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Gravis Capital UK Debt Infrastructure Fund To Raise Over GBP40M

By Rachael Gormley

LONDON (Dow Jones)--The U.K.'s first listed infrastructure investment company is set to close its fundraising Monday with over GBP40 million of funds to invest in subordinated debt with a focus on lending against private finance initiative, or PFI, projects in the U.K. Stephen Ellis, Managing Partner of Gravis Capital Partners, said the company's new fund, GCP Infrastructure Investments Ltd, will feed into its existing open-ended investment fund and give the fund access to more pools of capital thanks to its main market listing in London.

"We wanted to get somewhere between GBP40 million and GBP50 million and we expect it to be around GBP40 million or somewhat north of that," he said, adding that it plans to spend the cash before the end of the calendar year and will likely be coming back to the market for further fundraisings.

"This is reflective of the fact that we see [the sector] as a sizeable investment niche and we hope to be successful at going back for around GBP50 million or so every nine months or so," he said.

Public sector spending--or the planned lack of it--have been making headlines in the U.K. following the election of a coalition government and their emergency budget last month. Since then, the government has made cutbacks to the Building Schools For the Future investment program and a full review of public sector projects is due in the autumn. However, Ellis said that from their view as a fund manager looking to invest in the PFI sector, the pool of potential investment opportunities is still large.

He added that any suspensions or cancellations reduces the rate of any increase in the number of assets it can invest in, rather than reducing the size of the pool of opportunities generally.

"I don't think [the spending review] represents a pull back from social spending and PFI as a procurement methodology," he said.

The fund has a targeted 8% return rate and the books are expected to close with a variety of shareholders on the register, including a few institutional investors, Ellis said.

The fund is set to close around 1100 GMT Monday and list on the main market Thursday. Oriel Securities is the financial advisor and bookrunner for the IPO.