



DRC Capital gets new senior property debt mandate

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[DRC Capital](#) has been given a new senior property debt investment mandate by a European institutional investor.

The fund manager will invest in European senior debt, targeting western Europe. The UK and Germany, where DRC is already active, are both likely to feature in the strategy.

The firm has completed on a first senior debt deal, a source said.

DRC could not confirm media reports that the new mandate was worth as much as €500m.

It is understood DRC will invest over the next 12 to 18 months alongside fundraising from more clients. Appetite for [debt](#) strategies shows little sign of abating. As reported [last month](#), closed-end private real estate debt funds raised \$20bn (€16.9bn) last year, according to Preqin. The amount is a 30% increase on the previous year.

DRC has recruited Bruce Matthews, former head of Deutsche Postbank's business in the UK, where DRC recently financed a joint venture between Oaktree Capital Management and [Patrizia](#) Immobilien. The London-based firm provided the joint venture with a £24m (€31.8m) mezzanine debt facility on a UK portfolio.

Matthews, who last year joined Montagu Evans as a consultant, was responsible for a €4bn credit portfolio in his time Postbank, but left the German lender following the sale of a £1.4bn loan book to GE Capital Real Estate.

Last month, DRC's second European Real Estate Debt Fund (ERED II) underwrote the £65m refinancing of a central London property for Draco Property. DRC then placed the senior portion of the loan with Standard Life Investments.

DRC [last year](#) raised more than £487m for the final close of ERED II, exceeding the £400m target size for the fund. Capital came from institutional investors across Europe and North America, DRC said at the time.

The fund manager said ERED II attracted several big commitments from new investors, with strong interest from pension funds. The new fund continues the investment strategy of its predecessor ERED I, launched in 2011 with £300.5m.

Fully invested in 15 investments, ERED I has bought existing debt and originates new debt secured by European commercial property. Both ERED I and II lend against all commercial property types.

DRC was spun out of asset manager Duet Group [in 2012](#). Duet's European real estate debt team, which includes partners Lattanzio, Rob Clayton and Cyrus Korat, launched the new venture.