

\$500m tech star PrimaryBid woos SoftBank to take stake

The British company which has orchestrated a torrent of retail share placings for cash-strapped companies during the pandemic is in advanced talks to sell a big stake to the world's largest technology investor.

Sky News has learnt that PrimaryBid is close to finalising the details of a \$150m (£110m) funding round that will be led by the second of Japanese giant SoftBank's Vision Funds – which have amassed stakes in companies ranging from Uber to Revolut.

City sources said this weekend that PrimaryBid's Series C fundraising was likely to value the company at more than \$500m (£368m) on a pre-money basis.

It will represent another huge step for a company which says its goal is to democratise public equity markets by enabling ordinary investors to participate in cash calls from which they are frequently excluded.

The issue became increasingly controversial during the early stages of the COVID-19 crisis, when scores of London-listed companies tapped institutional shareholders for money to shore up their balance sheets at huge discounts, but did not allow retail investors to take part.

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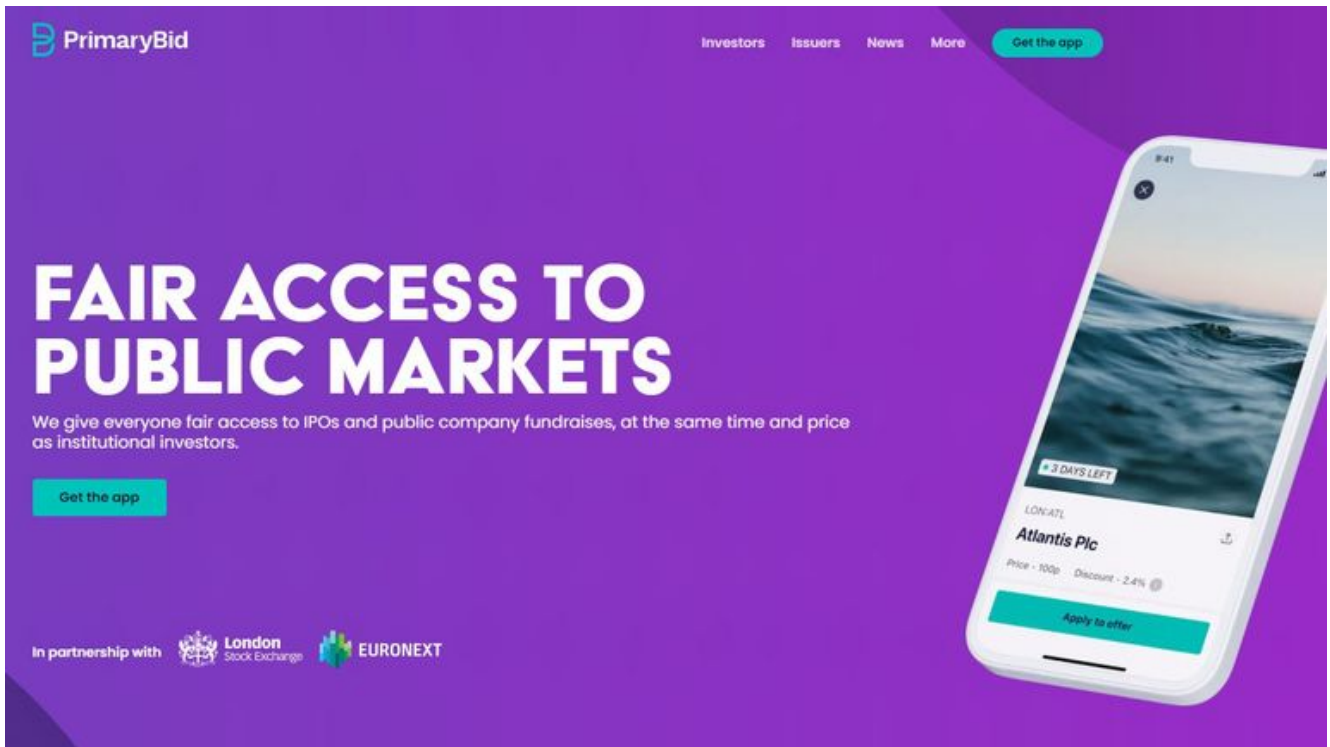


Image:

PrimaryBid is a British company
PrimaryBid's big breakthrough came when it participated in a £1bn share sale for Compass Group, the contract catering giant.

It has since become a mainstay of such corporate fundraisings, as well as in initial public offerings on the London stock market, reflecting the fact that retail inclusion is increasingly viewed as a corporate governance requirement.

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Last year, PrimaryBid appointed the City heavyweight, Sir Donald Brydon, as its chairman with the objective of driving the issue further up the capital markets agenda.

Sir Donald is a former chairman of London Stock Exchange Group, which itself became a shareholder in PrimaryBid as part of a \$50m fundraising in 2020.

The funding from SoftBank's Vision Fund II will provide PrimaryBid with greater financial firepower to continue its international expansion beyond the UK and reflect the global ambitions of Anand Sambasivan, its founder and chief executive.

It will also give it access to the vast technology and public market ecosystems in which SoftBank and its founder, Masayoshi Son, sit at the centre.

The same SoftBank vehicle confirmed a Sky News report this week that it had acquired a \$100m stake in Gousto, the meal-

kit subscription service.

PrimaryBid's latest capital-raising will take the total sum it has raised since it was founded in 2016 to more than \$200m.

Its app combines stock orders from small investors, aggregating them into one substantial application.

One source said the SoftBank funding was a validation of its business model of working in partnership with investment banks as opposed to circumventing them.

The company's mission has been given added heft by a review led by Lord Hill, the former EU commissioner, which recommended a series of reforms to UK financial markets.

John Glen, the City minister, said last year that the Treasury wanted to "facilitate wider participation in the ownership of public companies, and to remove the disincentives that currently exist for the issuance of securities to wide groups of investors – including retail investors".

"Doing so will allow a broader cross-section of society to benefit from their growth.

"It will also enable companies themselves to access a broader investor base, as well as improve market functioning overall by increasing the liquidity of markets," Mr Glen said.

PrimaryBid was also assisted by changes to the pre-emption rules at the start of the crisis, enabling companies to increase the amount of money they could raise without having to go through protracted shareholder approval processes.

The company's rapid growth has also been aided by shrewd marketing, such as an open letter it published in April 2020 – signed by leading City figures such as the fund management veteran Martin Gilbert – calling for listed company bosses to accommodate retail investors when raising capital.

The letter was triggered by concerns that ordinary savers were being denied the chance to participate in heavily discounted share sales, with their pain compounded after seeing the value of their stock portfolios shrink during the market downturn at the start of the pandemic.

Retail investors directly own 13.5% of the UK equity market, equating to holdings worth roughly £420bn, according to ONS data from 2018.

Innovation in capital markets is being driven in part by the growth in direct-to-consumer investment platforms such as Robinhood in the US, while in Britain, the fund manager abrdn recently agreed to buy Interactive Investor for £1.5bn.

PrimaryBid's latest funding round includes other investors, with existing shareholders such as Hambro Perks and OMERS Ventures.

PrimaryBid and SoftBank both declined to comment on Saturday.