

# Di Pilla's HMC buys Payton Capital in \$5b private credit push

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David Di Pilla's HMC Capital has kicked off its push into the private credit sector with a \$127.5 million buyout of Melbourne's Payton Capital.

Mr Di Pilla said the growth opportunity in the private credit was "too big to ignore", adding the move into the sector was a natural extension for the investment group.

"Ultimately, this comes down to the ability to do large complex transactions and to have the relationships to be able to get access to those transactions," the former UBS dealmaker said. "If you look at the history of HMC, it's been built on doing the largest, most complex transactions in Australia – so this is a natural fit for our skill set."



HMC capital boss David Di Pilla is set to buy Melbourne's Payton Capital. **Dominic Lorrimer**

HMC is set to buy the fund manager – which manages around \$1.5 billion in commercial real estate credit – in a mixed cash-scrip deal valued at \$127.5 million.

To fund the deal, HMC will tap institutional investors for \$100 million alongside a \$30 million share purchase plan. Shares will be offered a \$6.50 apiece and last traded at \$6.92 before being halted ahead of the raise. HMC also sold down a 2 per cent stake in its HomeCo Daily Needs REIT for \$50 million ahead of the cash call.

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Matt Lancaster has been named chairman of HMC's new private credit arm. Mr Lancaster was previously the head of Macquarie's US principal finance business in New York before relocating back to Sydney in 2021.

Mr Di Pilla said he and Mr Lancaster had been working to get the deal over the line since Christmas. "I've known Matt from around the market for a long time – he's one of the best operators," Mr Di Pilla said. "There's been a lot of work done on this deal and Matt rolled up his sleeves and got his hands dirty – he looks tired this morning."

Founded as an accounting firm, Payton restructured as a private credit investment manager in 2012. The fund manager employs around 70 staff.

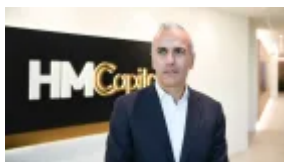
## Big plans

HMC and Payton have already lined up \$500 million in credit from two investment banks to quickly take the fund managers' loan book above \$2 billion.

Mr Di Pilla told analysts on a briefing call that he expected to ultimately grow Payton's commercial real estate business to around \$2.5 billion, with a further \$2.5 billion to come from new ventures into more complex private credit deals, including structured, infrastructure and corporate credit.

The move into private credit is just one of several new ventures by the investment firm, as it targets and aggressive growth strategy to double its assets under management to \$20 billion in the next few years. [<https://www.afr.com/property/commercial/di-pilla-s-hmc-plots-20bn-mini-blackstone-with-energy-and-ai-moves-20240220-p5f6a6>]

That growth plan includes new energy transition division – which will be chaired by former prime minister Julia Gillard [<https://www.afr.com/policy/energy-and-climate/david-di-pilla-appoints-julia-gillard-to-chair-new-2b-climate-fund-20240506-p5fpcb>] – and a move into digital infrastructure through the acquisition of a North American development platform called StratCap for \$US28.5 million (\$43.6 million).



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