

CVCA ANNUAL MEMBERSHIP MEETING

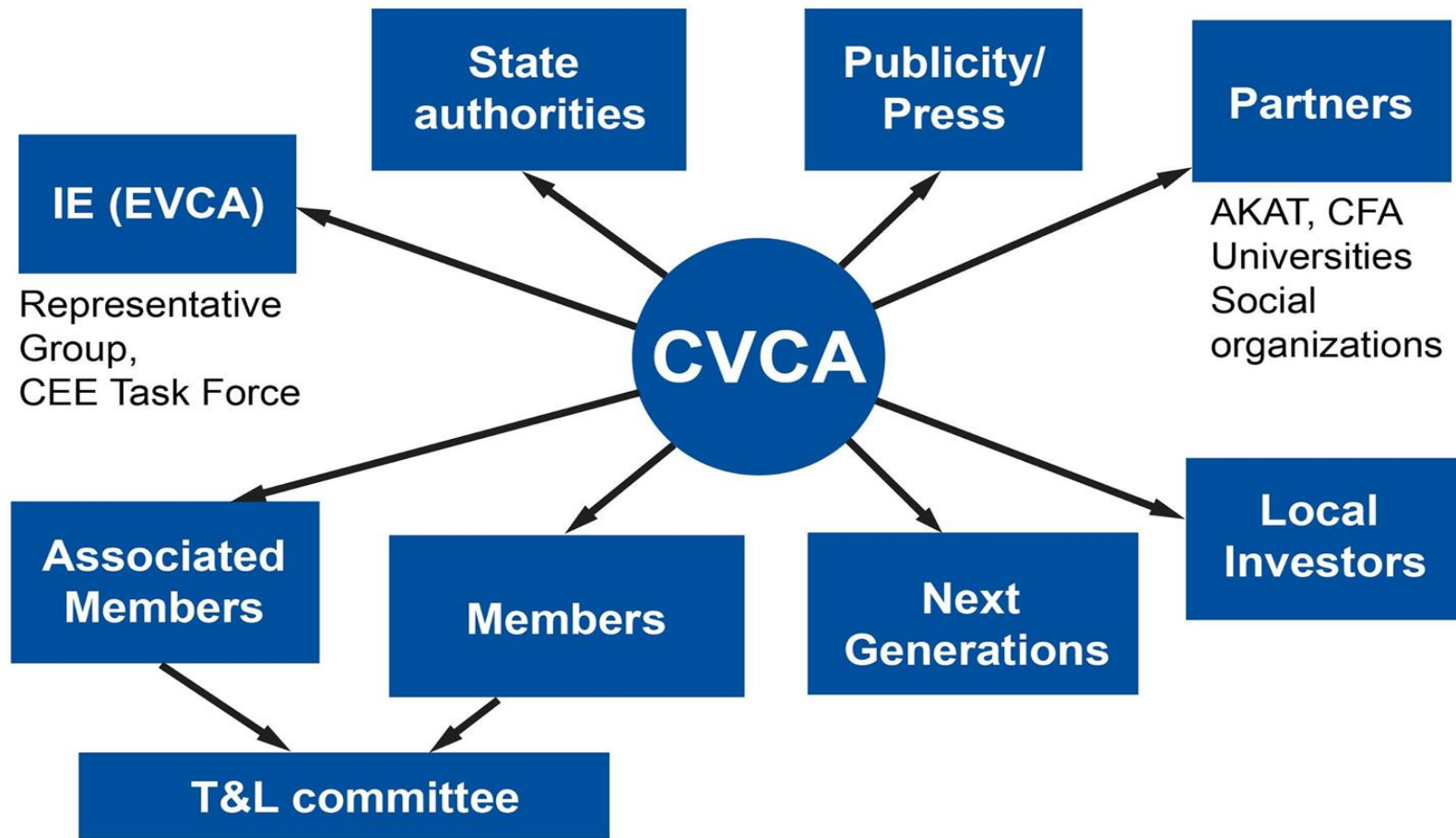
20.3.2018

Agenda

- 1. Report about CVCA activities since the last Membership Meeting, 2017 accounts**
- 2. Tax & Legal Committee's Activities Report**
- 3. Proposal of the Plan of activities for 2018 and the budget for 2018**
- 4. Discussion**
- 5. Approval of the Report on the Association's activities, the 2017 accounts and the budget for 2018**
- 6. Change of the Articles of Association**
- 7. Change in the Board of Directors/ Election of new members of the Board of Directors**
- 8. PE/VC MIXER**

Report about CVCA Activities (March 2017- March 2018)

Zuzana Picková, CEO



- March 2017: **Annual meeting**, PE/VC Mixer – The Grand Mark Hotel
- May 2017: **Disruptive Trends and The Czech Economy** - White & Case
- September 2017: **New approaches in value creation by private equity firms** – The Grand Mark Hotel
- October 2017: **Venture Capital and Private Equity - driving your success- Listen to the stories of very successful companies, which experienced close partnership with a VC/PE investor** – Hotel Jalta
- December 2017: **Christmas Celebration** – The Grand Mark Hotel
- January 2018 – **The Czech Venture Capital and Private Equity 2017 highlights** – (in cooperation with Deloitte) – Hotel Grand Majestic

**19.10.2017 –Panel discussion: “Venture Capital and Private
Equity - Driving Your Success - Listen to the stories of
very successful companies”**



Communication

- 5x times a year **newsletters**: information about events, deals, CVCA activities in relation to public authorities, Invest Europe activities, news from members, news from PE/VC sector
- **Web site**: Current news from our members, newsletter, videos, market surveys
- 1:1 meetings with potential/new members and with full/associated members on selected issues

Next Generation educational events

1) Financial Due Diligence in PE and VC transactions, hosted by PWC

Speakers: Jan Dvořák, Director, PWC

Tomáš Lánský, Partner, ARX Equity Partners

2) Heads of Terms in PE and VC Transactions, hosted by Clifford Chance

Speakers: Michal Jašek, Senior Lawyer, Clifford Chance

Alex Cook, Managing Partner, Clifford Chance

Pavel Kvíčala, Senior Legal Counsel, Genesis Capital

Next Generation members also attended the following CVCA and social events

- 1) Quiz night, The Globe**
- 2) Value Creation in PE and VC, PWC**
- 3) Social gathering, Kozlovna**
- 3) VC and PE – driving your success, Jalta Hotel**
- 4) Christmas celebration, The Grand Mark**

- 1. Investor regulation (pension funds)**
- 2. EIF Regional Fund of Funds**
- 3. National Innovation Fund**
- 4. Invest Europe**
- 5. Other activities (TLC)**

Public Affairs: Investor regulation (pension funds)

- Meetings with representatives of MF on ways to facilitate the PE as an asset class of allowed assets for Czech pension funds, continuous discussions on this topic
- The draft of the **concept paper for development of capital markets in the CR of the MF includes a proposal to “further relax the limits for investments of pension funds”** with reference to private equity funds
- Proposal of CVCA for increasing attractiveness of so-called third pillar by including PE as an asset class into the allowed assets for certain categories of pension funds – discussion material for APF with MF

Public Affairs: Central European Fund of Funds

- CVCA strongly supported over last three years the EIF initiative of a **Central Europe Fund of Funds (CEFoF) initiated and co-financed by the EIF**; CVCA has been in close cooperation with CMZRB who is responsible for the fund operation on the Czech level
- Agreements entered into force beginning of 2018
- CEFoF targeting up to 8 later stage VC and growth capital funds in Austria, Czech Republic, Slovakia and Slovenia (Hungary should join CEFoF later)
- Total capacity of the CEFoF should exceed more than EUR 80 mio
- The Czech Republic's commitment realized through the CMZRB to CEFoF should reach EUR 8.2 million.
- Minimum of EUR 25 mio should be allocated for the support of Czech enterprises
- Road Show - March 2018: CVCA will participate in presentation of the project by the Ministry of Finance and CMZRB later this month, information to be shared with CVCA members

- Currently after lengthy discussions the project was stopped by the Government
 - CVCA met with representatives of CMZRB, which was supposed to take over the project
 - CVCA has been approached by MPO to bring ideas how to distribute effectively the funds allocated by EU for the NIF project
 - CVCA has been strongly supporting CEFoF, with respect to the NIF, CVCA's position was hesitant with respect to direct investments
- 40 mil. EUR from the EU Structural Funds + 10 mil. EUR from EIF + 10 mil. EUR from the Operating program Prague
- The invested VC funds were expected to start investing by the end of 2017
- **Cooperation with EIF in the Czech Republic**
 - Recommendation of candidates, communication through our membership network
- Second half of 2017 in preparation: National Innovation Fund, investment company, a. s.:
 - Management of two sub-funds: Co-investment Fund (EUR 13m in a pilot phase) and Proof-of-Concept Fund“ (EUR 12m)
 - CVCA was asked to participate in the process of selection of fund managers

- **BREXIT:** impact on PE industry
ESMA issued its Opinion on supervisory convergence in the context of **the UK withdrawing from the EU**, setting out nine [principles on the supervisory approach to relocations](#) of entities, activities and functions from the UK
- **AIFMD:**
Review (impact assessment) was planned for 2017; IE gathered feedback from national associations on different issues (e.g.: remuneration, fees and charges...)
- **VC support:**
 - **EuVECA review:** trilogue negotiations (Parliament, the Council and the Commission)- most important issues reviewed: own fund requirements, the role of ESMA versus national competent authorities, and the cross-border management passport
 - **VC fund of funds**
 - **ESCALAR: European Scale-up Action for Risk Capital**
New initiative which is being considered by the European Commission; would operate as a label for fund managers who raise capital (and meet the approval process) and can have bonds issued by the EIB on their behalf, which would be guaranteed by the European Fund for Strategic Investments (EFSI).
- **European Supervisory Authorities (ESAs) review**

- **TLC/CVCA participation in IE initiatives:**
 - **AIFMD review 2017, IE survey** on host fees being charged under the AIFMD as well as on home fees being charged by the national regulator (i.e. how much does a fund manager have to pay to obtain its AIFMD authorization)
 - **Study on [Effectiveness of tax incentives for venture capital and business angels to foster the investment of SMEs and start-ups](#)** – released in June 2017
 - **Tax developments:**

OECD BEPS: [document containing the anticipated changes to the Model Tax Convention](#) was released. The 3 examples providing guidance on the Principal Purposes Test for non-Collective Investment Vehicles are purely illustrative and do not impose obligations that need to be met. While this provides a positive basis for continuing to allow private equity funds to avail of double tax treaty benefits while investing cross border, attention will now turn to interpretation and application by Member States.

- **Study on tax incentives for venture capital and business angels as part of the Capital Markets Union project (CVCA contributed comments to the MF)**
Can be used by CVCA to recommend tax incentives for early stage investors (BA and VC)
- **Recommendations for the development of capital markets in the Czech Republic (study by World Bank)**
Several meetings with experts, CVCA contributed comments to the study
- **Preparation of new CEE initiative “Women in VC “ (founders and VC investors)**
Member of steering committee, preparation of the first regional conference in Warsaw

Many thanks to the T&L committee!

Tax & Legal Committee Report

- **Members of TLC**
- **Activities of TLC 2017**
- **Priorities of TLC for the near future**

Chairman:

Tomáš Doležil (JŠK)

Members:

Jan Juroška (Kinstellar)

Jan Topinka (Havel, Holásek & Partners)

Jan Procházka (Dentons)

Jan Fischer (PwC)

Aleš Zídek (R2G)

Jan Stejskal (White & Case)

- OECD BEPS Action 6
- Capital Market Assessment / Market Development Options
- Tax Incentives for VC and BA
- Ministry of Finance - regular updates

- Influencing new governmental policy
 - Taxation for Early Stage/VC/PE
 - Regulatory issues
 - LPs, capital market
- Regular contact/networking with the authorities and market players
- Invest Europe, regional CEE associations

- **Contribution to article of Thomson Reuters regarding PE and succession in family owned businesses**
- **HN:** contribution to articles about Prague Stock Exchange, PE, regional activities
- **Týden:** contribution to article about PE
- **E15:** arranging for interviews with CVCA members in connection with conference “Investice a bohatství” organized by E15 (Emilia Mamajova, Ondřej Bartoš)
- **Press Release on CEE and Czech VC/PE statistics**

Deloitte.

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Private Equity
& Venture Capital
Association



**CVCA Private
Equity Report
Summary of deal
activity in 2015–
2016**

CVCA Private Equity Report
Summary of deal activity
in 2015–2016
June 2017

- **CMS and Pedersen Private Equity Breakfast Panel in Bratislava**
– 8/6/2017 - Viktoria Habánová
- **4th Annual Women's Private Equity Network Summit in London**
– 15/6/2017 - Viktoria Habánová
- **VC & PE Conference in Prague** - 0100 Conferences – 6/12/2017 -
Viktoria Habánová, Jiří Beneš, Michal Aron, Ondřej Bartoš
- **VC & PE Conference in Bratislava** - 0100 Conferences -15/6/2017
Ondřej Vičar
- **C5 CEE Private Equity Conference in Poland** - Ondřej Vičar

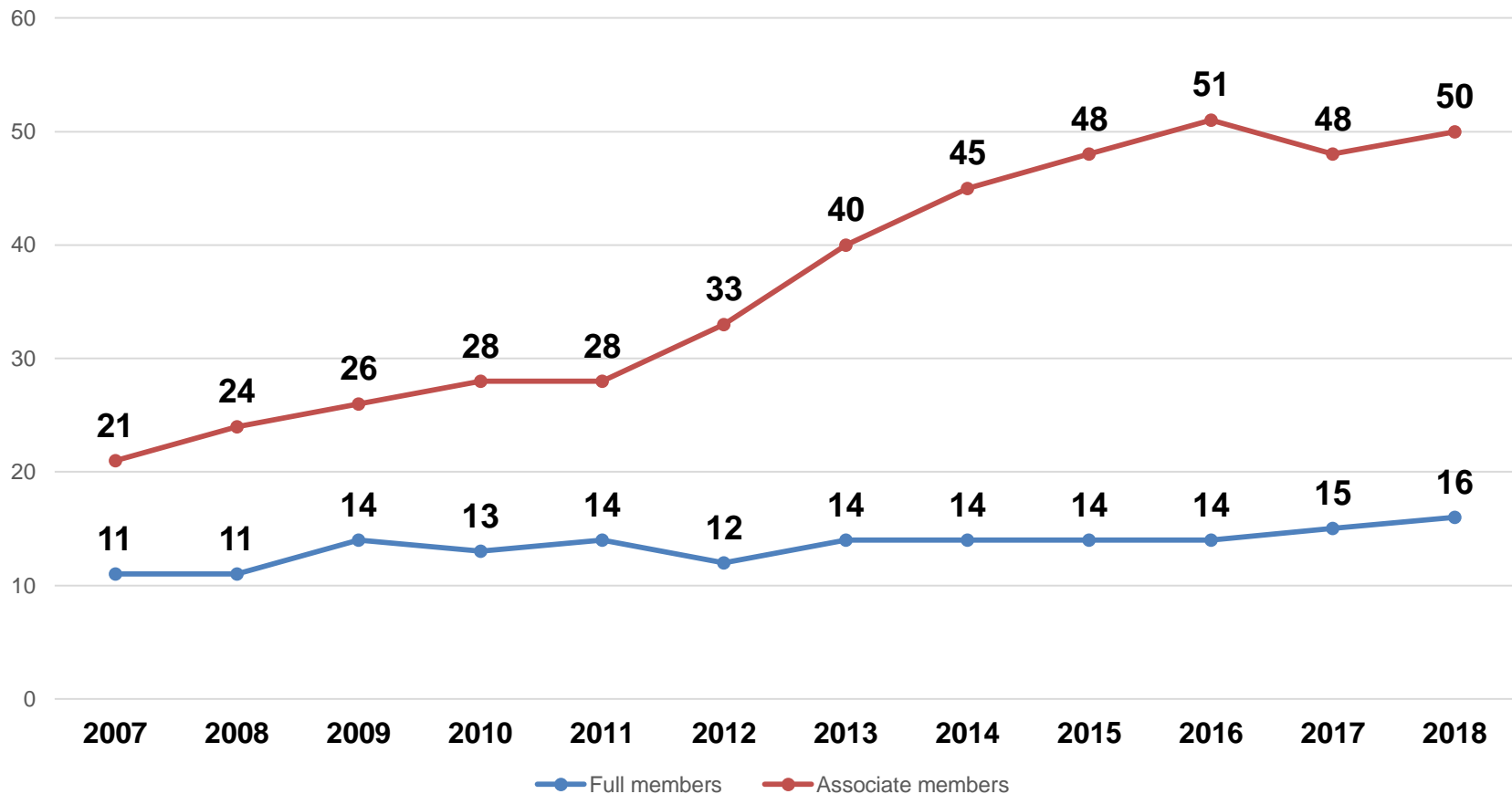
- **Polish & CEE Private Equity Conference - Warsaw**
- **0100 Conferences 2017 – Bratislava, Prague**
- **CEE M&A and Private Equity Forum 2017- MergerMarket - Warsaw**
- **CEE Private Equity Conference - C5 – London**
- **Up21-Start Up World Cup – startup competition - Prague**
- **E15 Investice a bohatství - Prague**

- **PEREP**

- Close cooperation with PEREP Analysts and IE Head of Research
- Cooperation on CEE Statistics publication
- Data collection from January to March 2018, currently almost completed
- Survey to be published in May 2018

- **AKAT** (consultations on policy issues)
- **CFA** (joint workshops/seminars)
- **VSE investors' club**
- **Nadace VIA** (“Better business”, accelerator program, Jury, workshops)
- **Ashoka** (accelerator panels, social impact investment group)
- **Social Impact Award** – international competition on social entrepreneurship
- **NESsT** – Czech NESsT Partnership with members of the PE community

Membership evolution



New members since last Membership Meeting

- **Full:** Skylimit Investments, Espira
- **Associate:** BADOKH, Vilímková, Dudák & Partners, Schoenherr, DLA Piper
- **Terminated membership:** Pinebridge, Giese & Partners, Roland Berger Prague
- March 20, 2018: **66 members** (16 full, 50 associate)

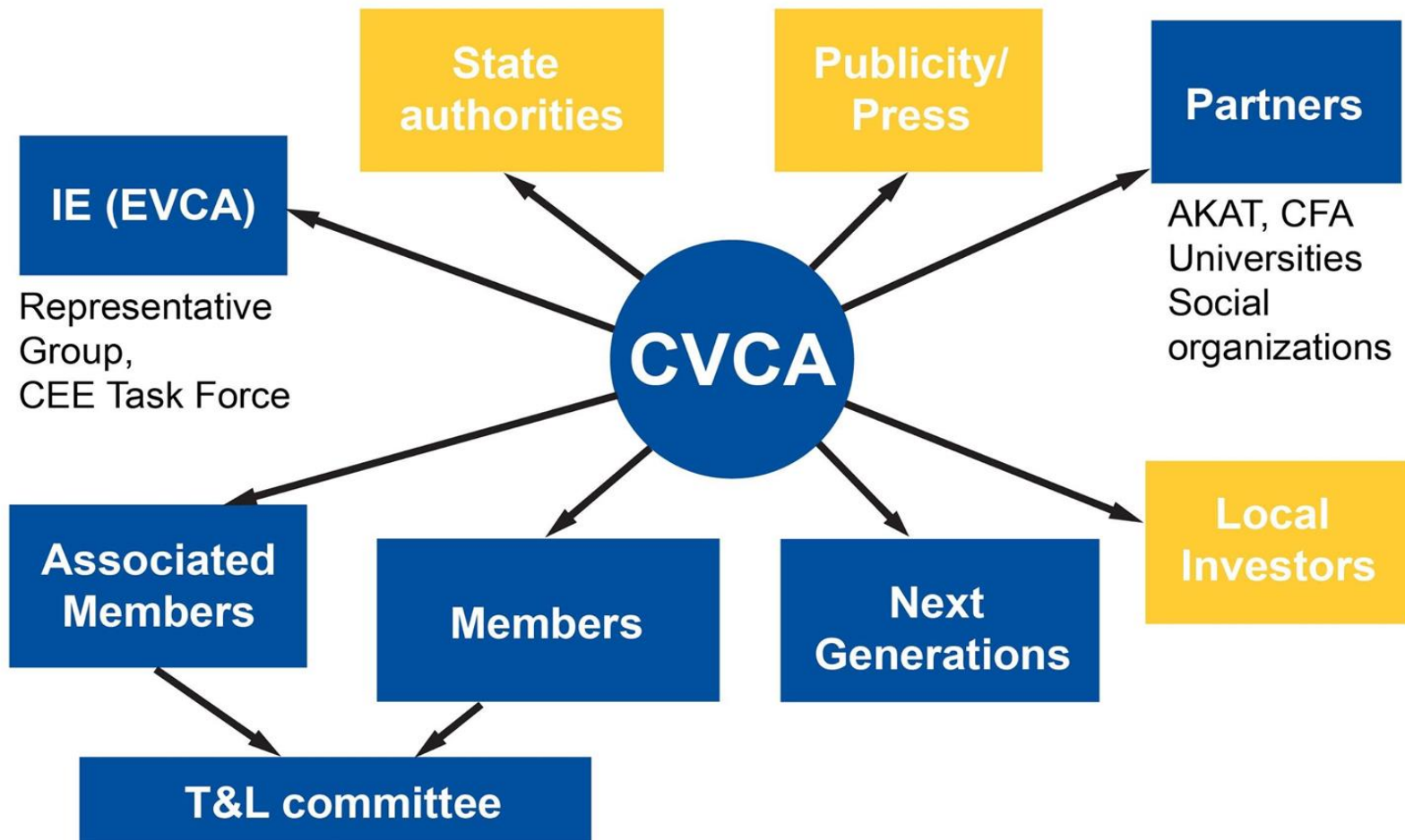
CVCA Financial result/Budget 2017 (In k CZK)

CVCA Financial Results/ Budget 2017

CVCA Actuals/Budget 2017 (In k CZK)

		ACTUALS 2017	BUDGET 2017
INCOME		1.356	1.560
	Membership fees	1.242	1.330
	Sponsorship	114	230
EXPENSES		1.750	1.560
	Office/administration	257	164
	IT-Web redesign, provider, computer	54	100
	Personal costs	805	780
	Board/CEO	20	50
	CVCA events	462	304
	NVCA, EVCA meetings	12	60
	Conferences	0	30
	Marketing	15	50
	Memberships	22	22
RESULT		-394	0

Jiří Beneš
President CVCA



CVCA Budget 2018 (In k CZK)

CVCA Actuals 2017/Budget 2018 (In k CZK)

		ACTUALS 2017	BUDGET 2018
INCOME		1.356	1.835
	Membership fees	1.242	1.435
	Sponsorship	114	400
EXPENSES		1.750	1.887
	Office/administration	257	224
	IT-Web redesign, provider, computer	54	100
	Personal costs	805	881
	Board/CEO	20	50
	CVCA events	462	500
	NVCA meetings	12	30
	Conferences	0	30
	Marketing	15	50
	Memberships	22	22
RESULT		-394	-52

Discussion

Approval of the 2017 Report, 2017 Accounts and Budget 2018

New Czech Civil Code requires certain more or less formal changes to the Statutes

- General provisions related to the specification of the legal status of CVCA
 - CVCA remains regulated by “old” Czech Civil Code but must include certain specifications to the Statutes
- Fix number of members of the statutory body:
 - Proposal: six members (1 member is always head of TLC). This proposal is based on the size of CVCA and can be increased at any time by Membership General Meeting.
- Procedural rules in case of transformation of CVCA to an association regulated by New Czech Civil Code

Changes in the Board of Directors/ Election of new Members

Re-election - Viktoria Habánová

THANK YOU FOR YOUR ATTENTION