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## Wall Street Giant Backs Pallas Capital's \$500m Fund

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A major Wall Street investment firm has committed to Pallas Capital's newly launched \$500 million debt facility, marking one of the largest private credit transactions in Australia this year. The Sydney-based lender plans to deploy the funds across both corporate and real estate sectors, targeting opportunities typically underserved by major banks.

Pallas Capital, which has already financed more than \$2 billion in Australian deals since 2020, will manage the facility over a 12 to 18-month investment window, according to market sources. The investment firm anchoring the facility has not been named publicly but is described as a significant US-based institution with a global lending presence.

The fund aims to offer senior secured loans with margins between 5% and 8% above benchmark interest rates. This structure is intended to deliver returns that exceed those available in public debt markets, particularly as institutional investors increasingly favour private credit amid ongoing volatility in global equity markets.



Australia's private debt market has grown rapidly, now valued at over \$50 billion. This growth reflects the reduced lending appetite of domestic banks, creating space for non-bank lenders such as Pallas to fill the financing gap for mid-market borrowers. The US investment in Pallas' facility signals rising global interest in Australia's evolving credit landscape, particularly in sectors with stable asset backing and reduced exposure to public market volatility.

The move also highlights the ongoing shift in capital flows toward private credit as a recognised asset class. With regulatory constraints limiting bank lending capacity, firms like Pallas are increasingly seen as important players in funding Australia's business growth.

While the fund's primary focus remains on private credit transactions, its real estate exposure also aligns with Pallas' history in property-backed lending. The deal demonstrates how offshore capital is seeking exposure to Australia's credit markets, which are often seen as more insulated from international instability.

The transaction is regarded as a significant milestone for Pallas Capital and may lead to similar commitments from other global investors. It further supports the trend of major foreign firms identifying value in Australian non-bank finance and real estate-linked opportunities.

