

**The New Zealand Private Equity & Venture Capital Association  
Incorporated**

**ANNUAL REPORT**

**31 MARCH 2010**

- 1. NOTICE OF MEETING**
- 2. MINUTES OF ANNUAL GENERAL MEETING 2009**
- 3. EXECUTIVE DIRECTOR REPORT**
- 4. FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2010**



**The New Zealand Private Equity & Venture Capital Association Incorporated**

**NOTICE OF MEETING**

**Annual General Meeting 2010**

THE ANNUAL GENERAL MEETING OF THE NEW ZEALAND PRIVATE EQUITY & VENTURE CAPITAL ASSOCIATION INCORPORATED WILL BE HELD AT THE AUCKLAND OFFICES OF SIMPSON GRIERSON LEVEL 27, LUMLEY CENTRE, 88 SHORTLAND STREET AUCKLAND

AT 5.00 PM ON THURSDAY 5 AUGUST 2010

Ordinary business of the meeting

The ordinary business of the annual general meeting shall be:-

- (a) to receive, consider and (if so decided) to adopt the financial statements of the Association for the year ending 31 March 2010, the report of the Council, and the report of the auditors;
- (b) to elect Council Members;
- (c) to appoint auditors; and
- (d) to receive notice of fees for the current membership year.

Special business of the meeting

There are no special business items.

Further business

The annual general meetings may also transact any other business of which notice has been given in accordance with the Rules and Constitution.

**Minutes of Annual General Meeting held at the Offices of Simpson Grierson, 88 Shortland Street Auckland on 30 July 2009 at 5.00 p.m.**

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1. The Chairman declared the meeting open and duly constituted as a quorum was present.

**2. Notice of Meeting**

The Notice of Meeting distributed at the meeting was taken as read.

**3. Apologies**

Apologies were received from:

- Nigel Bingham – Pencarrow Private Equity
- Stuart McKenzie – Endeavour Capital
- Matthew Houtman – Pioneer Capital Partners
- Stephen Hampson – Powerhouse Ventures
- Nikki Brown
- Nick Wells – Chapman Tripp

**4. Minutes of the Annual General Meeting held on 31 July 2008**

Minutes of the Annual General Meeting held on 31 July 2008 had been circulated. The Chairman proposed that the Minutes be accepted as a true and accurate record.

The motion was seconded by Hamish Bell and put to the meeting. It was passed unanimously.

**5. Special Business**

The Chairman advised the meeting that there were no items of special business.

**6. Ordinary Business**

(a) The Chairman highlighted key matters from the appended Report of the Council to the meeting

(b) The Association's Financial Statements for the year ended 31 March 2009 were tabled for the information of the meeting.

The Chairman moved "That the Report of the Council and the Financial Statements for the year ended 31 March 2009 be adopted".

The motion was seconded by Michael Pollard and put to the meeting. It was passed unanimously.

(c) The Chairman provided a summary of the Auditor's report:

The Chairman moved "That the Auditors' Report for financial statement for the year ended 31 March 2009 be adopted".

The motion was seconded by Andrew Taylor and put to the meeting. It was passed unanimously.

(d) The Chairman advised the meeting that Association's Constitution and Rules require that office holders must retire each year. During 2008/2009, there were three office holders, namely the Chairman, Franceska Banga, the vice-Chairman, Nigel Bingham and the Secretary/Treasurer, Philippa McCarthy. Accordingly, all three retired in accordance with the Constitution and Rules and, being eligible, offered themselves up for re-election.

The Chairman informed the meeting that the Council would agree the NZVCA Chairperson for the next year at the Council meeting on 20 August 2009.

The Chairman advised the meeting that Brent Lawgun and Steve Hampson were standing down and not seeking re-election and thanked them for their contribution to the Association.

The Association's Constitution and Rules also require that half of the non-office bearing Council Members must retire each year. Accordingly, in addition to Brent Lawgun and Stephen Hampson, Tony Bishop, Stuart McKenzie and Hamish Bell retired in accordance with the Constitution and Rules and, being eligible, offered themselves for re-election.

The Chairman reminded the meeting that Nikki Brown, Michael Pollard, Andrew Taylor and Nick Wells remained on the Council for 2009/2010 as they were not required to offer themselves for re-election.

The Chairman advised the meeting that nominations have been received in accordance with the Constitution and Rules for Kerry McIntosh, Matthew Houtman and Greg Sitters.

The Chairman advised the meeting that the newly constituted Council will be responsible for appointing up to two new vice-Chairpersons and the Treasurer as soon as possible after the AGM.

The Chairman advised the meeting that nine nominations for Council positions have been received and outline the following summary regarding the Council member election process:

<b>Council member/Nominee name</b>	<b>Member firm</b>
<b>Standing down and not seeking re-election</b>	
Brent Lawgun	Maui Capital
Steve Hampson	Canterbury Innovation Incubator
<b>Standing down and seeking re-election</b>	
Franceska Banga	NZVIF
Nigel Bingham	Pencarrow
Philippa McCarthy	Direct Capital
Tony Bishop	iGlobe Treasury
Stuart McKenzie	Endeavour Capital
Hamish Bell	PriceWaterhouse Coopers
<b>Nominations received for new Council members</b>	
Matthew Houtman	Pioneer Capital Partners
Greg Sitters	2 Ignite
Kerry McIntosh	Ironbridge Capital Partners
<b>Remaining as Council members</b>	
Nikki Brown	MVision Private Equity Advisers
Andrew Taylor	Ernst & Young
Michael Pollard	Simpson Grierson
Nick Wells	Chapman Tripp

The Chairman noted there are nine nominations for ten vacant positions. The Chairman moved “that the nine nominated people be appointed to the NZVCA Council.” The motion was seconded by Andrew Taylor and put to the meeting. It was passed unanimously.

The Chairman moved a vote of thanks for Brent Lawgun and Stephen Hampson for their contribution to the Association over many years. The motion was seconded by Michael Pollard and put to the meeting. It was carried unanimously.

(e) The Association’s Constitution and Rules require that an Auditor be appointed at each Annual General Meeting.

The Chairman moved that “BDO Spicers be appointed as the Association’s auditors for the year ending 31 March 2010”

The motion was seconded by Michael Pollard and put to the meeting. It was carried unanimously.

(f) The Association's Constitution and Rules require that the membership fees are set each year at the Annual General Meeting.

The Chairman advised the meeting that a change to fees for the year to 31 March 2010 had been determined by new Council. The fees had not changed for 6 years prior to this year.

The Chairman noted that the fees (exclusive of GST) are:

Full members	\$3,000
Associate members	\$3,000
Investor members	\$1,500
Incubators and Angels	\$600
Individuals	\$400

## 7. Further Business

There was no further business notified to the meeting in accordance with the Constitution and Rules.

## 8. Close

The Chairman declared the meeting closed at 5.15 p.m. and thanked all present for their attendance.

**Signed as a true record:**

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**Franceska Banga, Chairman**

**Date: 5 August 2010**

## **Executive Director Report to the NZVCA AGM**

5 August 2010

### **Overview of the 2009/2010 year**

The 2009/2010 year was challenging for NZVCA as the effects of the Global Financial Crisis impacted members and the association. The Association focussed on building value for members through core activities and retaining a quality membership base. The financial result reflects a balanced approach to managing costs and resource commitments. NZVCA continues to lead advocacy through a range of activities including submissions and recommendation on regulatory and tax issues impacting private capital investment.

Looking back at the 2009/2010 year the highlights included:

#### **Member Communication / Events**

- Membership levels reduced to around 110 organisations that include over 760 individuals. The membership engagement has improved with members taking a more active participation in events and industry developments. We are seeing renewed interest in membership as the economy improves and we will continue to grow the membership base.
- Successful 8<sup>th</sup> Annual conference in November 2009 was attended by around 220 people and including 8 international speakers
- There were 11 other NZVCA events throughout New Zealand
- A professional development workshop on Private Equity transactions was lead by international facilitator

#### **Investor Relations / Research**

- There was ongoing enhancement of the New Zealand Venture Capital and Private Equity Monitor survey. Further developing our market statistics continues to be a key target for the Association going forward and we thank all the managers for their time and effort in supplying their data to the survey.
- Successful institutional investor events were run as part of the NZVCA's 2009 conference.

#### **Advocacy / Lobbying / Industry Representation**

- Regulatory and Tax Recommendations were released to the Capital Market Development task force in April 2009. The collaboration of NZVCA members in the production of the Recommendations was a significant effort that continues to form the basis of our advocacy agenda with officials from various government agencies.
- The Financial Advisers legislation involved significant effort representing the interests of the private capital industry that had been inadvertently caught by the revised legislation. After submissions to the Select Committee and detailed negotiation with officials the legislative burden on the industry has been substantially mitigated.

#### **Financial**

- Total income for year ended 31 March 2010 was \$381,833 (\$436,540 in 2009). Net Operating Surplus decreased to \$11,021 (\$16,376 in 2009).
- The 2010 year was better than expected in the circumstances of the global financial crisis. The surplus generated in 2010 has been retained and provides the association capacity to advance some projects that had been deferred.
- The annual conference provided a net surplus of \$25,332 (\$35,130 in 2009) which was a pleasing result in difficult times.
- The association is in a good financial position and will pursue options to enhance its industry leadership role and add value to members.

### **Overview of 2009/2010 accounts**

Income for the year amounted to \$381,833 made up of income from sponsorship \$131,167, annual conference \$106,634 membership fees \$138,300 and other events and projects \$5,732.

Expenditure for the year amounted to \$381,374 with the majority of the expenses having been incurred for contracting the Executive Director and the running of the 2009 Annual Conference. No tax is payable. The Association's operating surplus after tax was \$11,021.

NZVCA has worked effectively using working groups focused on strategic priorities. Our work has been balanced between striving for high levels of professional standards and maintaining momentum with advocacy on regulatory and tax matters. Members have contributed well to submissions and industry engagement which adds value to the community and the association.

### **Overview of the year ahead**

The NZVCA will continue to represent the interest of private capital investors in the New Zealand market. We expect to build on our advocacy and lobbying role as the Securities legislation review evolves. NZVCA has enhanced its reputation as a trusted and balanced advocate for growing investment in New Zealand.

The core focus of the association remains on the issues impacting private investors in growing privately owned businesses. We represent the interests of the whole industry - including professional funds and individual investors, and with emphasis on seed / early stage, venture capital and private equity stages of the market.

Institutional investment is a key factor in development pools of capital. We have started a more effective engagement with institutional investors in New Zealand. We can do more to promote the asset class to investors in New Zealand and overseas. This work takes time and is constrained by resources limitations. With help from members and sponsors we expect work with agencies such as New Zealand Venture Investment Fund and Investment New Zealand to promote the New Zealand private capital market to local and international investors.

We continue to grapple with the capital gap in the venture capital market. A willingness by government to engage with NZVCA is encouraging. We continue to search for variables and test proposals that could encourage institutional and family office investment in the early stage markets.

### **Priority Activities for 2010**

The Association maintains its core activity areas going forward. We will keep members informed of specific plans but the overall framework of core activity areas will continue to be:

#### **1. Investor Relations / Research**

- Investor Relations - promote the investment case of the asset class to local and offshore investors.
- Industry data / research – collect, analyse and publish industry information to support our investor relations work and to help demonstrate the economic impact of the private capital industry.

#### **2. Advocacy / Lobbying / Industry Representation**

- Advocacy - represent the interests of the industry to Government at every level to encourage the entrepreneurial culture and world class environment on which our industry depends. Promote recognition of our industry as a key contributor to the NZ economy.
- Lobbying – influence / work with regulatory and professional bodies and lawmakers to create an appropriate framework for the private equity and venture

capital industry. Ensure the voice of industry is heard when decisions are taken which impact on our industry.

### **3. PR & Marketing / Education**

- PR & Marketing – promote the industry generally in the New Zealand marketplace, including proactive media relations.
- Publications – prepare and distribute relevant publications within the industry.
- Education - increase awareness and understanding of angel, venture capital and private equity investment within government and the business community and further raise awareness and understanding of the economic benefits of private equity and venture capital in the market generally.

### **4. Member Communication / Events**

- Member Communication – continue to publish the regular NZVCA newsletter and to develop a comprehensive and up-to-date NZVCA website.
- Events – organise and manage regular NZVCA networking and educational events and the annual NZVCA conference.

### **5. Professional Development**

- Training and practitioner competence – investigate the possibility of offering continuing professional development.
- Standard Documentation / Industry Guidelines – continue to develop a suite of industry guidelines and standard documentation.

### **Closing comments**

I would like to thank the Association's 2009/2010 sponsors:

**Platinum:** ANZ, Ernst & Young, New Zealand Venture Investment Fund

**Gold:** Direct Capital, Pencarrow Private Equity, Maui Capital, Simpson Grierson and Chapman Tripp

The support of each of our sponsors is critical and their on-going support underlies their commitment to the development of a vibrant and growing New Zealand private capital market. I would also like to thank all NZVCA members for their ongoing support of the Association.

On behalf of the Association we would like to thank Franceska Banga for the work that she has put in over nearly two years as NZVCA Chair. Franceska has been a strong advocate for the private capital industry and the role of the association. Special thanks go to Council members who stepped down today (Nikki Brown, Hamish Bell and Greg Sitters). Nikki and Hamish have served the council for several years. Hamish served as Chair for two years. We acknowledge and appreciate their contribution.

The investment horizon looks promising with longer term growth promising opportunity for near term investment. Fund raising will continue to be challenging but New Zealand continues to provide exciting investment opportunities from innovative start-up to mid-market growth companies.

NZVCA is a respected industry body with a strong role to play in shaping the private capital investing environment for New Zealand. Members of NZVCA provide a voice for growing investment in New Zealand.

**Colin McKinnon**  
Executive Director