

DAVY

BDO

The 2018 Davy EIS Fund



December 2018

WHAT IS THE EMPLOYMENT AND INVESTMENT INCENTIVE SCHEME (“EIIS”)

- Introduced in 2011
- Tax Relief incentive scheme
- Incentive for private individual investors
- Equity capital in qualifying SMEs
- Finance Bill 2018
 - Self-certification
 - Preference Shares

THE DAVY EII/BES FUNDS

- BES Management DAC
- Joint Venture The Davy logo is a red square with the word "DAVY" in white. The BDO logo is the letters "BDO" in blue, with a red vertical bar to the left of the "B" and a red horizontal line underneath the "O".
- Longest running EII/ BES Fund Manager in Ireland
- 1st BES Fund - 1995, 1st EIS Fund - 2011
- Regulated by The Central Bank of Ireland

THE 2018 DAVY EIIS FUND



- Launch December 2018

FUND FACTS

Minimum investment:
€5,000

Proposed exit date:
2023

Maximum investment:
€150,000

- Closing date for subscriptions is 31 December 2018 or earlier in the event of excess demand

AREAS OF FOCUS

1. Investors - All Income Tax Relief
2. Companies - Investment Criteria
3. Our Track Record - The Davy EIS Tax Relief Fund

EII SCHEME

1. Investors

THE EII SCHEME - BENEFITS TO INVESTORS

- Qualifying individual - tax resident & paying income tax in Ireland
- **All income** tax relief
- Up to **40% tax relief** all income tax relief
- Tax Relief on **up to €150,000** per annum
- Opportunity to invest in a **Fund**
 - Investment spread over a portfolio of SMEs;
 - Indigenous Irish companies with future growth potential; and
 - Invest in a range of industries and reduce exposure to any one sector

THE EII SCHEME - BENEFITS TO INVESTORS

- Up to **40% tax relief** all income tax relief in two tranches
- **First Tranche Relief**
 - Enable Investors to deduct **30/40ths of the amount subscribed** in either the tax year of subscription ending **31 December 2018** or tax year of Investment by the Fund **ending 31 December 2019**
- **Second Tranche Relief**
 - Enable Investors to deduct **10/40ths of the amount subscribed** in the year of assessment following the year in which the subsequent period (3 years) ends

THE EII SCHEME - SELF CERTIFICATION

- Investee Company issues Statement of Qualification to the Manager
- Claiming the **First Tranche of Income Tax Relief**
 - Tax Relief Certificates - cannot issue until Qualifying Company has spent 30% of amount raised or more than 2 years after shares issued
- Claiming the **Second Tranche of Income Tax Relief**
 - Tax Relief Certificates - cannot issue until Relevant Period (4 years) ends and conditions in relation to increased employment levels or increased spend on R&D+I are fulfilled or more than 2 years after conditions satisfied

THE EII SCHEME - RETURN CALCULATION

FOR ILLUSTRATION PURPOSES ONLY

Potential Return on Investment

Assumptions

Investment amount	€	100,000
Commission		3%
Tax relief rate on investment		30%
Tax relief rate on exit		10%
Premium on return		15%
Exit fee		2%
CGT rate		33%
Capital Gains Tax exemption	€	1,270

	2018 Year 0	2019 Year 1	2020 Year 2	2021 Year 3	2022 Year 4	2023 Year 5	2024 Year 6
Investment	(100,000)					112,700	
Commission	(3,000)						
Tax breaks		30,000					10,000
CGT						(2,782)	
	(103,000)	30,000	0	0	0	109,918	10,000

9.5%

EII SCHEME

2. Companies

THE EIS SCHEME - BENEFITS TO COMPANIES

- Investment Limits
 - **€15 million** limit per company
 - **€5 million** in any 12 month period
- Competitive **fixed cost of finance** for 4 years
- Investment is **equity** and therefore reduces gearing levels
- Existing **owners retain control** of the business
- **No capital repayment** for 4 years
- May **trigger additional funding** e.g. Banks or other private investment

THE 2018 DAVY EIS FUND - INVESTMENT MANDATE

Funds Criteria/Investment mandate

- Capable and experienced **management team**
- **Growth potential**
- Well defined **market strategy**
- **Potential to repay** investment after 4 years
- Majority **less than 7 years old**
- Between **3 and 12** investments
- **Higher average investment levels** than previous Davy EIS Funds

EII SCHEME

3. Our Track Record

OUR TRACK RECORD

- Longest running BES/EII Fund manager in the Country
- Raised **19 BES and 7 EII Funds** amounting to **€175 million**
- Invested in c. **169 qualifying SME's**
- Investment range from **€500,000 - €2 million**
- c. **€46 million** of Funds under management
- c. **21** active investee companies
- Co-invested with **Banks, Enterprise Ireland & Private Investors**
- Funds invested in **all industry sectors**



PREVIOUS INVESTEE COMPANIES

MAXIMUMMEDIA

 **ClaimVantage**

Chemstore[®]
HAZARDOUS MATERIALS EXPERTS 

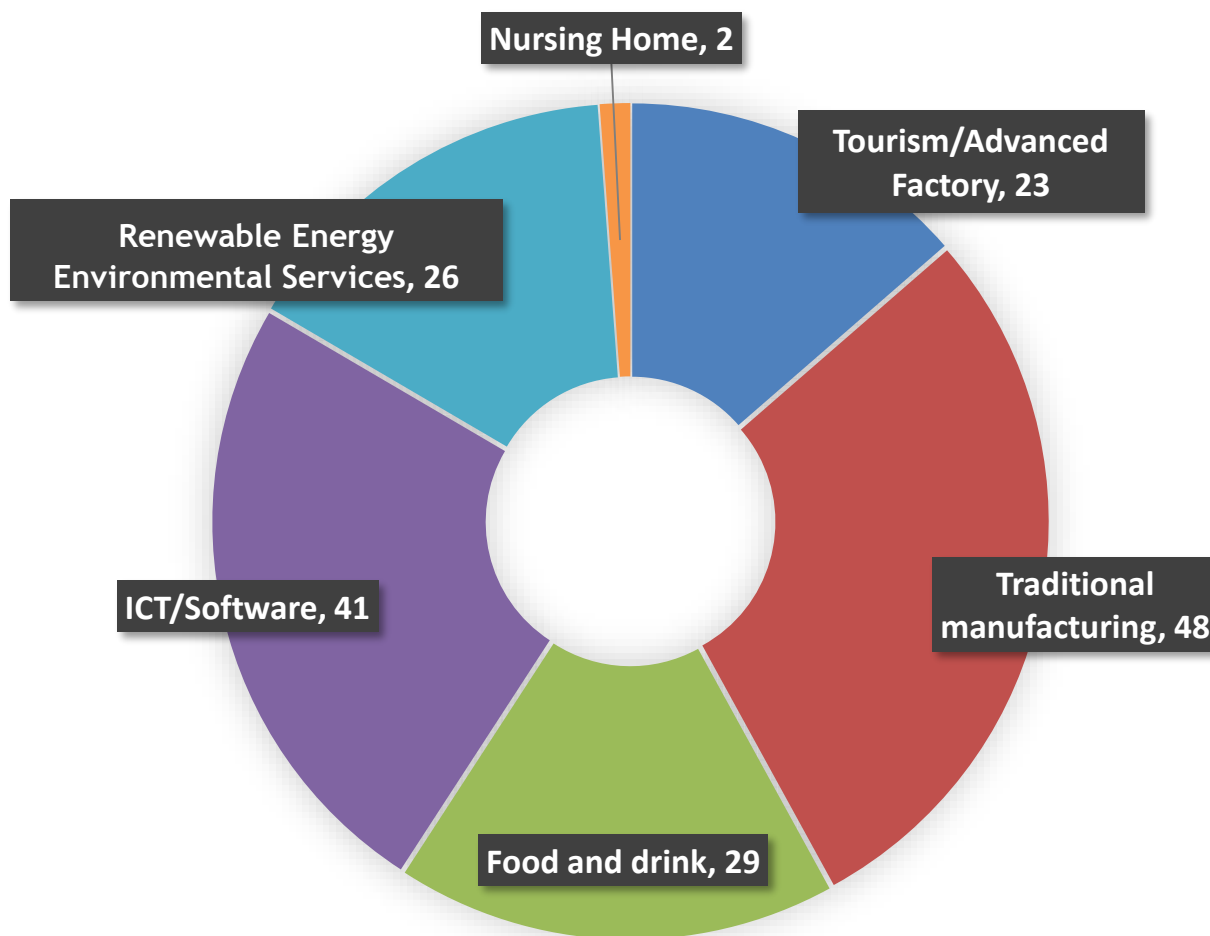

The Happy Pear

netwatch
creating a fearless environment

**Irish[®]
Breeze**

PREVIOUS INVESTEE COMPANIES

Investment Sector Analysis - Number of Companies



THE DAVY BDO BES & EII FUNDS

BES Management DAC- Board Members

“Experience and longevity”



Tony Garry
Chairman



Sinead Heaney
Executive Director



Ivan Murphy
Director



David McCormick
Director



Andrew Bourg
Executive Director



WHY AN INVESTOR SHOULD CONSIDER THE 2018 DAVY EIS FUND

- One of the **last remaining** all income tax breaks
- Up to **40% tax relief**
- **Most experienced (EIS Scheme) BES Fund Manager** in the country
- A diversified **managed Fund**

POINT OF CONTACT



Andrew Bourg
Corporate Investment & Business Advisory

Tel: 01 470 0470
Email: abourg@bdo.ie



Sinead Heaney
Corporate Investment & Business Advisory

Tel: 01 470 0475
Email: sheaney@bdo.ie

THANK YOU

Any Questions?