FUNDRAISING

A vote of confidence

Antin's €2 billion fundraise is Europe's second-largest since the financial crisis. This suggests strong investor belief both in its track record and in the region, writes Matthieu Favas

THE EUROPEAN PARLIAMENT elections in May delivered something of a shock to the region's mainstream parties. Populist candidates managed to grab around 30 percent of 751 seats, with anti-European parties like France's National Front and the UK Independence Party scoring more than 25 percent of their country's votes. The result was largely a show of voter discontent: the nations where mainstream parties fared worse were also those where leaders seem unable of delivering economic recovery.

If fundraising performance is to be judged by the same standards, then Antin Infrastructure Partners' €2 billion final closing on its second vehicle last month suggested strong investor satisfaction with the way the firm has handled their money the first time round: the Paris-based firm's latest fund is almost twice the size of its predecessor, which closed in 2009 on €1.1 billion. It is also far above its original target, which stood at €1.5 billion. And it is the second-largest infrastructure vehicle raised since the Financial Crisis, behind Macquarie's €2.75 billion European Infrastructure Fund IV.

Yet more interesting is the evolution of Antin's investor base – or rather, the continuity of it. Out of the €2 billion total, €800 million came from institutions that were already LPs in the firm's maiden fund. This represents a re-up rate of 70 percent, a figure that climbs to 85 percent when taking into account that French lender BNP Paribas reinvested only through its insurance arm (fresh Basel III constraints did not allow it to hold the commitment on its balance sheet).

The geographical split is quite telling too: according to Alain Rauscher, Antin's managing partner and chief executive, only 20 percent of the capital came from France and 45 percent from the rest of Europe. Much of the new money came from regions further from home – such as North America, Australia and Asia – suggesting a maturation of the firm's client base.

Antin's investors: up for a re-up

Although he doesn't give specifics, Rauscher singles out the first fund's strong performance – both in terms of cash yields and overall returns – as a prime driver behind the fundraise's success. He also thinks the firm's independence – it was established with the backing of BNP Paribas in 2007, and its partners bought the bank's stake in 2012 – was attractive to LPs, which he reckons are not so keen on paying fees to sponsors anymore. And then there is the team: 35 staff, to become 50 over the next few years, headed by eight partners. That's more than most managers of comparable size, says Rauscher.

The firm's success is also, arguably, a vote of confidence in the region where it operates. Rauscher plays down the influence of macroeconomic factors, but says investors continue to see Europe as one the world's most prosperous areas – even though it hardly displays impressive growth rates. If anything, he thinks the measures recently announced to shore up its economic fortunes – such as the European Central Bank's lowering of its deposit rate down to negative levels – are a further incentive for investors to seek enhanced returns in alternative assets, including infrastructure.

$500m

Amount by which Fund II beat its original target

70%

Fund II's re-up rate

Antin's performance has a couple of caveats, however. It remains unclear, for example, how long the firm spent on the road to raise the fund. It did manage to move from first close to the final one in just 10 months, however, which in the current fundraising context was no mean feat. Some observers also wonder whether Fund I did not find it a bit hard to put its last few euros to work. They argue that its acquisition of Westerleigh Group, the second-largest crematoria business in the UK, didn't quite qualify as core infrastructure, for example.

Yet others see it as a clever move in a business that displays similar characteristics to the asset class, and point out that Antin has been very good at avoiding overheated prices by sourcing proprietary transactions. Rauscher is certainly positive about Fund II's pipeline: he says the first deal could be announced in a matter of weeks. In today's competitive landscape, of course, time will tell how fast Antin is able to deploy its couple of billions – but it certainly has a strong mandate to achieve its ambitions. ■