

PRO PE FUND NEWS

HPE Collects €160 Million to Support Portfolio Company PPRO

Secondary investors Collier Capital and Adams Street co-led the secondary transaction with support from Pomona Capital and W Capital



Simon Black, chief executive officer of PPRO Financial Ltd.

PHOTO: NICKY LOH/BLOOMBERG NEWS

By Preeti Singh

June 10, 2021 7:00 am ET

European growth investor HPE Growth has collected €160 million (roughly \$194.8 million) to support an increasingly popular deal structure that gives the firm more time to support PPRO Financial Ltd., a cross-border payments infrastructure technology company the firm initially backed in 2014.

HPE Growth, which invests in small and medium-size technology companies across Western Europe, is recapitalizing London-based PPRO, pronounced as “P-pro.” The firm is using a newly formed secondary investment vehicle typically referred to as a continuation fund, which enables a firm to hold a portfolio company for longer than is usual, providing it with fresh capital to support its growth.

Secondary investors Collier Capital and Adams Street Partners co-led the transaction, which enables investors in HPE Growth’s debut fund to either cash out of their indirect stakes in PPRO or roll them into the new continuation fund.

Other new investors that contributed to the continuation fund deal include secondary firms Pomona Capital and W Capital Partners, according to a press release issued by Cebile Capital, which advised HPE Growth on the transaction. The deal is expected to close this summer, the release said.

PPRO helps consumers pay for online transactions using local payment methods they are familiar with and serves companies such as Citibank Inc., [PayPal Holdings Inc.](#), Mollie BV and Mastercard Payment Gateway Services. HPE Growth first backed the company out of its debut growth-equity fund, which closed in 2011.

“PPRO was on a really fast growth track and could scale to be the next \$5 billion or \$10 billion company,” said HPE Growth Founding Partner Tim van Delden.

Secondary transactions involving a single company, such as the one done for HPE Growth’s PPRO, have grown in popularity over the past 18 months. Single-asset secondary deals grew to \$8.2 billion in 2020 from \$5.3 billion in 2019, according to a report issued earlier this year by intermediary firm Campbell Lutyens & Co.

HPE Growth started its secondary transaction process in November and in the midst of it, PPRO raised growth equity across two successive tranches, which valued the fast-growing company at more than \$1 billion, according to Mr. van Delden. HPE, which remains the largest shareholder in PPRO, sold some of its stake as part of the financing rounds, he said.

The growth-equity round consisted of \$180 million raised in January from investors that included [Eurazeo Growth](#), Sprints Capital and Wellington Management Co., which the payments company extended in March with another \$90 million from [JPMorgan Chase & Co.](#) and Greenwich, Conn.-based private investment firm Eldridge Industries, according to separate news releases. HPE Growth’s debut fund still has four other portfolio companies remaining in it, but the firm opted to focus the continuation fund on PPRO because the company “has such a great future,” Mr. van Delden said.

Sunaina Sinha, managing partner at Cebile Capital, said it approached about 50 investors about the continuation deal to help ensure the pricing for the deal was transparent and fair.

Mr. van Delden said that keeping investors informed about the company’s value and growth progress was the most labor intensive part of a protracted deal process for the fast-growing company.

“While in November, people felt it was a great idea to do the continuation fund, some were so overwhelmed by its success that they wanted to cash out,” he said, adding that some investor attitudes had shifted as the deal progressed. “Others were so impressed by the stellar performance and the price discovery, they changed their minds about taking liquidity and wanted to suddenly rollover into the continuation fund.”

Write to Preeti Singh at preeti.singh@wsj.com