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Gravis eyes €500m for real assets debt fund

- Strategy to launch early next year, investing in real assets debt
- Sectors of interest include energy, social infra, property and asset finance
- Founded in 2010, London-based manager oversees £2.5bn in AuM

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London-based Gravis Capital is planning to launch a drawdown real assets debt strategy, With Intelligence has learned.

The Gravis Real Asset Debt Fund is aiming to target €500m in capital commitments and launch in Q1 2025, investing in debt secured on European real assets with stable cash flows and strong collateral.

The fund will predominantly make senior and mezzanine investments.

Gravis, which is backed by Japan's ORIX Corporation, hired Abrdn veteran Albane Poulin as its head of private credit in January to continue its growth in the asset class.

Speaking to With Intelligence, Poulin says the fund will look to build a diversified portfolio of real assets in non-correlated sectors.

"We think it's always a very appealing offer because you're securing a physical asset or contracted income, which reduces a lot of downside" she explains. "It's a good sector to be in in terms of pipeline as well, as there's a lot of opportunities to look at, especially around digital infrastructure and affordable housing."

Themes of interest include energy and social infrastructure, property, and asset finance, with focus on sub-sectors such as renewables, district heating, EV charging, residential property, commercial property, care homes, towers, and data centers.

The fund will take on limited development risk, mainly looking for operational assets, but will consider developments with very strong sponsors, Poulin says.

Geographically, the manager will deploy in developed markets across UK and Europe, with deal sizes ranging between $5m to $50m.

The yield target is 350-450bps over the risk-free rate, with a total return equivalent to 8-10%.

The firm will charge a management fee of 70bps on investment capital, and does not charge any performance fees. Gravis will also contribute 10% of committed capital to the fund.

In terms of track record, the manager has been lending to the infra and asset-backed sectors for the past 14 years through its publicly listed investment trusts, GCP Infrastructure Debt and GCP Asset Backed, Poulin highlighted.

Gravis has deployed £2.8bn across energy, social housing, asset finance, property, and social infrastructure sectors with rates of 6-12%, and has an annualized loss ratio of 0.4%.

“Investing in properties and infrastructure debt both have different economic drivers, which are uncorrelated, and I think it’s quite powerful in terms of reducing any downside,” Poulin said.

Gravis has over £2.5bn in AuM, which are overseen by CEO Philip Kent.