:

- (a) Subscription Monies received prior to the 31 December 2012;
- (b) Subscription Monies pending investment in Investee Companies; and
- (c) funds subsequently realised on the disposal of such investments

shall be paid to the Manager and/or its shareholders, as the Manager may in its absolute discretion decide. For the avoidance of doubt, no such interest shall be paid to the Fund itself and Investors will not benefit directly from these proceeds.

Lack of access to investment

This is a medium-to-long term investment and is not suitable for Investors who may need access to their investment within the minimum three year investment time horizon from date the Fund makes its investments. Exiting the Fund after the projected three year investment period may take some time, in certain circumstances.

Shares that cannot readily be disposed of in the Investee Companies shall be returned by the Manager to the Investors in accordance with their holding in the Fund, in the event that the Trustee may not arrange for their continued management.

Potential Conflicts of Interest

There may be conflicts of interest between the Manager, and/or its shareholders and the Investors. The Manager and/or its shareholders may invest in Investee Companies alongside the Fund, provided this is at arm's length. The Manager and/or its shareholders may be compensated by multiple parties, including Investors and Investee Companies, for its role. Neither the Manager nor any of its shareholders is acting as an agent or in any fiduciary capacity with respect to the Investors, other than the Trustee.

WARNING: Past performance is not a reliable guide to future performance. The value of your investment in this Fund may go down as well as up. If you invest in this Fund you may lose some or all of the money you invest. There is no guarantee that the Fund will meet its target objectives. If you invest in this Fund you will not have access to your money for at least three years from the date the Fund makes its investments.

The Manager fully respects your right to privacy and any information relating to you (including any personal data within the meaning of the Data Protection Acts 1988 and 2003 (collectively the 'DPA')) which the Manager obtains and holds about you ('Information') will be treated in accordance with the Manager's standard principles regarding client confidentiality and the DPA (where applicable). This includes Information the Manager obtains from you or third parties when you apply for an investment in the Fund.

- (a) The Manager may use the Information for the purposes of:
- (i) providing an investment in the Fund;
 - (ii) group reporting and management purposes;
 - (iii) prevention of money-laundering, financing of terrorism and fraud, and otherwise complying with our legal and regulatory obligations;
 - (iv) providing you with information in relation to the Manager's own and third party products or services and subject to your right to change your mind in relation to receipt of marketing materials at any time by writing to the Data Protection Officer, BES Management Ltd., 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2; and
 - (v) any other purposes to which you have consented.
- (b) The Manager may share the Information, to the extent necessary for the purposes set out in this clause with:
- (i) anyone providing a service to the Manager or acting as the Manager's agents, on the understanding that they will keep the information confidential;
 - (ii) counterparties to transactions executed on your behalf;
 - (iii) public companies in which you directly or indirectly hold shares, on request;
 - (iv) any (or any proposed) assignee, transferee, or successor in title to the whole or any part of the Manager's business relating to the Fund, and their respective officers, employees, agents and advisers, provided that any recipient agrees to use your information for the same purposes as it was originally supplied to the Manager and/or used by the Manager;
 - (v) regulatory bodies, law enforcement agencies, other public bodies, and auditors to whom the Manager is obliged by law to disclose the Information;
 - (vi) any third party which introduced you to the Manager; and
 - (vii) any other party to whom you have agreed the Manager may disclose your Information, each of whom may in turn use that Information for the above and other purposes which have been disclosed to you.
- (c) You agree to notify the Manager without delay in the event of any change in your personal data, to enable us to comply with our obligations to keep your Information up to date.
- (d) Davy will record telephone calls. The telephone records will be retained for a period as may be prescribed by law, regulation or guidance or at the discretion of Davy. The contents of such recordings may be used as required by law and regulation, to verify your instructions and for quality control purposes.
- (e) The Manager is obliged to retain client identification and client transaction records for six years from the end of the client relationship or the date of the transaction respectively. Other Information will be retained for no longer than necessary for the purpose for which it was provided to us or as required or permitted for legal, regulatory, fraud prevention and legitimate business purposes.
- (f) You have the right to receive a copy of all personal data (within the meaning of the DPA) relating to you which is held by the Manager following a written request (for which the Manager may charge an administration fee not to exceed €6.35 or such greater amount as permitted by law) and have any inaccuracies in your personal data corrected, by writing to the Data Protection Officer, BES Management Ltd., 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2. The Manager is entitled to take reasonable steps to establish your identity in relation to any amendment, access or deletion request and may, at our discretion, require proof of identity or other documents.

PROCEDURE FOR AND CONDITIONS OF APPLICATION

Prospective Investors should complete the Application Form enclosed in Appendix III and submit it to Davy on or before 31 December 2012. Completed Application Forms must be accompanied by a personal cheque or bank draft, payable to **IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012** for the amount of the subscription together with a fund-raising fee of 3.5% of the subscription amount. Appendix II sets out examples of the amounts to be submitted for different levels of subscription.

The minimum amount of a subscription is €5,000 and subscriptions thereafter may only be made in multiples of €1,000 with a maximum subscription of €150,000 by any one Investor.

It should be noted that the maximum investment on which an eligible Investor can obtain relief for any one tax year is €150,000.

Applications shall be accepted in the order of receipt up to the permitted maximum amount of €15 million but the Manager reserves the right to close the application list at any time without giving prior notice to any person before 31 December 2012 and to reject any application in whole or in part. The Fund shall not proceed unless a minimum of €1 million is received by the Manager by way of applications, failing which all subscriptions including commissions shall be returned within 14 days of the Closing Date.

Applications to participate in the Fund will be considered only on the terms and conditions of this Memorandum and if made on the Application Form contained in Appendix III herein. Any agreement purporting to amend or exclude or partly exclude the application of any term or condition of this Memorandum shall be void, save for an amendment or alteration approved by the Minister for Jobs, Enterprise and Innovation pursuant to section 8 of the Designated Investment Funds Act 1985.

Only one application shall be accepted from each applicant. **No joint applications shall be accepted by the Manager.**

In order to ensure compliance with the provisions of the Criminal Justice (Money Laundering & Terrorist Financing) Act 2010, the Manager shall be required to establish the identity of each applicant to satisfy anti-money laundering requirements.

Application Forms must therefore be accompanied by a certified copy* of either:

- the applicant's current passport; or
- current driver's licence.

Each applicant is obliged to also provide an original or certified copy of two different forms of proof of address, dated within the past six months.

Acceptable forms of proof of address are any two of:

- recent utility bill (electricity, gas, telephone or mobile phone); or
- recent bank statement.

Proofs of address must bear the same name as provided on the Application Form and should not be more than six months old.

*certified copy i.e. a copy which has been signed, stamped and dated by a solicitor, Commissioner for Oaths, Garda, accountant or bank manager as evidence that the photocopy supplied is a true copy of the original.

Application Forms must be accompanied by a personal cheque or bank draft drawn on an applicant's own bank account, which account will be with a body defined as "Designated Person" under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 and must be made payable to **IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012**.

The Manager and/or Trustee reserve the right to refuse to accept any application which is incorrectly presented or fails to comply with the provisions contained in this Memorandum without liability for interest and any resulting loss or damage to that applicant.

TAX RELIEF

Certificates enabling Investors to claim income tax relief can only be issued after an investment has been made by the Fund in an Investee Company which has been approved as a Qualifying Company by the Revenue Commissioners. Once an investment is made, the Manager seeks approval from the Revenue Commissioners as is necessary and once received, they may issue the tax relief certificate to facilitate Investors claiming the First Tranche of tax relief (i.e. an effective rate 30%). Certificates shall be forwarded to Investors by the Manager as soon as practicable thereafter.

Certificates enabling Investors to claim the Second Tranche of tax relief (i.e. an effective rate 11%) can only be issued after the conditions in relation to employment levels or expenditure on research and development (as detailed herein on page 23 under The Relief) have been satisfied by the Qualifying Company. The Manager will apply to the Revenue Commissioners for the tax relief certificates where appropriate as soon as practicable after the conditions have been satisfied to facilitate Investors claiming the Second Tranche of tax relief. Certificates shall be forwarded to Investors by the Manager as soon as practicable thereafter.

Taxation relief shall be limited to the extent that the Manager successfully identifies and invests in what, it, at its sole discretion deems to be suitable Investee Companies. Relief may be lower than the amount invested by the Investor should the Manager not succeed in fully investing the Fund.

The timing of taxation relief claims shall be dependent upon the timing of investments made by the Manager on behalf of Investors in Qualifying Companies and the subsequent receipt of tax relief certificates from the Revenue Commissioners.

The Revenue Commissioners have indicated that all available tax relief certificates should be filed with an individual's return of income in order to claim tax relief. Certificates not available at the date of the return of income filing may be requested by the Inspector of Taxes at a later date. It is the responsibility of each individual Investor to ensure that his own tax affairs are in order in any given year.

TRUST DEED

A Trust Deed, which is a legal agreement establishing an irrevocable trust and outlining the terms between parties, has been agreed and signed by the Manager and the Trustee. In the Trust Deed, IFG Trust Company Limited has agreed to act as Trustee to the Fund. A copy of the Trust Deed made between BES Management Ltd. and IFG Trust Company Limited dated 23 July 2012 is available for inspection at the registered office of the Trustee at Universal House, Shannon, Co. Clare.

SUMMARY OF EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME LEGISLATION

Introduction

This section seeks to summarise the main provisions of the Scheme of Relief for Investment in Corporate Trades, as introduced by Finance Act 1984 and as set out in Part 16 of the TCA and Schedule 10 thereto (as amended). It does not set out the provisions in full and prospective investors are advised to seek appropriate professional advice on their entitlement to the relief before making any investment in the Fund.

The Relief

The relief on an investment in the Fund is available to the individual in two tranches as detailed below:

- (a) the relief will enable Investors to deduct 30/41's of the amount subscribed (i.e. an effective rate of 30%) ("First Tranche of tax relief") to the Fund from their total income for income tax purposes for either the tax year of subscription ending on 31 December 2012, or if so desired the tax year of investment by the Fund ending 31 December 2013; and
- (b) the relief will enable Investors to deduct 11/41's of the amount subscribed (i.e. an effective rate 11%) ("Second Tranche of tax relief") from their total income for income tax purposes in the year of assessment following the end of the three year investment/relevant period, subject to the conditions set-out below:
 - (i) the employment levels have increased and the average emolument levels* have been at least maintained in the Qualifying Company in the year of assessment in which the three year investment period ends compared to the employment levels and the average emolument levels in the year of assessment prior to the year of assessment in which the subscription for Eligible Shares was made; or
 - (ii) the amount of research and development expenditure incurred by the Qualifying Company in the year of assessment prior to the end of the three year investment period exceeds the amount of research and development expenditure incurred by the Qualifying Company in the year of assessment prior to the issue of the Eligible Shares.

The relief shall not be given to the extent to which the amount or total amount subscribed by an individual for Eligible Shares issued to the individual in any year of assessment exceeds €150,000.

*These levels are derived from a calculation prescribed in the TCA.

Basic Rules

Relief may only be claimed:

- by a Qualifying Individual;
- who subscribes for new Eligible Shares in a Qualifying Company;
- where those shares are issued for the purpose of raising money where that money was used, is being used or is intended to be used by the Qualifying Company as follows:
 - (i) for the purposes of carrying on Relevant Trading Activities which are being carried on or will be carried on within a specified period (normally two years) by such a Qualifying Company or by a qualifying subsidiary of a Qualifying Company,
or
 - (ii) in the case of a company which has not commenced to trade, in incurring expenditure on research and development,
and
 - (iii) the use of the money as set out in (i) and (ii) above will contribute directly to the creation or maintenance of employment in the company.

Eligible Shares

Eligible Shares are new ordinary fully paid up shares which throughout the period of three years beginning with the date on which they are issued, carry no present or future preferential rights to dividends, to assets on a winding up, or to be redeemed.

No relief shall be available to an Investor in relation to Eligible Shares where such shares are subject to any agreement, option or understanding which:

(a) would or could require a person to purchase or otherwise acquire the Investor's shares at a price other than a price equal to the market value of the shares at the time of purchase or acquisition; or

(a) would or could require the Investor to dispose of his shares at a price other than a price equal to the market value of the shares at the time of the disposal.

It is the responsibility of the Investor to submit his own individual claim for tax relief to the Revenue Commissioners.

Qualifying Individual

An individual must not be connected with the Investee Company at any time in the period two years before or three years after the issue of the shares qualifying for relief. The Manager will not knowingly invest monies forming part of the Fund in shares in a company with which any Investor is connected for the purposes of section 492 of the TCA. As part of the Application Form, Investors must make a declaration disclosing any connections, as outlined below.

The main rules relating to "connection" with a company are that:

(a) an individual or an associate of his must not be a partner of the company or an employee or director of the company other than one who receives payments only that are reasonable and necessary remuneration for services to the company;

or

(b) he and his associates must not control the company or possess more than 30% in aggregate of the ordinary share capital or the aggregate of the loan capital and issued share capital or the voting power in the company (subject to certain relaxations for new and small companies).

For this purpose, an associate includes a partner and certain persons with whom the individual has connections through a trust. This does not include relatives.

Qualifying Company

The Investee Company shall throughout the relevant period be an unquoted company which is resident in the State, or in a European Economic Area State other than the State provided it carries on business in the State through a branch or an agency.

The Qualifying Company must be a micro, small or medium-sized enterprise within the European Commission definition in force for the relevant period.

Under EU State-aid rules, medium-sized enterprises operating in non-assisted areas are limited to their seed/start-up stage of development for the purpose of raising EII Scheme investments. For State-aid purposes, Ireland is divided into "assisted" and "non-assisted" areas. The current "assisted areas" are all areas of Ireland excluding Dublin, Meath, Kildare, Wicklow and Cork (except for Cork Docklands).

A further condition is that to comply with the EU rules on the cumulation of State aids, a company that raised capital under the EII Scheme shall be obliged to reduce the maximum level of other State aids by 50% for companies located in non-assisted areas and by 20% for companies located in assisted areas.

The Qualifying Company shall not be a subsidiary of or be controlled by any other company. The Qualifying Company may have subsidiaries itself but each must be carrying on a Relevant Trading Activity or the subsidiary's trade must consist of one or more of the purchase, sale or provision of services to or on behalf of the Qualifying Company. The Qualifying Company must hold at least 51% of the shares of the subsidiary and control it.

The Qualifying Company must exist wholly for the purpose of carrying on Relevant Trading Activities where those activities are principally carried on in the State and/or be a holding company of a subsidiary which carries on a Relevant Trading Activity. During the relevant period, the Company's share capital must be fully paid up. The Company will cease to be a Qualifying Company if before the end of the relevant period a resolution is passed, or an order is made, for the winding up of the Company or the Company is dissolved without winding up other than for bona fide commercial reasons.

A company shall not be a Qualifying Company while the company is regarded as a firm in difficulty for the purposes of the Community Guidelines on State aid for rescuing and restructuring firms in difficulty.

There is an aggregate ceiling on the amount of EII Scheme investment that can be raised by any one Qualifying Company and its associates of €10,000,000 subject to a limit of €2,500,000 in any 12 month period.

Relevant Trading Activities

Relevant Trading Activities are those activities carried on in the course of a trade the profits or gains of which are charged to tax under Case I of schedule D, excluding activities related to the following:

- (a) adventures or concerns in the nature of trade,
- (b) dealing in commodities or futures or in shares, securities or other financial assets,
- (c) financing activities,
- (d) the provision of services, which would result in a close company that provides those services being treated as a service company for the purposes of section 441 if that close company had no other source of income,
- (e) dealing in or developing land,
- (f) the occupation of woodlands within the meaning of section 232,
- (g) operating or managing hotels, guest houses, self catering accommodation or comparable establishments or managing property used as a hotel, guest house, self catering accommodation or comparable establishment,
- (h) operating or managing nursing homes or residential care homes or managing property used as a nursing home or residential care home,
- (i) operations carried on in the coal industry or in the steel and shipbuilding sectors, and
- (j) the production of a film

but including tourist traffic undertakings.

Claims for Relief

Claims may be made when the Relevant Trading Activity has been carried on for at least four months and must be made within two years of that date or if later, two years from the end of the year of assessment in which the EII Scheme shares are issued or when the Qualifying Company expends not less than 30 percent of the money subscribed for the shares on research and development activities which are connected with and undertaken with a view to the carrying on of the Relevant Trading Activities.

Limits on the Relief

The maximum amount for which relief can be obtained in any one year is €150,000 for any one eligible Investor. In the case of a husband and wife, each is entitled to subscribe up to €150,000 to the extent that each spouse has income in his or her own right. Unused amounts of relief may not be transferred between spouses. Relief is not given to an Investor for an investment of less than €254 in one company in any tax year where the claimant invests directly.

Investors who subscribe for shares in the Fund in excess of €150,000 in any one tax year may carry forward the relief to the following year. Investors who have insufficient total income to claim full relief for their investment in the year of issue may be allowed to claim relief for the balance of the investment in the following years until 31 December 2014, subject to each Investor's particular tax circumstances.

Withdrawal/Withholding of Relief

The relief may be withdrawn if the conditions attaching to the relief relating to the Investee Company cease to be satisfied within three years of the investment being made or, if later, of the commencement of trading.

Relief may also be wholly or partly withdrawn if the Investor receives value from the Investee Company or disposes of the shares within three years of subscribing for same. Value can be received from the Investee Company if, for example, it redeems shares or makes the Investor a loan or provides a benefit or facility to an Investor. Disposals between spouses will generally not result in a loss of relief. The receipt of reasonable and necessary dividends does not constitute the "receipt of value" from the Investee Company.

Relief shall not be given where there exists an agreement, arrangement or understanding which could reasonably be considered to have eliminated the risk that the person owning the shares might at any time specified or any time thereafter, be unable to realise, directly or indirectly, in money or monies worth, an amount so specified or implied, other than a distribution in respect of those shares.

The Second Tranche of tax relief (as detailed herein on page 23 under The Relief) shall not be given unless the conditions set-out are satisfied by the Qualifying Company.

There are additional rules whereby an Investor may suffer a withdrawal of some or all of the relief by reason of other non-qualifying shareholders receiving value from the company.

Capital Gains Tax

When the shares are disposed of, the full acquisition cost can be deducted from the proceeds in an arm's length sale in order to calculate the gain if any, for Capital Gains Tax purposes. However, if they are disposed of at a loss, no allowable loss for Capital Gains Tax purposes will be recognised. The responsibility for making Capital Gains Tax returns rests entirely with the Investor.

Tax Avoidance

Relief is not available unless shares are subscribed for and issued for bona fide commercial purposes and not as part of a scheme or arrangement, the main purpose, or one of the main purposes of which, is the avoidance of tax. Investments in shares which are subject to any agreement, arrangement or understanding which could eliminate the risk for the Investors do not qualify for relief.

Complaints

If an Investor is dissatisfied at any time with the service received from the Manager, he should not hesitate to make this known to us. We have an internal complaints procedure, the details of which are set out in the Manager's Terms of Business, and will deal with your complaint promptly. Please address your correspondence to BES Management Ltd., 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2. If you are not satisfied with the outcome of our review of your complaint, you are entitled to refer the matter to the Financial Services Ombudsman (FSO). The FSO is a statutory officer who deals independently with unresolved complaints from consumers about their individual dealings with financial services providers. It is a free service to the complainant. Further details relating to the FSO, including how to make a complaint, are available at www.financialombudsman.ie, by telephone on Lo-Call Number: 1890 88 20 90, or by writing to the Financial Services Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2.

ILLUSTRATIVE EXAMPLES OF SIMULATED RETURN CALCULATIONS

The following examples illustrate possible return scenarios on an investment under the EII Scheme. They are for illustrative purposes only and are not intended to indicate a likely return on this investment. The examples assume:

- (a) An investment of €100,000 in the Fund which is disposed of after four years. In Example 1 it is assumed that the investment is disposed of at a value of €110,000. In Example 2 it is assumed that the investment is disposed of at a value of €90,000.
- (b) The Investor is an individual with at least €100,000 of income taxable at 41% after any restriction in the use of specified reliefs (as at 15 October 2012) in the tax year ended 31 December 2012.
- (c) The Qualifying Company has satisfied the conditions in relation to employment levels or expenditure on research and development (as detailed herein on page 23 under The Relief) to facilitate Investors claiming the Second Tranche of tax relief.
- (d) Chargeable gains are subject to Capital Gains Tax at 30% and the Investor has available the full amount of the €1,270 Capital Gains Tax exemption for an individual. Indexation relief is ignored.

Example 1: Potential Return on Investment Demonstrating a Capital Gain Scenario

	€
Sale Proceeds (net*)	108,350
Net Cost of Investment (see (A) below)	(62,500)

Gross Gain	45,850
Capital Gains Tax (see (B) below)	(1,074)

Net Gain	44,776

Projected Annual Compound Return	12.3%

(A) Net Cost of Investment	€	(B) Capital Gains Tax	€
Amount Invested	100,000	Sale Proceeds (net*)	108,350
Once-off Fee at 3.5%	3,500	Amount Invested	(103,500)
	-----		-----
	103,500	Capital Gain	4,850
Less First Tranche of EII Scheme income tax relief @ 30%	(30,000)	Capital Gains Tax Exemption	(1,270)
Less Second Tranche of EII Scheme income tax relief @ 11%**	(11,000)	Chargeable Gain	3,580
	-----		-----
Net Cost of Investment	62,500	Capital Gains Tax @ 30%	1,074
	-----		-----

* Net of exit fee of 1.5% as detailed herein on page 14 under Investor Fees.

** Subject to conditions in relation to employment levels or expenditure on research and development being achieved by the investee companies.

WARNING: These figures are estimates only. They are not a reliable guide to the future performance of this investment.

Example 2: Potential Return on Investment Demonstrating a Capital Loss Scenario

	€
Sale Proceeds (net*)	88,650
Net Cost of Investment (see (A) below)	(62,500)
	<hr/>
Gross Gain	26,150
Capital Gains Tax***	0
	<hr/>
Net Gain	26,150
	<hr/>
Projected Annual Compound Return	7.69%
	<hr/>

(A) Net Cost of Investment	€
Amount Invested	100,000
Once-off Fee at 3.5%	3,500
	<hr/>
	103,500
Less First Tranche of EII Scheme income tax relief @ 30%	(30,000)
Less Second Tranche of EII Scheme income tax relief @ 11%**	(11,000)
	<hr/>
Net Cost of Investment	62,500
	<hr/>

* Net of exit fee of 1.5% as detailed herein on page 14 under Investor Fees.

** Subject to conditions in relation to employment levels or expenditure on research and development being achieved by the investee companies.

***There is no Capital Gains Tax in this scenario due to the sales proceeds being less than the original amount invested.

WARNING: These figures are estimates only. They are not a reliable guide to the future performance of this investment.

Source: BES Management Ltd.

WARNING: The above examples are shown for the purpose of illustration only. The actual return on an investment in the Fund depends on a number of factors including but not limited to the timing of tax relief, the growth of investments and income from investments. If you invest in this Fund you may lose some or all of the money you invest. If you invest in this Fund you will not have any access to your money for at least three years from the date the Fund makes its investments.

WARNING: This information is based on our understanding of current tax legislation and the current Revenue Commissioners interpretation thereof and is subject to change including retrospectively without notice. This is intended as a general guide only and is not a substitute for individual tax or investment advice. Prospective Investors should seek competent professional tax and investment advice specific to their circumstances prior to investing. With effect from 1 January 2007 Chapter 2A of Part 15 of the TCA and associated schedules 25B and 25C limit the use of certain tax reliefs and exemptions, known as 'specified reliefs'. The First Tranche of EII Scheme tax relief comes within the definition of "specified relief". Therefore, potential Investors should seek competent professional tax advice on the tax efficiency of investing in the Fund. Investors are responsible for establishing their entitlement to participate in this investment and for making their own tax relief claims.

AMOUNT TO BE SUBMITTED ON APPLICATION

Investment Participation €	3.5% Fundraising Fee €	Amount of Cheque Required €
5,000	175	5,175
10,000	350	10,350
15,000	525	15,525
20,000	700	20,700
25,000	875	25,875
30,000	1,050	31,050
35,000	1,225	36,225
40,000	1,400	41,400
45,000	1,575	46,575
50,000	1,750	51,750
55,000	1,925	56,925
60,000	2,100	62,100
65,000	2,275	67,275
70,000	2,450	72,450
75,000	2,625	77,625
80,000	2,800	82,800
85,000	2,975	87,975
90,000	3,150	93,150
95,000	3,325	98,325
100,000	3,500	103,500
105,000	3,675	108,675
110,000	3,850	113,850
115,000	4,025	119,025
120,000	4,200	124,200
125,000	4,375	129,375
130,000	4,550	134,550
135,000	4,725	139,725
140,000	4,900	144,900
145,000	5,075	150,075
150,000	5,250	155,250

The minimum amount of a subscription is **€5,000** and subscriptions thereafter may only be made in multiples of **€1,000** to a maximum subscription of **€150,000, all exclusive of fundraising fees**. The above table is an illustration of the fundraising fee payable on each investment and the cheque amount required using multiples of **€5,000**.

Please note that the maximum investment on which an individual can obtain relief for the tax year ending 31 December 2012 or 31 December 2013 is **€150,000**.

All cheques must be made payable to **IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012** and drawn on the applicant's personal bank account.

APPENDIX III - APPLICATION FORM

THE DAVY EII TAX RELIEF FUND 2012

Applications to participate in the Fund shall be considered only on the terms and conditions of the Memorandum dated **15 October 2012** and must be made on the Application Form contained in the Memorandum. Any agreement purporting to amend or exclude or partly exclude the application of any term or condition of the Memorandum shall be void, save for an amendment or alteration approved by the Minister for Jobs, Enterprise and Innovation under section 5 Designated Investment Funds Act 1985. All expressions defined in the Memorandum shall bear the same meanings in this Application Form.

The Manager reserves the right to arrange to have all cheques presented for payment on receipt, to accept in part only or to reject any application, and to withhold allotments and/or remittances for surplus application monies pending clearance of the applicants' cheques. Joint applications cannot be accepted. The application list will open on 15 October 2012 and close on **31 December 2012** (the "Closing Date"). This Application Form duly completed should be sent to BES Management Ltd. at the address below as soon as possible and in any event by no later than 5pm on the Closing Date. It should be accompanied by appropriate cheques, drawn on the applicant's personal bank account or bank drafts made payable to **IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012**. Once lodged, this Application Form shall be irrevocable and cannot be withdrawn.

Data Protection Disclosure

The Manager and its Associates fully respect your right to privacy, and any personal information relating to you will be treated in accordance with the Data Protection Acts 1988 & 2003 (and any amending or substituting legislation) as well as our own principles regarding client confidentiality. We will take all reasonable steps to ensure that persons employed by us are aware of and comply with such legislation and with our policies in relation to Data Protection. We use your personal information only for the purpose for which you provide it, which we understand to include the following: to provide you with information which enables us to provide you with information in relation to an investment in the Fund, to make you aware of our products and services; for other marketing purposes and for added purposes described in the Terms of Business. In certain circumstances, we may be obliged to disclose personal information relating to you to third parties without notice to you, for example, in order to conform to a legal or regulatory requirement; to comply with a legal process; to carry out our duties under our Terms of Business; or to assert, protect or defend our rights of property or your rights. Other than as provided above, we will not put your personal data to any use other than that for which it was provided, without your prior written consent. If you decide at any time that you no longer wish us to hold or use personal information relating to you, or if the information we hold is or becomes inaccurate, please notify us in writing, and we will remove or rectify the information, within a reasonable time. You are also entitled to access information that we hold relating to you and can do so by applying to us in writing. We reserve the right to charge a reasonable administration fee (not to exceed €6.35) for each access request. We are entitled to take reasonable steps to establish your identity in relation to any amendment, access or deletion request and may, at our discretion, require proof of identity or other documents. If you place an instruction through Davy, Davy is required by regulation to record telephone calls and Davy retains telephone records for a period of not less than one month. Other data will be retained for no longer than necessary for the purpose for which it is provided and as required to satisfy regulatory requirements. We retain client transaction records for a period of six years.

To: **BES Management Ltd.**,
C/o Davy,
Davy House,
49 Dawson Street,
Dublin 2.

BES Management Ltd. is regulated by the Central Bank of Ireland. BES Management Ltd. is a joint venture company owned by Davy and BDO. J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. BDO is authorised to carry on investment business in the Republic of Ireland by the Institute of Chartered Accountants in Ireland.

1a. I wish to subscribe the sum of €_____ being my investment in the Fund on the terms and conditions of the Memorandum and I enclose a personal cheque/draft for €_____ including a fee due of €_____ (see Appendix II).

Please note that the maximum investment on which an individual can obtain relief for the tax year ending 31 December 2012 or 31 December 2013 is €150,000.

Signature _____

Dated _____ 2012

Tel: _____ Email: _____

Name _____ (Block Capitals)

Home Address _____ (Block Capitals)

Tax District _____ Tax Reference PPS No. _____

Agent _____ Address _____

If you are an existing Davy client, please state your client account reference (if known)

Please confirm the source of funds for your investment e.g. earnings, savings, inheritance, etc. _____

Please confirm your source of wealth. This refers to how you have accumulated your wealth. It may extend beyond the funds invested e.g. asset disposal, trading income, rental income, inheritance, other _____

We may use this information for direct marketing material in relation to future funds and products. However, if you do not wish to receive this information, please tick the box

1b. I understand that for the purposes of compliance with the provisions of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, the Manager is required to establish the identity of Investors. **I enclose a certified copy* of my passport / drivers licence and two forms of proof of address dated in the last six months from two different sources e.g. a recent utility bill (electricity / gas / telephone / mobile) or a bank statement in my name at the address provided.** I understand that these will be retained by Davy to fulfil its obligations under Anti-Money Laundering legislation.

***certified copy i.e. a copy which has been signed, stamped and dated by a Solicitor, Commissioner for Oaths, Garda, Accountant or Bank Manager as evidence that the photocopy supplied is a true copy of the original.**

APPENDIX III - APPLICATION FORM

I understand that if I do not provide the anti-money laundering documentation as prescribed above, my application will be rejected and returned to me.

2. I hereby irrevocably agree and undertake to provide the Manager with such information regarding my application as it may in its sole discretion require.
3. I confirm that I have read and understand the Memorandum and I hereby agree to observe, perform and be bound by all the provisions and conditions of the Memorandum and this Application Form and declare that I am fully aware of the risks entailed in investing in the Fund and in particular the risk that the investments made by the Manager could entail a complete loss of my subscription.
4. I enclose a cheque/banker's draft, made payable to IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012 for the above mentioned sum, being the amount payable, in full on application for investing in the Fund. I also agree to accept the same or any lesser number of units in the Fund in respect of which the application may be accepted.
5. I hereby irrevocably authorise the Manager to enter into any agreements, do all such things as are necessary in connection with the management of the Fund as are set out in the Memorandum without further reference to me and notwithstanding any rights or entitlements which I may possess in respect of any shares in Qualifying Companies acquired by the Trustee at the direction of the Manager and in respect of which I shall be the beneficial owner pursuant to the provisions of the Trust Deed and in particular (without prejudice to the generality of the foregoing) I hereby irrevocably and unconditionally authorise the Manager in its absolute discretion in each case and without further reference to me:
 - (a) to invest the Subscription Monies in Qualifying Companies under the provisions of the EII Scheme;
 - (b) to act on my behalf for a minimum period of three years from the date the Fund makes its investments while recognising that, at all times, Investors retain beneficial ownership of the shares subscribed for in the Investee Companies;
 - (c) to direct the exercise by the Trustee of all voting and other rights in connection with investments made or held on my behalf under the Fund;
 - (d) to receive and deal with all distributions and dividends paid on investments in accordance with the provisions of the Trust Deed;
 - (e) to arrange for the sale or disposal of any investment in whole or in part as the Manager may decide;
 - (f) to agree to any transactions or arrangements (including without limitation arrangements for exchange, amalgamation or reconstruction) and to take or refrain from taking any action whatsoever and make any decisions in respect of the shares of Investee Companies;
 - (g) to draw on any monies subscribed by or due to me under the Fund to satisfy the Manager's and Trustee's fees and expenses up to a maximum of 1.5% of the total amount realised as set out in the Memorandum or the Trust Deed; and
 - (h) to place monies on deposit with any licensed bank or authorised building society, pursuant to the Trust Deed.
6. I hereby accept and agree that, subject to compliance by the Manager and the Trustee with their expressed obligations contained in the Trust Deed, under no circumstances whatsoever shall I be entitled to hold the Manager or the Trustee liable for any default, act or omission by the Manager or the Trustee or the failure or loss of any nature or kind of the Fund, except in relation to bad faith or gross negligence. I acknowledge that the proposed investments may not proceed and in such event, I acknowledge that I have no claim against directors of Davy, BDO or the Manager or their shareholders, directors, officers, agents, employees, advisers or any associated entities of Davy, BDO or the Manager.
7. I am an Irish resident for tax purposes and have qualifying income against which relief can be claimed. The tax information contained herein is as at 15 October 2012 and may be subject to change without notice or retrospectively.
8. I set out hereunder and/or attach a complete list of all companies with which I am connected within the meaning of section 492 of the TCA. I undertake to notify the Manager of any additional companies with which I may become connected prior to any connection arising for as long as I am an Investor of the Fund.

Company Name and Address

1. _____
2. _____

Applications must be returned to :
BES Management Ltd.
C/o Davy
Davy House
49 Dawson Street
Dublin 2

Tel: 01-6149000
Fax: 01-6148724

Intermediaries Stamp

If you are applying through an intermediary or as a result of an introduction by an intermediary, the Manager and intermediary may share commission. Details of any commission shared in respect of your application are available on request.

DISCLAIMER

This Memorandum has been issued by BES Management Ltd. (the “**Manager**”), a joint venture company owned by J&E Davy trading as Davy, (“**Davy**”) and BDO with a registered office at 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2 and is being delivered to parties who have expressed an interest in investing in the Davy EII Tax Relief Fund 2012 (the “**Fund**”). The information contained herein does not purport to be comprehensive and is strictly for information purposes only. This Memorandum does not constitute an offer and shall not form the basis of any contract between the Manager and any prospective Investor.

Prospective Investors are advised to make their own independent commercial assessment of the information contained herein and obtain independent professional advice (including *inter alia* legal, financial and tax advice) suitable to their own individual circumstances, before making an investment decision, and only make such decisions on the basis of their own objectives, experience and resources. Interested parties are not entitled to rely on any information or opinions contained in this document or the fact of its distribution for the purpose of making any investment decision or entering into any contract or agreement with Davy, BDO or BES Management Ltd. in relation to the investment in the Fund.

Tax information contained herein is based on the Manager’s current understanding of the tax legislation in Ireland and the Revenue Commissioners’ interpretation thereof. This information is provided by way of general guidance only and purports to be neither exhaustive nor definitive and is subject to change without notice. It is not a substitute for professional advice. You should consult your tax advisor about the rules that apply in your individual circumstances. This investment is not suitable for UK residents.

While reasonable care has been taken by the Manager, Davy and BDO in the preparation of this Memorandum, no warranties or representations, expressed or implied, are or will be given by the Manager, Davy or BDO or their shareholders, directors, officers, agents, employees, advisers or any associated entities as to the accuracy, fairness or completeness of any information contained in this Memorandum or any other written or oral information or opinions provided now or in the future to any prospective Investors or their advisers and so far as permitted by law and except in the case of fraud by the party concerned, no responsibility or liability is accepted for the accuracy or sufficiency thereof, or for any errors, omissions or misstatements, negligent or otherwise, relating thereto. Further, the Manager, Davy or BDO or any of their shareholders, directors, officers, agents, employees, advisers or any associated entities shall be responsible or liable for any costs, losses or expenses incurred by prospective Investors in connection with the Fund.

An investment in the Fund should only be considered by Investors who are able to bear the economic risks of their investment for a medium to long term period of time and who can afford to sustain a total loss of their investment.

The Manager, Davy and BDO give no undertaking to provide a prospective Investor with access to any additional information or to update this Memorandum or any additional information, or to correct any inaccuracies in it which may become apparent. The Manager, Davy and BDO reserve the right, without giving reason, at any time and in any respect, to amend or terminate the procedure for investing in the Fund or to terminate negotiations with any prospective Investor. The issue of this Memorandum shall not be deemed to be any form of commitment on the part of the Manager, Davy or BDO to proceed with any transaction with any prospective Investor or any other party.

This Memorandum has been made available on the express understanding that any written information contained herein or otherwise made available will be kept strictly confidential and is only directed to the parties to whom it is addressed. This document must not be copied, reproduced, distributed or passed to others at any time without the prior written consent of the Manager, Davy and BDO.

No part of this document is to be reproduced without our written permission. This publication is solely for information purposes and does not constitute an offer or solicitation to buy or sell securities. This document has been prepared and issued by the Manager, Davy and BDO on the basis of publicly available information, internally developed data and other sources believed to be reliable.

We or any of our connected or affiliated companies or their employees may have provided within the last 12 months, significant advice or investment services in relation to any of the investments referred to in this document.

The Davy conflicts of interest management policy is available at www.davy.ie/conflictsofinterest.

BES Management Ltd. is regulated by the Central Bank of Ireland. BES Management Ltd. is a joint venture company owned by Davy and BDO. J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. BDO is authorised to carry on investment business in the Republic of Ireland by the Institute of Chartered Accountants in Ireland.

Contact Details



Davy House,
49 Dawson Street,
Dublin 2.

E: csu@davy.ie

T: 01-614 9000

W: www.davy.ie



Beaux Lane House,
Mercer Street Lower,
Dublin 2.

E: ctyrrell@bdo.ie

T: 01-4700 455

W: www.bdo.ie

www.bes.ie

BES Management Ltd. is regulated by the Central Bank of Ireland. BES Management Ltd. is a joint venture company owned by Davy and BDO. J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. BDO is authorised to carry on investment business in the Republic of Ireland by the Institute of Chartered Accountants in Ireland.

This investment may not be suitable for all investors. You should consult your tax advisor about the rules that apply in your individual circumstances prior to investment. WARNING: This is a medium to long-term investment and there is no early exit mechanism. The value of your investment may go down as well as up. Investors can lose some or all of the amount invested. Other risks and terms & conditions apply.

INVESTOR CHECKLIST

Check

- I have read and understood the Prospectus for The Davy EII Tax Relief Fund 2012. *In addition, you are strongly advised to seek professional advice in relation to your own personal circumstances and the suitability of this Fund for you, before investing.*
- Ensure your cheque / draft is made payable to **IFG Trust Company Limited a/c The Davy EII Tax Relief Fund 2012** for the amount of your investment plus 3.5% fee. *Please refer to Appendix II of the Prospectus for more information.*
- Only **personal cheques / drafts** will be accepted.
- Please note Applications accompanied by **company cheques CANNOT be accepted** under any circumstance.
- BES Management Ltd is required by law to undertake identity checks to satisfy Anti-Money Laundering requirements. In this regard, Application Forms must be accompanied by a **certified* copy of either:**
 - **your current passport *or***
 - **your current driver's licence**

Each application must **also provide an original or certified copy of two different forms of proof of address.** Acceptable forms of proof of address are **any two of:**

- **recent utility bill (electricity, gas, phone or mobile phone) *or***
- **recent bank statement**

Proofs of address cannot be more than 6 months old and must bear the same name and address provided on the Application Form.

***certified copy:** i.e. a copy which has been signed, stamped and dated by a Solicitor, Commissioner for Oaths, Garda, Accountant or a Bank Manager as evidence that the photocopy supplied is a true copy of the original.

- Ensure all details on your Application Form are correct and the **form is fully completed and signed.**
- BES Management Limited cannot accept Applications which do not meet the above requirements.

WARNING: If you invest in this product you may lose some or all of the money you invest. The value of your investment may go down as well as up. If you invest in this product you will not have any access to your money for at least three years. Other risks and terms and conditions apply.

BES Management Limited is regulated by the Central Bank of Ireland. BES Management Limited is a joint venture company owned by Davy and BDO. J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. BDO is authorised to carry on investment business in the Republic of Ireland by the Institute of Chartered Accountants in Ireland.

BES Management Limited: General Terms of Business
15 October 2012

It is important you read this document carefully as it sets out the terms on which BES Management Limited provides its products and services to consumers. These terms are binding and apply to our relationship and services generally; where specific terms apply to an investment you should consider these carefully before proceeding.

BES Management Limited is regulated by the Central Bank of Ireland.

Contact Details

You may contact BES Management Limited by calling 01 4700 000. You may be interested to visit our website at www.bes.ie. Our offices are located at 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2.

Group Details

BES Management Limited is a joint venture company owned by Davy and BDO. J&E Davy, trading as Davy, is regulated by the Central Bank of Ireland. Davy is a member of the Irish Stock Exchange, the London Stock Exchange and Euronext. BDO is authorised to carry on investment business in the Republic of Ireland by the Institute of Chartered Accountants in Ireland.

References in these Terms to “we”, “us” or “our” shall be construed as a reference to BES Management Limited, a joint venture company regulated by the Central Bank of Ireland.

References in these Terms to “you” or “your” shall refer to each and every applicant to the BES/EII funds, including the Davy EII Tax Relief Fund 2012.

Products & Services

BES Management Limited is authorised to act as a manager of a designated investment fund within the meaning of the Designated Investment Funds Act 1985. BES Management Limited has launched and manages a series of BES/EII funds, including the Davy EII Tax Relief Fund 2012 (“The Fund”) under the new Employment and Investment Incentive Scheme (“EII Scheme”). Investment in the Fund is available to eligible Investors, as defined in the Taxes Consolidation Act 1997 and as set out in the Fund’s Prospectus.

Anti-Money Laundering

We are required under the terms of the Criminal Justice (Money Laundering & Terrorist Financing) Act 2010 to record evidence that we have undertaken identity checks in respect of all new clients. In this regard, you will be required to provide us with specific documentation which we will request from you at the time you make an investment. If you do not provide the information we require, you will not be in a position to make an investment in our funds. You hereby confirm that any information that you supply in this regard shall be complete and shall not in any way be misleading or inaccurate and you also agree that we may pass on such information as we consider necessary in order for us to comply with our reporting and legal requirements under this legislation.

Fees/Commissions

As outlined in the Fund’s Prospectus, a once-off fundraising fee of 3.5% will be

payable by each Investor on the amount of his subscription in the Fund at the date of application. Upon realisation of the investments, we shall be entitled to recover all reasonable and necessary costs associated with the realisation of investments, up to a maximum of 1.5% of the total amount realised. Where such costs are applied, they are recovered from the proceeds of the realisation. Any interest earned on Subscription Monies pending investment and on monies subsequently realised on the sale of such investments shall be retained by us.

Information, Confidentiality and Conflicts of Interest

We confirm that where you give us confidential information or where we acquire sensitive information concerning you or your affairs in the course of the investment, we shall at all times keep such information confidential (“Confidential Information”). You agree that it will be sufficient compliance with our duty of confidence for us to take such steps as we, in good faith, think fit to preserve the Confidential Information from misuse at all times during the investment and for a period of six years from the end of the client relationship of the date of transaction respectively. We shall be entitled to disclose Confidential Information which is widely known and acknowledged and / or available in the public domain (other than arising as a result of a breach of an obligation). We shall also be entitled to disclose Confidential Information which we require to our legal advisers or professional indemnity insurers and where necessary to comply with any legal, Governmental, statutory or professional regulatory requirement.

Conflicts of interest may arise with regard to BES Management Limited, Davy, BDO the Trustee, the companies in which the funds are invested and the individual investors. You agree to notify us immediately where you know or become aware of any conflict of interest or potential conflict of interest.

BES Management Limited will seek to avoid potential conflicts of interest. Where it is not possible to avoid a conflict of interest, we will ensure that we act honestly, fairly and professionally in your best interest. It is our policy of to identify, review and manage any conflicts of interest that may arise from time to time through appropriate safeguards and disclosures.

Please refer to the Fund’s Prospectus for more information on potential conflicts of interest.

Neither we nor you will be prevented from disclosing confidential or restricted information:

- a) which is or becomes public knowledge other than by a breach of an obligation of confidentiality;
- b) which is or becomes known from other sources without restriction on disclosure;
- c) which is required to be disclosed by law or any professional or regulatory obligation; or
- d) which is required to be disclosed in confidence to any legal, taxation or other professional advisor.

Default of a Consumer

If you default in an agreement with us, we may terminate that agreement and take such steps (including legal proceedings and enforcement of security) as we consider necessary to recover what you owe us.

Consumer Protection Code

BES Management Limited is subject to the Central Bank of Ireland’s Consumer Protection Code which the firm must comply with. The Code offers protection to consumers and a copy of the Code can be found on the Central Bank’s website www.centralbank.ie.

Data Protection

BES Management Limited fully respects your right to privacy and any information relating to you (including any personal data within the meaning of the Data Protection Acts 1988 and 2003 (collectively the ‘DPA’)) which we obtain and hold about you (‘Information’) will be treated in accordance with our standard principles regarding client confidentiality and the DPA (where applicable). This includes Information we obtain from you or third parties when you apply for an investment in our funds.

- (a) We may use the Information for the purposes of:
 - i) providing an investment in the Fund;
 - ii) group reporting and management purposes;
 - iii) prevention of money-laundering, financing of terrorism and fraud, and otherwise complying with our legal and regulatory obligations;
 - iv) providing you with information in relation to our own and third party products or services subject to your right to change your mind in relation to receipt of marketing materials at any time by writing to the Data Protection Officer, BES Management Limited, 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2; and
 - v) any other purposes to which you have consented.

(b) We may share the Information, to the extent necessary for the purposes set out in this clause with:

- i) anyone providing a service to us or acting as our agents, on the understanding that they will keep the information confidential;
- ii) counterparties to transactions executed on your behalf;
- iii) public companies in which you directly or indirectly hold shares, on request;
- iv) any (or any proposed) assignee, transferee, or successor in title to the whole or any part of our business relating to the Fund, and their respective officers, employees, agents and advisers, provided that any recipient agrees to use your information for the same purposes as it was originally supplied to us and/or used by us;
- v) regulatory bodies, law enforcement agencies, other public bodies, and auditors to whom we are obliged by law to disclose the Information;
- vi) any third party which introduced you to us; and
- vii) any other party to whom you have agreed we may disclose your Information, each of whom may in turn use that Information for the above and other purposes which have been disclosed to you.

(c) You agree to notify us without delay in the event of any change in your personal data, to enable us to comply with our obligations to keep your Information up to date.

(d) If you place subscriptions through Davy, Davy will record telephone calls. The telephone records will be retained for a period as may be prescribed by law, regulation or guidance or at the discretion of Davy. The contents of such recordings may be used as required by law and regulation, to verify your instructions and for quality control purposes.

(e) We are obliged to retain client identification and client transaction records for six years from the end of the client relationship or the date of the transaction respectively. Other Information will be retained for no longer than necessary for the purpose for which it was provided to us or as required or permitted for legal, regulatory, fraud prevention and legitimate business purposes.

You have the right to receive a copy of all personal data (within the meaning of the DPA) relating to you which is held by us following a written request (for which we may charge an administration fee not to exceed €6.35 or such greater amount as permitted by law) and have any inaccuracies in your personal data corrected, by writing to the Data Protection Officer, BES Management Limited, 5th Floor,

Beaux Lane House, Mercer Street Lower, Dublin 2. We are entitled to take reasonable steps to establish your identity in relation to any amendment, access or deletion request and may, at our discretion, require proof of identity or other documents.

If you decide to proceed with this application or have any other communication with BES Management Limited through or in relation to its products and services you consent to the use by BES Management Limited of your personal data as indicated above.

Your Money/Investments

We do not hold money/investments received in the course of providing investment services to investors. Accordingly, any money/investments which we receive on your behalf will be forwarded to you or to a named third party on your instructions forthwith. Any cheques or banker's orders drawn by you in respect of amounts owed to third parties should be drawn in favour of the third party concerned as we are not authorised to handle cheques, banker's orders or drafts or any money orders of any kind representing clients' money drawn in favour of us.

Communication with You

We shall at all times act only on instructions given by you ("Instructions"). We may act on Instructions given by any person you have nominated provided you have given us written notice of such a nomination. We can accept Instructions over the telephone or in writing, but any instructions made in writing will not take effect until actually received by us. If we accept Instructions over the telephone, we may act on them before we receive written confirmation, unless you specifically tell us not to.

We shall keep you (or, at your request, the person you nominate) informed about your investment. We may provide you with an update in relation to your investment over the telephone or in writing.

Any alteration or amendment to your Instructions should be made and notified to us in writing.

BES Management Limited utilises modern forms of communication, including electronic mail. Unless you advise us to the contrary, we may on occasion communicate with you or the person you nominate utilising this medium. The aim is to achieve rapid and efficient contact with investors.

However, e-mail is an informal method of communication over the internet and is subject to possible data corruption, either accidentally or on purpose. By its nature, it may not be a fully secure medium and could be intercepted by third parties. We cannot accept any liability for any such third party interception, or for a loss occasioned by you as a result of such interception, nor can we accept liability for any breakdown in the internet service.

You confirm your agreement for BES Management Limited to correspond with you or the person you nominate by e-mail.

You also confirm that a read receipt will be obtained on all e-mail correspondence with you or the person you nominate. We would, in addition, recommend that, before relying on advice contained in an e-mail, written confirmation (by post/fax) should be sought.

Governing Law and Jurisdiction

These Terms shall be governed and construed in accordance with the laws of the Republic of Ireland and any dispute arising out of the application form, these Terms and the application form shall be subject to the exclusive jurisdiction of the Irish Courts.

Complaints

If you are dissatisfied at any time with our services, you should not hesitate to make this known to us. To ensure your complaint is dealt with properly and speedily we would ask that you submit all such complaints in writing to BES Management Limited, 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2.

We have an internal complaints procedure and will deal with your complaint promptly. A written acknowledgement of your complaint will be sent within 5 working days of the complaint being received. You will be provided with the name of the individual appointed to deal with your complaint and will be provided with written updates on the progress of the investigation every 20 working days. Your complaint will be actively investigated and a comprehensive response will be sent to you not later than 40 working days from receipt of the original complaint.

If we have given you a less than satisfactory service we undertake to do everything reasonable to put it right and if you are still not satisfied with the outcome of our review of your complaint, you are entitled to refer the matter to the Financial Services Ombudsman (FSO). The FSO is a statutory officer who deals independently with unresolved complaints from consumers regarding their individual dealings with financial services providers. It is a free service to the complainant. Further details relating to the FSO, including how to make a complaint, are available at www.financialombudsman.ie, by telephone on Lo-Call Number: 1890 88 20 90, or by writing to the Financial Services Ombudsman, 3rd Floor, Lincoln House, Lincoln Place, Dublin 2.

Investor Compensation Act 1998 (the "Act")

BES Management Limited is a member of the Compensation Scheme (as defined in the Act). In the unlikely event that we are unable to return your investments or cash, due to insolvency or fraud, you may be able to make a claim under the terms of the Act.

When an authorised investment firm goes out of business and cannot return investments or money that it owes its investors, the Investor Compensation Company Limited will give eligible investors compensation of up to 90% of their investment subject to a maximum compensation payment of €20,000.