



Media Release

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NEXT CAPITAL LAUNCHES WITH \$265 Million PRIVATE EQUITY FUND

Newly formed private equity firm, Next Capital launched today having raised an initial fund of \$265 million from institutional investors. Next Capital will target investment in businesses requiring 'expansion' capital as well as small and mid-market buyouts with an enterprise value between \$50 million and \$200 million.

The fund aims to generate returns of 25% per annum by targeting opportunities where a strong and productive partnership with a company's management team can be used to build earnings through operational initiatives rather than financial engineering.

Next Capital co-founder Sandy Lockhart said: "The Australian private equity market has grown considerably and become more specialised over the last twenty years. Next Capital is poised to capitalise on the significant opportunities remaining in the expansion capital sector, a segment that has largely been overlooked. Deal flow remains strong and we believe there are less funds equipped to effectively manage these smaller and mid market transactions".

Next Capital has been established by three highly experienced principals—Sandy Lockhart; Patrick Elliott; and John White—who have between them more than 30 years of private equity experience and were formerly responsible for Macquarie Bank's private equity division, Macquarie Direct Investment Limited. Next Capital will have one of the largest teams of investment professionals aimed at the mid-market.

At Macquarie they were responsible for a range of successful investments including: JB Hi-Fi; Repco; Invocare; CH4; Volante and The Reject Shop. Over \$300 million was invested in 43 companies during the period the principals were involved with Macquarie. Importantly, 31 of these investments were realised, generating returns of around 30%, which is top-quartile performance for each fund's vintage year.

Investors in Next Capital's first fund comprise sixteen of Australia's leading institutional investors, all of which have substantial long term commitments to the private equity sector.

Co-founder Patrick Elliott said: "We are delighted to have attracted a range of blue-chip institutions as investors in our first fund. Investors have responded positively to our track-record of building strong businesses that stand the test of time."

Next Capital will target investment opportunities across most industry sectors with Enterprise Values in the range \$50m - \$200m. Next Capital will seek to acquire equity positions in businesses which demonstrate an ability to generate value over a 3-5 year period.

Co-founder John White said "Much of our past success is due to the people we have backed to manage portfolio companies and this is the critical element we look for in evaluating investment opportunities. It is the core of our operating model and reflects our history of working closely with management as partners, important both for winning competitive bids and maximising returns once an investment is made."

For further information:

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