



VALAR

Summer 2017 Update

VALAR SUMMER 2017 UPDATE

Fund 1 Review

FUND 1 PORTFOLIO UPDATE

Fund 1 continues to perform well, with a 3.5x net multiple and 34.4% net IRR as of June 30, 2017. As is our practice, the best investments – Transferwise and Xero – account for over 50% of the Fund's deployed capital (and the lionshare of its gains).

In the second half of 2016, we began selling down our position in **Xero**, and we accelerated that in 2017. While we continue to be bullish on Xero's prospects, our initial investment was made nearly seven years ago, and we felt it was time to start returning capital to our investors. We have now exited over 90% of our position, with the only remaining piece being the final investment we made into the company in October 2013.

Valar Fund 1 invested \$31.4M in Xero. Gross distributions to date are \$119M with a remaining stake of \$5.5M.

Transferwise is now a \$145M annual revenue business, with monthly volumes across the network in excess of \$1.5B, growing nearly 100% year over year, and profitable. They are set to be the global leader for consumer money transfer in the coming years. The company predicts they will hit >20% EBITDA margin in 2019, generating \$80M+ in cash.

Over the past 7 years, Transferwise has built the infrastructure to solve money transfer for consumers. Now they are well positioned to use that infrastructure to address the same problem for businesses and banks across a \$200B revenue market, essentially replacing the correspondent banking model. Larger customers, including some banks (such as N26), have started moving to that new infrastructure. So really, they are just getting started.

The most recent financing news is that the company has accepted a Series E term

sheet to raise \$65M led by Institutional Venture Partners (IVP) at a \$1.6 billion pre-money valuation. The purpose of this fundraising is to bring the company's balance sheet to the level where they have enough cash to cover nine months of operating expenses. The total transaction size (including secondaries) may end up being quite a bit larger, as there is significant interest from many other large buyers. This transaction is expected to close within the next month.

Valar Fund 1 has invested \$22.2M in Transferwise, which is now valued at \$252.7M.

Fund 1 Highlights

Inception:	October 2010
Capital Commitments:	\$100.0M
Current FMV:	\$411.8M
Multiple (Gross & Net):	4.33x / 3.36x
IRR (Gross & Net):	43.7% / 36.3%
% of Fund Invested / Reserved:	100%
DPI:	1.2x

VALAR SUMMER 2017 UPDATE

Fund 2 Review

FUND 2 PORTFOLIO UPDATE

Fund 2 is now approximately 90% called and deployed, with a significant majority of that amount invested in three companies – Breather, N26 and Kalo (formerly Lystable). An update on these major investments – and a few notes on some of the Fund’s smaller investments – follows.

In our last update, we announced that **Breather** had raised a Series C round led by Venky Ganesan of Menlo Ventures in November 2016. Google Ventures subsequently invested \$5 million at the beginning of 2017 as part of an extension of that round, bringing the companies post-money valuation to \$252M. In the following seven months (through June 2017), revenue has nearly doubled and they have opened 143 more spaces, bringing the total number of Breathers worldwide to 433. Most of these new spaces were opened in their existing core cities of New York, San Francisco, London, Toronto and Los Angeles.

Since reorienting around B4B (Breather for Business) and implementing commercial space utilization standards (starting Q1 2016), they have opened larger spaces that allow them to serve bigger groups and a broader range of use cases. This approach has more than doubled company-wide square footage since September of last year. In addition, since January 2017, user cohorts have had larger than ever initial reservations and consistent repurchase pattern. The initial transaction of a new customer is now \$320 and second and third month cumulative spend levels are at record-highs. With both first booking value continuing to rise along with six month retention rates, projected LTV has continued to grow. Q1 LTV averaged \$1,014 which was a 12% increase over Q4.

While Breather has an extremely high NPS score (north of 70), which drives significant organic demand, its CEO felt that their brand marketing and demand generation capabilities needed upgrading. To address this, over the first six months

of 2017 the company has revamped its marketing program and hired a new VP of Marketing to further build the demand side and amplify Breather’s brand with both consumers and businesses. We expect the results of this initiative to dramatically decrease the time a new unit takes to ramp up to full utilization, even when the company is adding units at a high rate.

Breather should continue to grow well through the Summer and be positioned for another strong fundraise in the Fall. Their Series D valuation will be above the point at which the main funds would participate (and Fund 2 is already at its concentration limit). We plan to make our pro-rata available to our investors through an SPV, similar to those we have put together for Transferwise and Stash in the past.

Valar Fund 2 has invested \$25.5M in Breather, which is now valued at \$42.3M.

Fund 2 Highlights

Inception:	January 2015
Capital Commitments:	\$102.3M
Current FMV:	\$139.5M
Multiple (Gross & Net):	1.57x / 1.34x
IRR (Gross & Net):	36.2% / 27.9%
% of Fund Invested / Reserved:	100%

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Fund 2 Review

At the end of 2016, N26 received its full banking license from BaFin (the German banking regulator) and transitioned all of its customers off of their partner, Wirecard's, platform and onto their own. The focus since the start of 2017 has been on building out their internal systems and the customer-facing product suite, through internal development as well as through integrations with other startups (e.g., N26 customers make foreign currency transfers using Transferwise inside the N26 app).

Offering its customers a wide range of financial products allows N26 to capture a greater share of wallet, and unit economics have improved rapidly as a result. In Q4 2016, the company was earning approximately €29 per customer; that has risen to €50 per customer in May 2017, roughly the current level where a customer is profitable for N26. As the company scales, they will breakeven at a lower point by driving down variable costs (e.g., negotiating a better deal with MasterCard on interchange fees). N26 believes it can drive revenue per customer into the high €50s by the end of 2017, and projects monetization per user in the high €70s by the end of 2018. As a result of its rapid acquisition of customers, N26 has seen a revenue ramp of nearly 3X in the first six months of this year. We have seen breakout revenue acceleration like this before (with Transferwise) and believe N26 has similar potential to become a fintech giant.

In addition to improving unit economics, N26 has been expanding its geographic reach. The company now has over 400,000 customers (~200,000 financially active) and operates in 17 EU countries with plans to expand into the UK in the near term. Planning is also underway for a potential US launch in 2018. While the UK and USA are competitive and enormous markets, we believe N26 is well positioned to compete in these markets; it has a huge head start on all the other European neobanks and offers a superior product experience and cost structure to incumbent banks in all geographies.

Given N26's ambitions to grow quickly and expand into the UK and USA, we expect N26 will raise a Series C round in Q4 this year at a valuation that is above the level where it makes sense for Valar main funds to participate. Again, the plan is to make our pro-rata available to our investors through an SPV.

Including the most recent financing round, which has been agreed to and is expected to close later this quarter as soon as regulatory approval is received, Valar Fund 2 will have invested \$15.0M in N26, which will be valued at \$40.6M. Between Funds 2 and 3, Valar will own approximately 16.3% of N26 and be the company's largest shareholder.

Lystable formally changed its name to **Kalo** earlier this year. The rebranding takes care of a trademark dispute with a UK company and better aligns the company's brand and product.

The big win for Kalo since our last update is that, after a year of Airbnb using Kalo across 10 of its teams, Kalo has secured a global deal to roll out its product to every team at Airbnb. This is particularly notable given that, while Airbnb has a large number of employees (around 3500), it has an even larger number of freelancers (approximately 4200). Moreover, Airbnb spends \$15-25 million per year on freelancers who manage over 2500 tasks per month.

Once Kalo has been fully rolled out across Airbnb, the only way someone can freelance with Airbnb is through Kalo, Kalo will be the system of record for all Airbnb freelancers and more than half of Airbnb's workforce will be reliant on the Kalo platform. In short, Kalo will be critical to Airbnb's day-to-day operations.

This global deal is a big step forward for the company and Kalo has a substantial pipeline of smaller and larger size deals it hopes to close this year.

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Granify has continued to solidify its enterprise sales team and revenue has started showing the results of the effort to improve their sales capability that began in late 2016. Revenue in May was ~\$250k and the company feels they can double that by October. If they are able to hit their targets, Granify should be profitable by year-end.

Valar Fund 2 has invested \$6.3M in Granify, which is being held at cost.

EyeEm operates in a difficult and shrinking market for paid stock photography. The company has been unable to achieve sufficient scale in its own photo marketplace to warrant further investment in the business. The positive news is that the computer vision technology the team has built to automatically classify photos has been the subject of considerable interest from larger companies. EyeEm and its board have determined that a trade sale may be the best outcome at this point and that process is evolving.

Valar Fund 2 has invested \$10.4M in EyeEm which is now valued at 11.2M (change due to FX).

Even is still heavily in product development – they are building a bank app for hourly workers that can use machine learning to automatically budget for its users and provide short term loans to smooth income. The company's first customer is Walmart, who pays them a fee per user per month. Even plans on rolling out with Walmart nationwide in the Fall.

Valar Fund 2 has invested \$4.5M in Even, which is being held at cost.

Tradelt is in the process of signing Master Services Agreements with Fidelity and several other massive financial institutions. These deals would put Tradelt in the position of managing all API access for these clients. Once implemented, if a developer wants to build something on top of a Fidelity API, they will have to go through Tradelt to do it. This is a huge opportunity for the company.

Valar Fund 2 has invested \$3.7M in Tradelt, which is now valued at 4.6M.

Since our last update, **Homie** has become licensed as both a mortgage broker and a real estate broker, in order to more fully facilitate its for-sale-by-owner customer wedge and begin to increase monetization. Now, whenever buyers and sellers use Homie's software to transact, they can seamlessly find a mortgage through the service as well. This provides a substantial revenue stream for the company. Revenues have begun ramping nicely, and the company should be well positioned to raise a sizeable Series A this Fall.

Valar Fund 2 has invested \$2.8M in Homie, which is being held at cost.

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Fund 3 Review

FUND 3 PORTFOLIO UPDATE

Fund 3 is now 60% called and deployed into six major investments and a handful of smaller, seed stage companies. We expect that the substantial majority, if not all, of the remaining capital will be invested in follow-on financings in these existing portfolio companies.

So far, Stash has commanded the largest share of Fund 3, with just over 20% of the Fund invested in the company's Series A, Series B, and Series C financings.

The big news for **Stash** is they just raised \$40M at a \$200M pre-money valuation in a Series C funding led by Coatue Management, with participation from Valar, Goodwater and Jim Breyer. The company has now raised a total of \$78 million in less than two years. Coatue has been following the company's progress for some time and wanted to be sure they would win the deal before it hit the open market.

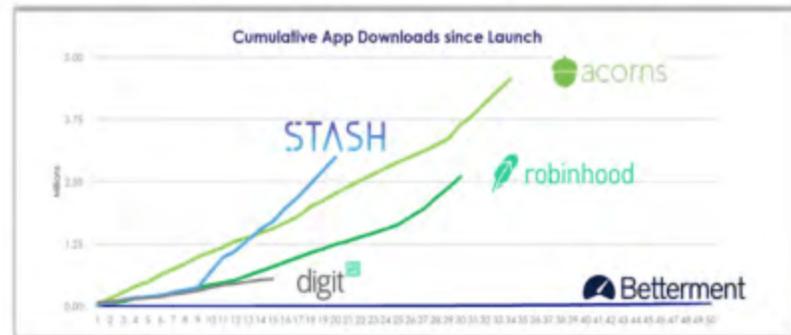
"Stash is disrupting the financial services industry by removing barriers and making investing more approachable and accessible to the 100 million-plus Americans on the sidelines," said Coatue's Founder and Portfolio Manager Philippe Laffont. "Its rapid growth in a short period of time shows that Stash has found a way to transform how Americans manage their money and gain financial independence."

Stash has continued to grow extremely quickly. It currently serves over 865,000 customers; adding more than 25,000 per week while keeping its blended CAC under \$16. In our last update we shared the company's audacious goal of reaching 1,000,000 users by the end of September 2017. We are pleased to report that the company is in fact ahead of schedule and should hit that figure six weeks early, around mid-August. We believe they are growing faster than any competitor while maintaining engagement metrics that are the best in the market.

The following graph (excerpted from Stash's marketing materials) helps illustrate the company's traction vis-à-vis other well-known players in the space:

Adoption Curve

Speed of Execution and a large TAM has allowed us to gain traction quickly.



Fund 3 Highlights

Inception:	July 2016
Capital Commitments:	\$103.9M
Current FMV:	\$94.8M
Multiple (Gross & Net):	1.41x / 1.26x
IRR (Gross & Net):	208.5% / 146.8%
% of Fund Invested / Reserved:	90%

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Stash is planning on quickly rolling out new products to its customers. Stash Retire, which allows users to save and invest their money in an IRA, is already in beta and will be fully released this summer. And a checking account and debit card product are on the roadmap for the end of this year.

In terms of customer growth and fundraising velocity, Stash is reminiscent of Transferwise and N26. We have high hopes that the opportunity in front of them is as big.

Valar Fund 3 has invested approximately \$21.8M in Stash, which is now valued at \$46.6M.

Octane Lending is the second largest position in Fund 3 at this point. Octane is a technology-enabled lender focused on secured consumer lending markets, beginning with powersports (motorcycles, ATVs, UTVs, etc).

Octane initially launched as a marketplace for powersports loans, similar to what Dealertrack does for the automobile industry. Octane observed that there was limited competition to provide loans to buyers who had near-prime credit scores (550-650 FICO) and if they built their own underwriting model they could efficiently generate high volumes of attractive loans. Octane launched Roadrunner Financial in June 2016 to be a direct lender and has been ramping up origination volume over the last few months.

We met the company through a referral from Wes Barton and Keith Hamlin of Third Prime Ventures, old friends of James' from their days as lawyers at Skadden Arps. We immediately felt that Jason Guss, the CEO, is a special entrepreneur. Andrew affectionately refers to him as a "Terminator Robot sent from SkyNet." He is one of the most detail obsessed and knowledgeable entrepreneurs we have met in our career.

Although Octane is currently exploiting a profitable niche within secured lending, we believe Jason can build the company into a diversified giant over the coming years.

Octane Lending has raised ~\$28M in equity capital from VCs, including \$12.5M from Valar, and \$95M in warehouse lines from Macquarie Group and other financial institutions.

We are pleased to be working on Octane with Roger Ehrenberg from IA Ventures, who sits on the board of Octane as well as the Transferwise board with us.

Valar Fund 3 has invested \$13.2M in Octane Lending, which is now valued at 13.5M (the change in valuation is due to the small amount of secondary shares we purchased from an early investor at a minor discount).

One of Fund 3's first investments was a seed check into **Qonto**, an SME focused neobank based in Paris. The company was founded by Alexander Prot (whose father was formerly the Chairman of BNP Paribas) and Steve Anavi, repeat entrepreneurs and co-founders who grew up together and have previously exited a company together.

They started Qonto out of the belief that banking for startups and small businesses in France is hopelessly broken. Dominated by Credit Agricole and BNP, the customer experience is even worse than with consumer banking. Every time they needed to ask for something from their bank, it was costing them a lot of money and was a slow and analog process. Qonto is conceptually similar to N26, but specifically geared to the needs of SMEs.

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We believe the environment in Europe is quite good for new banks if they can get started quickly and build a head start on the competition. The regulators are in favor of increasing competition and will grant a de novo license. The local incumbents are large and unfocused, and a lack of competition over many decades has left them with a customer experience that is inefficient and expensive.

We were impressed by the level of execution we saw from the Qonto team and led their Series A round in January. They launched to the public in June and the initial response is promising.

Valar Fund 3 has invested \$8.4M in Qonto, which is now valued at 10.6M

Recent Insurance Investments

“Formula for startup success: Find large highly fragmented industry with low NPS; vertically integrate a solution to simplify value product” - Keith Rabois (our good friend and a co-investor in Even).

The insurance market is huge, insurance premiums are roughly \$2.4 trillion dollars per year in the U.S. and Europe. However, it is still dominated by paper processes, structural inhibition to innovation and incentives to cut costs by downgrading the customer experience (for example, by making claims a hassle). Entrepreneurs that manage to navigate the massive regulatory complexity and build the skill set required to operate at a high level in the industry, combined with investors patient enough to support the companies over the long-haul, will create huge businesses. The insurance industry is too large and built on systems too archaic for any result other than massive change.

We have been thinking about insurance and talking to entrepreneurs in the space for several years, without finding an investment that made it all the way through our process. As it happens, after years of turning down good opportunities, we found two compelling companies almost simultaneously, Jetty and Coya. In the business of insurance, the most difficult and valuable thing to achieve is effective distribution and customer acquisition. There are many paths to reach these goals, starting with the way the company is structured.

Coya is based in Berlin. We met the company through an introduction from Max Levchin’s firm, SciFi Ventures. SciFi was doing a deep dive on the insurance industry and wanted our help from our European network in reference checking the entrepreneurs. Andrew Shaw, the CEO, was previously the original data science employee at Kreditech, a well-known European consumer loan business. His partner, Peter Hagen, was previously the CEO of Vienna Insurance Group. Together they have the magic fintech combo of one person who can write beautiful code and the other person who deeply understands how this complex industry actually functions. Andrew and Peter decided that in the German market, there is an opportunity to capture more value by becoming a fully licensed new carrier. Once licensed, Coya will build, sell, and service several insurance products, beginning with rental P&C policies and expanding to various specialty add-ons (e.g., bicycles, jewelry). They will operate in-house a number of departments: product development, underwriting, sales, marketing, claims, and finance/investment. They should have structurally higher margins through cutting out most traditional brokers from their distribution funnel and applying the sophisticated analysis learned at Kreditech to their own underwriting models. The license is issued by BaFin, the same German regulator that granted N26 its banking license. BaFin’s familiarity with Valar was a significant advantage in our winning the Series A lead.

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Fund 3 Review

Jetty is based in New York City, and we met the entrepreneurs through introductions from our friends at SV Angel and BoxGroup. Mike Rudoy and Luke Cohler have had careers in technology and consulting and saw an opportunity to apply their backgrounds in design and marketing to the P&C market in the United States. The company is set up as a Managing General Agency or MGA. An MGA is an insurance business set up through a fronting program with another carrier that lends its license and regulatory reserves to the MGA for a fee. Jetty has complete responsibility for product design and pricing, similar to a full carrier. The company underwrites, quotes, binds, and services policies up to a specific amount. Jetty's launch suite includes two traditional insurance products, Renters & Condo/Co-op, as well as Jetty Passport, a pair of revolutionary renter services that help tenants get in the door and help landlords drive occupancy. Jetty Passport is a pair of credit-based-underwriting surety bonds which replace traditional security deposits and lease guaranty, indemnifying the landlord and preserving Jetty's right to recover. They have negotiated distribution agreements with several large residential property portfolios owned by Blackrock.

Both Jetty and Coya are in the very earliest stages, so there aren't a lot of metrics to evaluate yet. They are innovating on the sales channel for distributing insurance products first, by utilizing mobile and point of sale channels (instead of through agents in-person or over the phone) as well as offering shorter duration and more granular products (e.g., Jetty Passport). Over time they can collect far more data on their customers and utilize big data and machine learning techniques to improve underwriting models far above what incumbents are able to. We're excited to work with these teams as they transform the insurance business.

Valar Fund 3 has invested \$8.1M in Jetty and \$6.3M in Coya, both of which are being held at cost.

This document is confidential, trade secret, and not for further circulation. This document is informational and is not an offer or solicitation to buy, sell or hold any securities. Except where otherwise indicated, "Fund 1" refers to all funds and investment vehicles managed by Valar Ventures Management LLC prior to the formation of Valar Global Fund II LP, on an aggregate basis, "Fund 2" refers to Valar Global Fund II LP and Valar Global Principals Fund II LP, on an aggregate basis, and "Fund 3" refers to Valar Global Fund III LP and Valar Global Principals Fund III LP, on an aggregate basis. Figures presented are unaudited estimates in USD as of 6/30/2017, including signed deals that are expected to close in Q3. Gross figures do not include the impact of fees, expenses and carry, and net figures are calculated by reducing gross investment profits by a flat 25% for hypothetical management fees, expenses, and carry.

VALAR SUMMER 2017 UPDATE

Fund 4 Preview

FUND 4 FUNDRAISING

As Fund 3 is largely invested and reserved for, we are formally entering the market for **Valar Fund 4**. We are currently preparing the marketing materials, data room and legal documents (pitch deck, PPM, LPA, DDQ, etc.) and will be making those documents available over the next month. Our intention is to have conversations with each of you starting after Labor Day and close on our existing investors' commitments in December of this year. Consistent with our past practice, the official time stamp for the new fund will be in January, making Fund 4 a vintage 2018 fund. Our expectation is that the Fund will be between \$100M and \$150M in capital commitments.

We appreciate your continuing support and partnership in Valar. We hope you all have an enjoyable summer and we look forward to speaking with each of you in the coming weeks and months.

Fund 4 Terms:

Target Capital Commitments:	\$100M - \$150MM
Anticipated Deployment Period:	2018 - 2020
Target Fund Return:	4x - 6x
Due Date for Signed Sub Docs:	December 2017
Anticipated Closing:	January 2018

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Fund 1 Key Drivers



Headquarters:	London
Securities Held:	Series A Preferred Shares Series B Preferred Shares Series C Preferred Shares
Initial Investment Date:	1/8/2013
Valar Cost Basis:	\$22.2M
Current FMV:	\$252.7M
Multiple:	11.4x

Company Description:

TransferWise is a peer-to-peer currency exchange service that brings institutional pricing to retail customers by coordinating transfer needs within countries across a large user base.

Recent Financing History:

TransferWise recently signed a term sheet for a \$65M Series E financing round led by Institutional Ventures Partners (IVP). Previously, the company closed on a \$58M Series C financing round led by Andreessen Horowitz in December 2014, and a \$26M Series D financing round led by Baillie Gifford in February 2016.



Headquarters:	Wellington
Security Held:	Ordinary Shares
Initial Investment Date:	10/28/2010
Valar Cost Basis:	\$31.4M
Current FMV:	\$124.3M
Multiple:	4.0x

Company Description:

Xero is the leading cloud-based accounting software provider globally for SMBs.

Recent Financing History:

Fund 1 initially invested in Xero in October 2010 at a \$98M valuation, with significant follow-on investments by the Fund in February 2012, November 2012 and October 2013. Over the past year, Fund 1 exited over 90% of its position at a blended \$2B valuation for aggregate proceeds of \$118.8M, including through a \$30 million block trade with Technology Crossover Ventures (TCV).

VALAR FALL 2016 UPDATE

Fund 2 Core Investments



Headquarters: Montreal and New York

Securities Held: Series B Preferred Shares
Series C Preferred Shares

Initial Investment Date: 9/10/2015

Valar Cost Basis: \$25.5M

Valar Current FMV: \$42.3M

Multiple: 1.7x

Company Description:

Breather provides a network of private, professional meeting rooms designed for work, meetings and to focus.

Recent Financing History:

Breather completed a \$42M Series C financing in October 2016 at a \$210M pre-money valuation led by Menlo Ventures, with participation from Google Ventures, Valar, RRE, Real Ventures, Slow Ventures and others. Prior to that, Valar led the company's Series B financing round, investing a total of \$17M in two tranches that closed in September 2015 and April 2016 at a pre-money valuation of \$80M.



Headquarters: Berlin

Securities Held: Preferred A Shares
Preferred B Shares

Initial Investment Date: 4/24/2015

Valar Cost Basis: \$14.9M

Valar Current FMV: \$40.6M

Multiple: 2.7x

Company Description:

N26 is a new European bank focused on building an innovative mobile-first banking experience.

Recent Financing History:

Currently, N26 has agreed to a €15M Series B extension round at a €250M pre-money valuation led by Valar Ventures and Hedosophia. In June 2016, N26 completed a €35M Series B financing at a €120M pre-money valuation, led by Horizons Ventures, with participation from Valar, Earlybird and others. Previously, Valar led the company's Series A financing in April 2015 at a €38M pre-money valuation.

kalo

Headquarters:	London and San Francisco
Security Held:	Series A Preferred Stock
Initial Investment Date:	5/6/2015
Valar Cost Basis:	\$12.4M
Current FMV:	\$16.5M
Multiple:	1.3x

Company Description:

Businesses increasingly rely on external workforces of freelancers and contractors, often without an effective way to keep track of them. Kalo (formerly Lystable) provides an elegant platform to simplify every step of these workers – from onboarding to internal reviews to payment.

Recent Financing History:

In March 2017, Kalo closed on a \$10 million Series A extension round led by Valar Ventures, with participation from Goldcrest Investments, Kindred, Max Levchin and others. Kalo had previously closed on an \$11.3M Series A financing round in June 2016 also led by Valar. The convertible notes held by Fund 2 from Kalo's prior seed financing rounds were converted into Series A Preferred Shares in the round, at a blended 2.3x multiple.

EyeEm

Headquarters:	Berlin
Securities Held:	Series B Preferred Shares Convertible Notes
Initial Investment Date:	4/14/2015
Valar Cost Basis:	\$10.4M
Current FMV:	\$11.1M (change due to FX)
Multiple:	1.1x

Company Description:

EyeEm is a marketplace for commercial photography. The company's highly engaged user base and machine-curated image library provide a more valuable sourcing channel for commercial clients than traditional stock photography databases.

Recent Financing History:

In April 2015, EyeEm closed on an €11M Series B round led by Valar Ventures, alongside Earlybird and Wellington Partners, among others. Existing investors have since collectively added €5.9M in bridge financing rounds.

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Fund 2 Core Investments

Even

Headquarters:	Oakland
Security Held:	Series A Preferred Stock
Investment Date:	3/11/2016
Valar Cost Basis:	\$4.5M
Current FMV:	\$4.5M
Multiple:	1.0x

Company Description:

Even is a financial app that ensures hourly workers always get at least their average pay. By offering consistency, Even helps its customers save more and use expensive payday lenders less.

Recent Financing History:

In March 2016, Even closed on a \$9M Series A financing round, led by Valar Ventures, with participation from Khosla Ventures, Box Group, Allen & Company and others.

granify

Headquarters:	Edmonton
Security Held:	Series A Preferred Shares Convertible Note
Investment Date:	3/2/2015
Valar Cost Basis:	\$6.3M
Current FMV:	\$6.3M
Multiple:	1.0x

Company Description:

Granify maximizes revenue for online retailers by identifying shoppers that aren't going to buy and changing their mind — while they're still on the site — by harnessing the power of real-time data analytics and machine learning.

Recent Financing History:

Granify closed on a \$7M Series A financing round in March 2015 led by Valar Ventures. The convertible notes held by Valar Ventures prior to the Series A financing were converted into Series A Preferred Shares in the round, at a 3.7x multiple. Existing investors have since added \$800k in bridge financing to the company.

VALAR FALL 2016 UPDATE

Fund 2 Core Investments

TRADEIT™

Headquarters:	New York
Security Held:	Common Stock Series Seed Preferred Stock
Initial Investment Date:	4/2/2015
Valar Cost Basis:	\$3.7M
Current FMV:	\$4.6M
Multiple:	1.2x

Company Description:

Trading Ticket (dba TradeIt) facilitates quick and secure online stock trading through any website or app.

Recent Financing History:

After participating in TradeIt's \$1M pre-seed round in 2015, Valar has led two Series Seed rounds totaling \$7M, with participation from Citi Ventures, Sandy Robertson, Point72 and others.

homie

Headquarters:	Salt Lake City
Security Held:	Series Seed Preferred Stock Convertible Note
Initial Investment Date:	3/17/2016
Valar Cost Basis:	\$2.8M
Current FMV:	\$2.8M
Multiple:	1.0x

Company Description:

Homie is a peer-to-peer marketplace for buying and selling homes. By leveraging technology and taking the transaction process online, Homie saves buyers and sellers thousands in broker commissions.

Recent Financing History:

Valar led Homie's \$3.8M Series Seed round in March 2016, with participation from Peak Ventures and others. Most recently, Valar participated in a \$3M convertible note round in March 2017.

VALAR FALL 2016 UPDATE

Fund 3 Core Investments

STASH

Headquarters:	New York
Securities Held:	Series A Preferred Shares Series B Preferred Shares Series C Preferred Shares
Initial Investment Date:	8/5/2016
Valar Cost Basis:	\$21.8M
Current FMV:	\$46.6M
Multiple:	2.1x

Octane Lending

Headquarters:	New York
Security Held:	Series A Preferred Stock
Initial Investment Date:	4/7/17
Valar Cost Basis:	\$13.2M
Current FMV:	\$13.5M
Multiple:	1.0x

Company Description:

Stash is a community for people who want to start investing and who don't want to rely on a black box service to do it for them. It's a platform to help people take ownership and become confident investors. Starting with as little as \$5, Stash investors build a portfolio of investments that aligns with their interests, beliefs and goals.

Recent Financing History:

Stash recently closed on a \$40M Series C financing, at a \$200M pre-money valuation, led by Coatue Management, with participation by Valar Ventures, Goodwater Capital, Jim Breyer and others. Valar also led Stash's \$25M Series B Preferred financing round in November 2016, and co-led the company's \$9M Series A Preferred financing round in August 2016.

Company Description:

Octane Lending is a technology-enabled lender focused on secured consumer lending markets starting with powersports.

Recent Financing History:

In April 2017, Valar led a \$15M Series A extension round with participation from several existing investors, including IA Ventures, Contour and Third Prime.

VALAR FALL 2016 UPDATE

Fund 3 Core Investments



Headquarters:	Paris
Security Held:	Series Seed Ordinary Shares Series A Ordinary Shares
Initial Investment Date:	9/30/2016
Valar Cost Basis:	\$8.4M
Current FMV:	\$10.6M
Multiple:	1.3x

Company Description:

Qonto aims to become the next generation bank for entrepreneurs, SMEs and startups by providing an online service that will allow them to create an account in less than five minutes.

Recent Financing History:

In March 2017, Valar led Qonto's €10M Series A financing with participation from Alven Capital, after Valar co-led the Series Seed round with Alven Capital in September 2016.

Jetty

Headquarters:	New York
Securities Held:	Series A Preferred Stock
Initial Investment Date:	7/17/17
Valar Cost Basis:	\$8.1M
Current FMV:	\$8.1M
Multiple:	1.0x

Company Description:

Jetty is a new kind of insurance company designed to help people in cities reach their goals faster by removing obstacles and risks. Its mission is to protect its customers against setbacks of all kinds, from fire and theft to wasted time and money.

Recent Financing History:

In July 2017, Valar Ventures led Jetty's \$11.5M Series A financing, with participation from Ribbit Capital, BoxGroup, SV Angel and others.

VALAR FALL 2016 UPDATE

Fund 3 Core Investments



Headquarters:	Berlin
Security Held:	Series A Preferred Shares
Investment Date:	July 2017
Valar Cost Basis:	\$6.3M
Current FMV:	\$6.3M
Multiple:	1.0x

Company Description:

The insurance industry is broken with its legacy infrastructure, organizational design and products built for brokers rather than around the customer. Coya is a fullstack European insurance challenger that has redesigned the insurance value chain working backwards from the customer to offer scalable protection at the point of need with personalized predictive risk management and simple, transparent, personal insurance designed to manage life's risks and join the customer's journey.

Recent Financing History:

Valar Ventures led Coya's €7.25M Series A financing in July 2017, with participation from Ribbit, E.ventures and others.

BUSINESS INSIDER

Stash, now valued at \$240 million, lets anyone start investing in the stock market with just \$5



AVERY HARTMANS
JUL. 13, 2017, 2:35 PM

Brandon Krieg spent more than 15 years working as a trader on Wall Street. But he left his career for the startup world after being asked a simple question from a financially savvy friend: "Where should I put my money?"

Krieg and his coworker, Ed Robinson, had something of an "aha moment."

"We said, 'If that's happening with a person who knows about this stuff, what is everybody else going through?'" Krieg told Business Insider.

Krieg and Robinson started asking around, gauging how people were saving their money. But the answer to the question "Do you invest?" was always a "no," with the reason being that people just didn't know how or they thought it was something only rich people could do.

Krieg and Robinson realized then that they had an opportunity to help.

They founded [Stash](#), an app that lets you build a portfolio and start investing with only \$5, plus it teaches you the ins and outs of the stock market.

The company launched in October 2015 and just closed on a \$40 million Series C led by Coatue Management. That brings Stash's total funding to \$78 million and values the New York-based startup at \$240 million, according to a person familiar with the company.

Stash makes money by charging a subscription fee of \$1 per month for accounts with less than \$5,000. When an account has more than \$5,000, Stash charges a fee of 0.25% fee.

And the company is growing quickly: Stash now has about 850,000 customers nationwide.

So how does it work?

Krieg and Robinson knew that in order for Stash to catch on, they'd need to make the barrier of entry low — very low. Getting started with Stash requires only \$5 and about five minutes to set up an account.



Brandon Krieg, cofounder and CEO of Stash.

Stash

Invest in your beliefs



Clean & Green

Make your money even greener.
Invest in the power of clean energy sources like solar and wind.



Defending America

Aerospace and defense companies that provide the weapons our troops need to fend off threats...

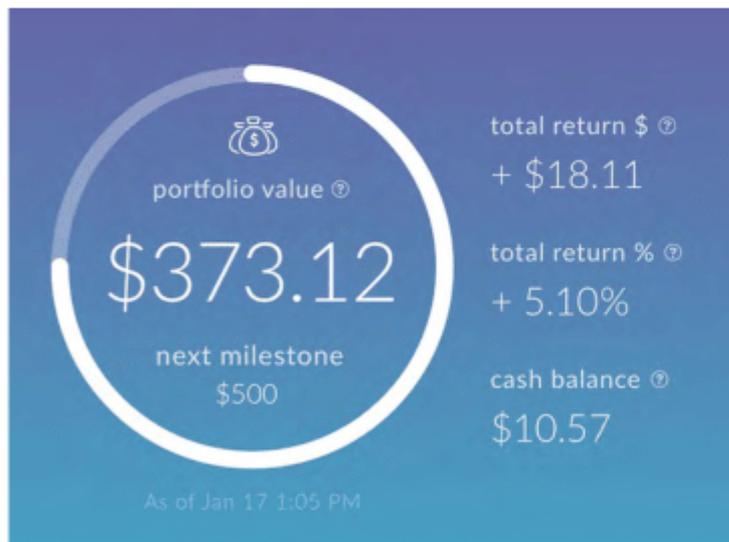


"The biggest problem I see right now is people doing nothing," Krieg said.

Stash

like companies that supply parts to the military (Boeing, Lockheed Martin), companies that champion LGBTQ rights (Twitter, Gap, Time), or clean-energy companies (First Solar, Vestas Wind Systems).

There's also an education component of the app, which Stash hopes to expand with its latest round of funding. The "Learn" tab will teach you things like the difference between index funds and mutual funds, or provide a glossary of investing terms.



"People just need to understand that this stuff isn't that hard to understand," Krieg said. "We make it relatable and understandable."

"There's this misconception, we believe, that because people don't understand it and never learned it that they're never going to learn it," Krieg said. "But we think that everybody should have an opportunity to start putting money away when they're young."

Krieg said Stash's average customer is around the age of 29 and make about \$45,000 per year, typically someone who's "hitting those critical life points" like starting a family or buying a house.

While 29 falls firmly in the millennial generation — which is often critiqued for being bad at saving and investing — Krieg says the app is proof millennials *do* care, and that they shouldn't get all the blame.

"[Saving] is not just a generational problem, it's an American problem," Krieg said. "My big competitor, I believe, is a checking account."

"People just want the chance to start," Krieg said. "Our customers are typically starting with around \$20 to \$40, and they're turning on our feature called Autostash, which helps them invest either weekly or biweekly."

Once you get started with Stash, the app evaluates how much risk you should be taking based on factors like your income and your assets. Then, it recommends investments based on what you've told the app about your finances.

You can also choose between a handful of packages based on what you're passionate about,

Qonto launches its digital bank accounts for small companies

Posted Jul 5, 2017 by [Romain Dillet \(@romaindillet\)](#)



French startup [Qonto](#) has raised another \$11.3 million (€10 million) from existing investors [Valar Ventures](#) and [Alven Capital](#). The company is now also open for business. You can now create a French business bank account on the [company's website](#).

Qonto wants to become the N26 of business accounts. While retail banking hasn't changed quickly enough over the past few years, it feels like business banking is even worse and has been stuck in the past. Everything is too expensive and it takes too much time to tell your bank to do something.

Qonto wants to put you in charge of your account. It's a web and mobile service like the ones you're using every day, and you remain in control. So for €9 per month, you get a MasterCard, a French current account with an IBAN to receive payments and the ability to manage transfers and debits.

But that's just the beginning as you can order new cards for €5 per month or create virtual cards for €2 per month. Qonto lets you manage your user base. If you hire a new sales

You can block and unblock your card from the app, change the PIN code and get real-time notifications for each transaction. Administrators can adjust card limits and share transaction information with accountants.

Other features are coming soon, such as an easy workflow to upload receipts and attach them to a particular expense — accountants are going to love this. Qonto will also make it easier to handle transfers in multiple currencies.

In the future, you'll be able to connect your Qonto account with various fintech services you might also be using, such as Stripe, PayPal and GoCardless. This way, you'll be able to monitor and manage payments on all sorts of platforms from a single, unified interface.

Behind the scene, Qonto partnered with [Treezor](#) for the back end. Treezor is the company that is actually managing your money. It generates current accounts and debit cards for Qonto. On the other side of the equation, Qonto tailors the experience and handles the relationship with its own customers.

Other companies, such as [iBanFirst](#) in France, [Seed](#) in the U.S. and [Tide](#) in the U.K. are working on similar services with a few differences here and there — Tide just [announced](#) a \$14 million funding round yesterday. While the market seems fragmented, those big funding rounds indicate that there seems to be a big opportunity to replace those expensive and ineffective business bank accounts.



Peter Thiel And Max Levchin Bet On Freelance Economy



Peter Johnston, founder and CEO of Lystable

Peter Thiel's venture capital firm Valar Ventures has led a \$10 million investment round in Lystable, an app for collaborating with freelancers, Lystable announced this morning.

The round includes earlier investors such as Max Levchin's fund SciFi VC, Kindred Capital and Goldcrest Capital, as well as new backers Glynn Capital Management and Wilmont Ventures. Thiel and Levchin were co-founders of PayPal.

Lystable, which was founded in London and has an office in San Francisco, enables companies to onboard freelancers, create profiles for them, assign work to them, track invoices and make payments. Freelancers can also use the platform for functions such as checking the status of invoices.

“We are growing rapidly,” says Peter Johnston, founder and CEO, a former designer at Google and alum of the prestigious Techstars accelerator. “Our plan is to hire people to cope with that growth.”

Lystable plans to use the money it raised to introduce a new payments product, ideally by the end of the year, and hire senior executives to help that part of the business scale, says Johnston.

Target clients are companies in the media and tech sector that rely heavily on freelance talent, according to John

Lystable is SciFi VC’s “first investment focused squarely on the freelance space,” said Eric Scott, partner in SciFi VC, based in San Francisco.

Scott said the firm sees the data Lystable is collecting on freelance talent to be “enormously valuable.” While it is relatively easy for small firms to hire freelancers, it can be trickier for multinationals to find freelancers who work well with their team and fit into their culture, he noted.

“They address a problem no one else does,” he says.

Lystable raised \$11 million in Series A financing in June 2016, bringing the total raised to \$25 million since its founding in 2014, according to the company.

Lystable says its users include celebrity and style site POPSUGAR, the *NY Daily News*, Airbnb, ESPN, CNBC, IDEO, and Google.

Using Lystable’s basic platform is free but companies that pay their freelancers through the platform incur a processing fee. Paying through the platform is an alternative to direct bank transfers, which can be costly and, in some cases, impossible--presenting challenges as multinationals tap into an increasingly global talent base, says Johnston.

“The future of work is becoming more international,” says Johnston. “It’s going to be more important to get these freelancers paid, wherever they are on the earth.”

Lystable's 2016 revenue was in the \$1 million-\$3 million dollar range, according to Johnston. The company employs 40 people.

There is significant competition in the freelance management space, with platforms such as Work Market and Upwork going after enterprise clients. Some companies, such as the Washington Post, have developed private talent clouds to manage freelancers.

"I think there will always be companies that decide to build vs. buy, but in most cases it's still going to make sense to buy," says Scott.

BUSINESS INSIDER

App-only bank N26 doesn't care about 'short-term profits' — it wants to build a European bank that will make rivals 'redundant'



OSCAR WILLIAMS-GRUT
JUN. 29, 2017, 2:00 AM

COPENHAGEN, Denmark — App-only startup bank N26 is one of Europe's hottest startups — and it's moving very fast.

The Berlin-headquartered bank announced on Monday that it has partnered with fellow startup Clark to offer insurance through its app.

It's one of a number of new products that N26 has launched this year, either built in-house or conceived through partnerships. Other launches include [an overdraft you can apply for through your smartphone](#) and a partnership with German investment platform Raisin.

"Right now it's about making traditional banks redundant, in that we offer a product for every financial need of our customers," cofounder and CFO Maximilian Tayenthal told Business Insider at the Money2020 conference in Copenhagen this week.

"Today, if you're a customer and you want to use a savings product you still have an excuse to use something other than N26. In the next 6 months, we want to bring one product and what we see as the best product in every category."



N26 cofounder and CFO Maximilian Tayenthal.

Number26

ING's head of fintech Benoit Legrand told Business Insider last year: "Frankly, if you look at the neobank [as app-only banks are known] space — they're flourishing everywhere but we're still waiting for the business model to show up. Where is the money? Where is the return?"

Tayenthal says: "We used to get people saying you don't have a business model. It's not true. We always had a clear monetization strategy.

He adds: "What is true is that no one at N26 has a single monetary KPI in the first year after our launch. We were working on our customer base, on the branding, on launching products, building up the team. We didn't work on short-term monetization. We want to be an app that customers open once a day.

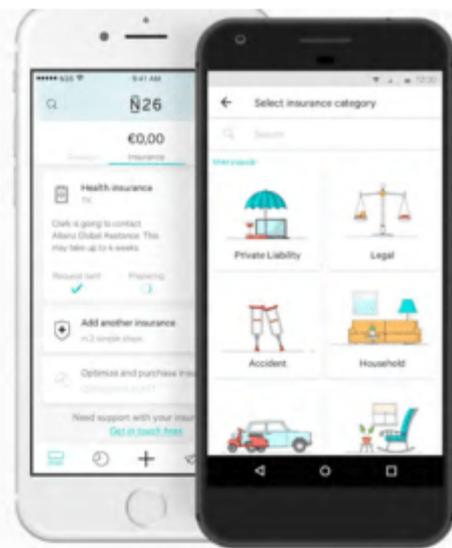
N26 is "not focused on short-term profits," he says. For now, it's all growth, growth, growth.

"We have positive unit economics which is cool, so every customer we add to the platform is making the business less negative," Tayenthal says. "When it comes to our revenue model, one has to understand that we operate at a very low cost. We acquire customers at a much lower cost. Secondly, we have much lower overheads. We have lower IT costs, everything is automated. We don't have branches."

N26 is working on building more credit products and also has plans to expand its current product range across all the markets it is in. There are no immediate plans to get into business banking space but "in the long run we will launch a product there as well," Tayenthal says.

One notable market where N26 is absent is the UK. [The Times reported in April that N26 was set to launch in Britain](#) by the end of the year, but Tayenthal is coy.

He says: "It's a really interesting market and we are thoroughly looking at it," before adding: "I don't want to commit to any timeline."



N26's insurance partnership with Clark.

N26

If You Can't Beat 'Em, Join 'Em: Landlords Embracing, Investing In Disruptive Forces

May 04, 2017 | Ethan Rothstein, East Coast Editor

Despite the real estate industry's reputation for adapting to technology at a glacial pace, Manhattan landlords have made a rapid about-face in the last few years. Pressed to stand out in the **most competitive office market** in the country, they have begun welcoming disruptive forces into their buildings and into their investment portfolios.



Montreal-based on-demand meeting space provider **Breather** is a **prime example of the rapid shift** in mindset. Last year, Breather signed 50 leases totaling 80K SF in New York City. Breather operates almost 140 spaces in 150K to 175K SF here at the moment, but vice president of real estate **Maggie Burns** said the firm is planning to have more than 200 locations by the end of 2017.

Breather, which also operates in Toronto; Los Angeles; San Francisco; Washington, DC; **Denver**; and London, leases spaces of up to 4K SF and provides full-services meeting spaces by the hour or the day. The firm started its Manhattan journey in **Midtown South** catering to tech tenants, but its growth potential reaches far beyond.

Burns considers some of the firm's most recent deals — at 183 Madison Ave., the first in a **Tishman Speyer** building, and at 594 Broadway in **SoHo**, its first with **Newmark Holdings** — achievements because of the caliber of landlord that has recognized the company's potential.

"Two and a half years ago, the best-case scenario for us to sit down with a Class-A institutional owner was for them to say, 'Seems interesting, let us know how it's going in six months,'" Burns said. "Now the level of excitement is palpable. We're getting a lot of inbound requests from landlords."

Just as important as the landlords who recognize the firm's potential — which Burns called "massive" numerous times in a telephone interview Thursday morning — is the volume of major, multinational companies seeing a need for its service. Breather is now the official small meeting space provider for Estée Lauder worldwide, Burns said.

"We are serving more clients than ever before, and I think we're just scratching the surface," Burns said. "We're now very focused on serving [major institutional] clients, but also thinking about how can we meet the

needs of these massive occupiers globally as they think about their real estate footprint? We see a really massive opportunity there."



If that business model sounds familiar, that is because it is reminiscent of what the office market's biggest disruptor is also striving for.

When **WeWork** struck a deal to **manage nearly an entire building**, 70K SF, on behalf of **IBM** near **Greenwich Village**, it effectively **sent a message** to brokerage giants like CBRE and JLL that it is not content to simply serve as a landing spot for some companies. WeWork and Breather launched effectively as middlemen between landlords and tenants. Firms of their ilk now see offering real estate as a service — managing spaces directly on behalf of major clients — rather than short-term deals for freelancers and entrepreneurs — as the business model that has the best potential to scale.

"From Day One, we wanted to be both B-to-C and B-to-B," Burns said, referencing platforms facing small consumers and large enterprise clients. "But two years ago, we started reorganizing around B-to-B, because the opportunity was just so massive."

Likewise, landlords are not waiting for tech firms to come to them. Canadian giant Brookfield **just invested** tens of millions of dollars in **Convene**, another on-demand workspace company. On Tuesday, CBRE, **Hines**, **Lennar**, **Macerich** and **Equity Residential** were among the founding investors in **Fifth Wall Ventures**, an investment fund that raised \$212M to invest in real estate startups contributing to the "Built World."

"We're in the early innings of one of the single biggest shifts in the history of the U.S. economy," Fifth Wall's launch announcement reads. "The 'Built World' encompasses much more than buildings: it represents an entire ecosystem of the companies who own and operate physical space, and the innovative startups developing technologies that will transform, optimize and democratize access to these spaces. This ecosystem hasn't yet fully been realized."



While technology was bound to change the way the real estate industry operates eventually, the acceptance of the change at every level of the industry in New York City has been significant, especially over the last year. And it is not just the technology itself, but the ethos and environment that technology inspires.

"**Fried Frank**, which is one of the most prominent real estate law firms in New

York, in their office downtown, they put in a pool table," RFR senior vice president and director of leasing AJ Camhi said. "Law firms are usually about efficiency and offices, and in a million years you wouldn't think they'd encourage downtime. Park Avenue buildings are now putting in ping pong tables and open tenant lounges. It spreads the gamut now. It's pretty wild."

For landlords like RFR, which owns the Seagram Building, attracting the right employees to the right project is more important than checking the hip, trendy boxes.

"[The building] is an architectural masterpiece," Camhi said. "We are never going to redo that building to attract tech tenants. We were one of the first buildings to offer an executive lounge and a 7K SF terrace, but we're not going to put in pool tables."

But the area where WeWork and Breather really succeed — personalized touches, service, programming — have landlords taking note.

"We view our tenants as our partners, we want them to do very well. If they do well and we treat them well, then they grow within our building," Camhi said. "What WeWork has done has raised the bar for a lot of other landlords. A lot [of] amenities that are now springing up have a little to do with what WeWork provides. It's showing that level of service works."



Fintech unicorn TransferWise reaches profitability, planning 'new financial services'

Posted May 16, 2017 by [Steve O'Hear \(@sohear\)](#)



What's more mythical than a unicorn? A unicorn that is profitable. Six years after launch, [TransferWise](#), the London-headquartered international money transfer startup, which was most recently [valued at a reported \\$1.1 billion](#), has announced that it has finally reached profitability this calendar year and is "cash-generating".

Breaking this down a little, the company says it's currently seeing £8 million per month in revenue, which extrapolates to a £100 million revenue run-rate, and is growing 150 per cent year-on-year and expecting to do the same this year. It also says over £1 billion is being moved every month, saving its customers what it claims to be over £1.5 million per day in foreign exchange fees.

For reference, the most recent regulatory filing for the *tax year* ending March 2016, shows that TransferWise generated around £27.8 million in revenue and made a pre-tax loss of £17.4 million. It is yet to file its accounts for the year ending March 2017, but based on

Meanwhile, the startup has raised around \$117 million in total (which is roughly £91 million at today's exchange rate). Top tier backers include Andreessen Horowitz, Peter Thiel's Valar Ventures, Sir Richard Branson, and most recently Baillie Gifford.

"To have hit break-even just six years on from launch shows how strong the foundations of our business are," says TransferWise co-founder and CEO Taavet Hinrikus in a statement. "This is just the starting point. With the unique platform we've built, we're looking forward to creating a new kind of financial services for the future."

Note the "new kind of financial services" part of the canned quote? That's because I understand the company is eyeing up additional customer pain-points that could also be solved under the TransferWise brand with functionality or services beyond helping you send money from one country to another.

In a call with Hinrikus, he wouldn't be drawn on what they may be. However, when pressed he did say there were "no plans" to apply for a full banking license, for example, which would bring with it considerable further capital and regulatory requirements. In other words, we probably shouldn't expect a TransferWise challenger bank any time soon.

With that said, let me speculate on what products I think the company could quite easily move into, should it choose to do so. Friend-to-friend or P2P payments within the same country, along the lines of Paypal's Venmo or Barclays Pingit, doesn't seem a stretch, given that TransferWise already has much of that infrastructure already in place. It also seems odd that the company doesn't offer its own debit card with low cost currency exchange when spending abroad, for example.

Were TransferWise to do the latter, that would see it go up against [Revolut](#), and a ton of other much more recent fintech startups that utilise MasterCard's low exchange rate, including all-your-cards-in-one app [Curve](#), of which Hinrikus himself is an investor.

What the TransferWise founder would say, however, is that having built a strong and trusted brand and now with a 1 million plus customer base, the company is in a great position to help its customers solve further problems adjacent to (or perhaps around the edges of) what it already offers. And it's true, the startup has, right from the get go, spent a lot of time and money on building the TransferWise brand and what is undoubtedly a great product.

success over the last six years, its brand or product? "A billion dollar question," he replied, before pausing for thought and choosing his words in a carefully considered manner, as he is wont to do. "A product actually builds your brand. It's hard to have a great product which does not end up standing on its own two feet as a brand".

To that end, I'm told TransferWise now claims 10 per cent of the international money transfer market in the U.K., a market still dominated by the major four banks who account for about 80 per cent by some estimates. Or, put over simply, the company is now the size of half a bank in international money transfer terms, **something that hasn't gone entirely unnoticed** by those incumbent banks.

"If you look around there are a lot of other fintech companies but they are often selling their own product through a bank," adds Hinrikus. "In the fintech space, I believe we will only see a couple of new global brands being built, and I'm pretty sure we are going to be one of them".

Lastly, here's a bit of fun. The TransferWise founder recently tweeted a copy of his first ever pitch email to TechCrunch, more than six years ago, which resulted in the fintech unicorn's first wave of coverage and revenue. The 700 person-strong and now profitable company has come a long way since then.



Steve O'Hear @sohear

24 Jan

I'm pretty sure I was first major tech pub to cover TransferWise and, I'm told, my story resulted in startup's first £1,000 transfer.
twitter.com/taavet/status/...



taavet hinrikus

@taavet

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11:45 AM - 24 Jan 2017 · Palo Alto, CA

FINANCIAL REVIEW

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Apr 18 2017 at 11:08 AM | Updated Apr 18 2017 at 4:59 PM

US venture capital firm Technology Crossover Ventures buys Xero stake



Xero CEO Rod Dury (left) with fellow board directors. TCV's Xero stake is another sign of growing interest among top-tier US venture capital firms for exposure to technology companies from this part of the world. Jesse Marlow



by [John McDuling](#)

A giant US venture capital firm that has backed Facebook, Spotify and Netflix has emerged with a small stake in Kiwi cloud accounting provider Xero.

Technology Crossover Ventures (TCV) spent \$NZ28.5 million (\$26 million) to pick up a 1.3 per cent stake in Xero, according to a [filing](#) to the New Zealand Stock Exchange. Xero is listed on both the NZX and ASX.

TCV, which raised \$US2.5 billion for its ninth fund last year, bought its shares from fellow US venture firm Matrix Partners, which has reduced its stake in the business to 8.5 per cent from 9.8 previously. TCV declined to comment, citing its policy for listed investments.

While TCV's Xero stake is small, it represents the fund's first investment in the Australasian region in over three years and is another sign of growing interest among top-tier US venture capital firms for exposure to technology companies from this part of the world.

In 2014, [TCV led](#) a \$30 million funding round for SiteMinder, a Sydney based hotel booking platform.

Strong support

The Indian arm of vaunted Silicon Valley fund Sequoia Capital has made a [handful of investments](#) on both sides of the Tasman over the past year. Other respected US VC

firms actively investing in this region include Accel Partners (an investor in Xero and Campaign Monitor, and an early backer of Atlassian) and Index Ventures (an investor in SafetyCulture and Culture Amp).

Xero's ASX listing is up about 10 per cent this year, outpacing a 3 per cent rise for the broader market. However, the stock has fallen about 55 per cent from its mid-2014 peak.

"It is routine that some early-stage investors will rebalance their portfolios and we're thrilled to receive strong support from new investors who are ready to join Xero for its next phase of growth," the company's chief financial and operating officer, Sankar Narayan, said in an emailed statement.

TCV's share purchase – and Matrix's sale – continues the intrigue on Xero's shareholder register. Earlier this month the powerful Silicon Valley billionaire and Donald Trump adviser Peter Thiel [sold shares](#) worth about \$23 million in the company, taking his stake below the 5 per cent threshold at which it must be publicly disclosed.

The sale followed reports that Mr Thiel had been [secretly granted](#) New Zealand citizenship in 2011, stoking fierce debate in both the US and New Zealand. Mr Thiel's application had been strongly supported by Xero founder Rod Drury, while Xero's former chairman Chris Liddell [recently quit the company](#) to take up a White House advisory role in the Trump Administration.

New Zealand's emerging technology scene has been attracting significant global attention lately. Last week, *The New York Times* wrote a [glowing article](#) on the country's ability to lure top tech talent to its shores.