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PLOTS & PLOYS

Yield of Dreams

Emily Glazer

The fund arm of [Stephen Ross's Related Cos.](#) and a unit of [J.P. Morgan Chase JPM +0.81%](#) & Co.'s Highbridge Capital Management LLC are seeking to bulk up on high-yielding commercial real-estate debt.

The two firms—Related Fund Management and Highbridge Principal Strategies—have raised roughly \$800 million for the origination and acquisition of debt. The venture will focus primarily on short-term "gap" financing for real-estate projects that developers are trying to improve.

The venture will be led by Brian Sedrish, who is joining Related Fund Management in July. He was an executive in Deutsche Bank AG's real-estate group. He said lenders can charge higher interest rates for gap financing because there is a scarcity of supply and the investments are complicated.

The venture plans to make around 12 loans of about \$50 million to \$100 million each over the next 24 months, Mr. Sedrish said.