

Monroe Capital's first-ever buyout is a venture-capital lender

BY STEVE DANIELS

Monroe Capital, a Chicago-based nonbank commercial lender, is making its first acquisition since its founding two decades ago.

Monroe has a deal to purchase Farmington, Conn.-based Horizon Technology Finance Management, a lender to venture-capital firms. The transaction gets Monroe, a lender mainly to private-equity firms helping to finance their buyouts, into the earlier-stage business of financing venture investments in technology startups.

With \$16 billion in assets under management, Monroe has grown strictly organically since CEO Ted Koenig launched the firm in the early 2000s as a boutique alternative to big banks.

The Horizon acquisition will add another \$1 billion in assets, Koenig says in an interview.

Horizon launched around the same time that Monroe did. Since its 2004 founding, Horizon has lent \$3 billion to more than 315 venture-backed companies. It has a regional office in Pleasanton, Calif., near Silicon Valley, and personnel located in Chicago; Austin, Texas; Reston, Va.; and Portland, Maine.

"This is a super-hot space," Koenig says.

With the market for initial public offerings close to dead for now, venture-backed startups are leaning more on debt to finance their growth while they wait for IPO conditions to improve.

Horizon is the investment adviser to publicly traded Horizon

Technology Finance. It will continue to serve that role following the sale to Monroe.

Horizon's management in Connecticut also will continue to run the firm, Koenig says. Terms weren't disclosed.

Expect more dealmaking from Monroe, Koenig adds. He wants to diversify the Chicago lender so that it's not as reliant on the private-equity industry for its volume. Private-equity dealmaking has slowed substantially in the past year as interest rates have risen rapidly and would-be sellers demand more than buyout firms are willing to pay right now.

"I'm trying to identify places to find good companies and make acquisitions to round out our platform," Koenig says.

