



Stone Point-Backed NXT Capital Raises \$318M Fresh Money

By Shasha Dai | LBO Wire - October 25, 2011

NXT Capital LLC, a middle-market finance company backed by Stone Point Capital, has raised \$318 million of new capital from certain existing and new investors, amid what the firm sees as increasing opportunity to invest in debt.

The capital raise brings NXT's total equity to \$850 million, which coupled with the firm's credit facilities, translates into total funding capacity of more than \$2.2 billion, said Robert Radway, NXT's chairman and chief executive.

Existing investor, Teachers' Private Capital, a unit of the Ontario Teachers' Pension Plan, made a \$125 million follow-on investment. The pension system first invested in NXT in September 2010, said a spokeswoman.

Teachers' Retirement System of the State of Illinois, a limited partner in Stone Point, committed up to \$40 million to NXT earlier this year, said Illinois TRS spokesman David Urbanek in an email.

Other new investors include Credit Suisse's Customized Fund Investment Group, Oak Hill Investment Management, a subsidiary of Partner RE Ltd. and four other unidentified institutional investors.

Most of the new investors were introduced to NXT by Stone Point, said Radway.

About 60% of NXT's assets are corporate loans, with the remainder being commercial real estate loans, he said. The firm recently launched a venture finance business that has yet to originate meaningful loans.

"There is a noticeable reduction in the amount of capital chasing transactions that we pursue," said Radway. Lenders are more conservative, especially in Europe, he said, adding that the situation created more attractive pricing for loans.

Chicago-based NXT is expected to close \$400 million to \$500 million of new investment in the fourth quarter alone, according to Radway. The capital raise gave NXT enough dry powder to fund lending activity for the next 12 to 15 months.

Chuck David, president of Stone Point, didn't return a call seeking comment.

NXT was formed in 2010 by Stone Point, backing former principals of Merrill Lynch Capital. The firm provides senior financing of up to \$150 million in each deal.

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