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Monroe Capital Corp. Debuts as Public Company

The business development company intends to use proceeds to provide equity financing to middle-market companies in the U.S. and Canada

By Allison Bisbey

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Monroe Capital Corp. said today it raised approximately \$75 million through an initial public offering of its stock.

The business development company, an affiliate of Chicago middle market investment firm **Monroe Capital**, sold 5.0 million shares at \$15.00 per share. The company has granted the underwriters an option to purchase up to an additional 750,000 shares.

Monroe Capital Corp. first filed to go public in March 2011, but the offering stalled as a downgrade of the U.S. government's credit rating and Europe's sovereign debt crisis

Nineteen months later, the market is once more receptive to middle market issuers. Still, the business development company has had to scale back its expectations. The original prospectus was for up to \$150 million; this was later downsized to \$65 million, then upsized again to \$75 million at the beginning of September. The company placed 470,000 of the 5.0 million shares, or just under 5%, directly with affiliate companies and employees.

Monroe Capital Corp. also completely changed its lineup of bookrunners, replacing a slate of bulge bracket investment banks with regional firms that cater to middle market issuers. **Robert W. Baird**, **William Blair** and **Janney Montgomery Scott** served as joint book-running managers for the IPO. **BB&T Capital Markets**, a division of **Scott & Stringfellow** and **Stephens Inc.** serving as co-lead managers, and **Ladenburg Thalmann** and **Wunderlich Securities** serving as co-managers.

The business development company intends to use proceeds to provide senior, unitranche, junior secured debt, unsecured subordinated financing and equity financing to middle market

companies in the U.S. and Canada, as well as pay the outstanding balance on a term loan facility used to acquire its initial portfolio of 16 loans for \$67.6 million.

Monroe Capital Corp. also has a \$100 million revolving line of credit.

It intends to pay a distribution of 34 cents a share for the quarter ending Dec. 31, according to its latest prospectus. That represents an annualized yield of 9%.