



## High-yield debt fund lender of the year **Blackstone Real Estate Debt Strategies**

**BLACKSTONE REAL ESTATE** Debt Strategies (BREDS) stuck to its high-yield strategy in 2018; providing whole loans, mezzanine, preferred equity and acquiring first loss loan positions from banks.

Blackstone's real estate debt investment business committed more than \$2.5 billion in Europe across 13 deals last year, including a €323 million whole loan financing of Dedic Anthology, a southern European hotel portfolio and a £185 million (€211 million) mezzanine loan facility secured by a UK short-stay leisure portfolio.

"The general trend in 2018 was towards providing modest leverage to well capitalised sponsors that required flexibility on transitional or operational assets," recalls Michael Zerda, head of Europe for BREDS.

The past year saw growth in whole loan lending, with

£1.3 billion of loans written for Blackstone's mortgage REIT, which finances its loans to achieve high-yield returns. The growth in this business is partially a result of the group being able to source more efficient loan financing in Europe, which has driven down its cost of capital.

"It's hard to tell apart the recent business we've been writing from a typical bank loan in terms of leverage [60-70 percent loan-to-cost]. The reason people continue to come back for finance is owing to speed and flexibility," Zerda says.

In April last year, BREDS provided a £90.8 million transitional senior loan to Seaforth Land for the acquisition of CAA House in London's Covent Garden. It is also extending financing towards the refurbishment of the property.