



## **PRESTIGE ALTERNATIVE FINANCE FUND LIMITED**

### Liquidity Update H2/2022

Prestige Alternative Finance Fund (PALTF) has operated for more than 13 years (since 12/2008) primarily delivering consistent, positive returns for investors that are uncorrelated to traditional bonds and equities. PALTF operates without leverage or performance fees.

PALTF is not a daily dealing / market based / UCIT / ETF bond or equity fund. Liquidity can often be quite 'variable' from time to time and cannot be guaranteed. Below is further background information around the current liquidity status of the Fund.

The core of PALTF's investment portfolio consists of renewable energy infrastructure finance related 'projects' (often UK government backed) which operate with a 'bullet repayment' (not amortising) at the end of 4-5 years requiring another funder to step in and take over the debt. Indeed, since inception, PALTF and its dedicated, specialist Finance Arranger has been involved in almost 50 renewable energy infrastructure loan / projects which now power approximately one million homes in the UK.

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-03-2021-1-Million-Homes.pdf>

The global pandemic has considerably slowed the decision-making process by larger, cheaper, longer-term banks and wholesale debt providers, and as a result many of the portfolio loan maturities have been delayed and timeframes extended. On the one hand this can be positive for PALTF because it may continue to collect further interest for longer, but clearly this inhibits the availability of short-term liquidity. Therefore, no new projects are expected to be approved this year or next in PALTF.

We always have two competing challenges: A large opportunity pipeline often consisting of 'legally committed' loan/projects and managing investor liquidity requirements which, we believe, have been managed efficiently for most of the past 13 years. Over the past 4 years PALTF has seen approximately USD 175 million of quality performing loans mature, getting 're-financed' to cheaper, larger, longer-term funders. The core strategy (renewable energy / waste to energy infrastructure) has seen an increase in funding and acquisition interest from a range of institutional investors, wholesale debt providers and private market groups. This is partly driven by the UK's commitment to net zero carbon neutrality and more recently by the dual inflationary effects of the post pandemic economy and the energy crisis caused by the Ukraine-Russian war. During the next 12 months our 're-finance' pipeline is approximately USD 60-80 million, although exact dates for specific asset transaction completions vary widely. However, despite an overall increase in appetite from such groups the decision-making process of larger, cheaper, longer-term funders remains frustratingly slow.

<https://www.prestigefunds.marketing/wp-content/uploads/PALTF-Manifesto-for-Renewable-Energy-from-Waste.pdf>

<https://www.prestigefunds.marketing/wp-content/uploads/PALTF-Finance-Trade-Examples.pdf>

## MANAGING LIQUIDITY

PALTF continues to take a conservative approach to managing liquidity. The reason PALTF is currently operating under extended redemption notice terms is to effectively manage the overall liquidity position, therefore, the Directors of PALTF have extended the redemption notice periods for all share classes based on several factors:

### a) PRE-EXISTING FINANCING COMMITMENTS TO UNDERLYING BORROWERS

PALTF has several 'legally committed' financing requirements on government backed renewable energy / waste to energy infrastructure related projects which will complete during 2022/23 (some of which have previously been publicly announced) and intends to re-finance these away during 2022/23 providing additional liquidity.

Additionally, PALTF continues to move and reduce some of these forward funding commitments to alternative Prestige Funds and or other debt funders.

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-07-2019-PALTF-AD-Plant-Devon.pdf>

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-06-2019-PALTF-AD-Plant-Newcastle.pdf>

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-05-2019-PALTF-Somerset-Biogas-Project.pdf>

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-04-2019-Prestige-Funds-Finances-AD-Plant-in-Kent.pdf>

<https://www.prestigefunds.marketing/wp-content/uploads/Press-Release-03-2019-PALTF-AD-Plant-Kent.pdf>

### b) PROPOSED LARGER AGRICULTURAL / PROJECT RE-FINANCINGS SET FOR 2020/21 DELAYED UNTIL 2022/23

Several larger loan / projects that were due to be re-financed in 2020/21 were delayed until 2022/23, although this is something that has occurred previously during the Fund's long operating history given the size and complexity of some larger assets.

### c) TO ENABLE THE ORDERLY PROCESSING OF REDEMPTIONS FROM Q3/2021

PALTF has operated an open-ended model processing monthly redemptions and subscriptions for more than 13 years and these are always processed on a 'first received' and 'best efforts' basis. PALTF is operating with several pre-agreed short and medium term 'payment plans' from larger institutional investors.

Additionally, there is an increasing number of European based investors 'transiting' out of PALTF (Cayman) into a Luxembourg domiciled equivalent Fund – Prime Alternative Finance (PRIME) which as a trend accelerated from 2021. 2020 and 2021 PRIME saw year on year growth by approximately USD 100 million each year.

Furthermore, in light of market volatility caused by the global pandemic and more recently the war in Ukraine, PALTF has seen an elevated level of random redemption requests from smaller investors and advisers taking a shorter-term view which continue to be processed on a 'first received', first processed basis. Currently a pending redemption queue exists which extends out to H1/2025. However, this assumes that no 'excess' liquidity is generated before then.

This is an on-going situation and is something the Directors of PALTF and its Investment Manager review regularly. If PALTF is able to advance redemptions sooner than the current dates advised, then it shall endeavour to do so, this is something it has done previously. It should also be noted that unlike some funds, PALTF does not typically operate with partial redemption proceeds (i.e., cash amounts) being held back until the completion of the annual audited financial statements.

## INVESTOR REDEMPTIONS PROCESSED SINCE INCEPTION (2009)

Since inception, PALTF has processed more than USD 1.04 billion of investor redemptions and continues to process many individual requests almost every month. This in itself is a long and positive track record.

TOTAL REDEMPTIONS		
2009	USD	1,954,127
2010	USD	4,455,566
2011	USD	7,504,804
2012	USD	23,771,124
2013	USD	62,770,627
2014	USD	126,397,067
2015	USD	78,221,362
2016	USD	103,238,106
2017	USD	106,967,287
2018	USD	157,776,640
2019	USD	169,073,680
2020	USD	97,285,208
2021	USD	77,283,468
2022	USD	25,137,177
<b>TOTAL REDEMPTIONS</b>		<b>1,041,836,244</b>

NOTE: As at 06/2022. All figures are approximate and subject to change without notice. Past performance is no guide to future results.  
 SOURCE: Prestige Fund Management Limited

## NON-BASE CURRENCY SHARE CLASSES

PALTF has not had enough cash to sustain the hedge since 02/2021. Therefore, the USD / EUR / CHF / SEK share classes remain unhedged. This has been a challenge since the beginning of 2020 but when PALTF is able to generate 'excess' liquidity it will endeavour to reinstate hedges for non-GBP currency share classes.

## **LIQUIDITY GENERATION 2018-2022**

PALTF continues to prioritise liquidity and the fund's Investment Management team and dedicated, specialist Finance Arranger is working hard on several initiatives to develop 'excess liquidity' for both PALTF and the wider agricultural / renewable energy infrastructure finance group with several initiatives. When PALTF is able to generate 'excess liquidity' it will endeavour to advance pending redemptions faster than the current dates advised.

- Since the end of 2018, PALTF has seen approximately USD 170 million of performing loan/projects mature and become re-financed to larger, cheaper, longer-term lenders. PALTF has a significant pipeline of portfolio loan/projects that are expected to 'mature' during 2022/23 and we believe the current loan maturity and refinancing pipeline could be up to USD 150 million during the next 2 years.
- Prime Alternative Finance (PRIME) - Luxembourg SICAV launched in Q4/2018 - now holds approximately USD 264 million AUM. 'PRIME' grew by approximately USD 100 million during 2020 and by almost USD 100 million in 2021. There is a clear trend from European based investors choosing this vehicle over PALTF (Cayman). PRIME is able to co-fund existing committed loan/projects and buy part or whole qualifying existing performing PALTF loan/project assets which since inception now stands at USD 175 million of performing loan/projects transferred from PALTF.

## LIQUIDITY GENERATION 2018-2022

- PALTF - Investment Manager successfully launched 'Premium Alziraea Fund' ('PAZ') during Q1/2022 with approximately USD 20 million of seed investment from a middle east based, institutional investor. This is a dedicated Shariah compliant investment fund and focuses on a similar strategy as PALTF and will potentially co-fund new and existing loan/projects and buy part or whole qualifying ones. Subsequently, since launch PAZ purchased approximately USD 19 million of performing assets from PALTF. Over the past decade Prestige has raised approximately USD 300 million from institutional investors in the Middle East; we believe there is strong appetite for such a fund / structure / strategy, and we have already started receiving interest beyond the initial seed investor.
- PALTF - dedicated, specialist Finance Arranger completed a wholesale debt facility / 'managed account' with a UK based, investment bank during Q4/2021 worth up to GBP 90 million over the next year. As 06/2022, approximately GBP 25 million has been able to be drawn against this facility.

## LIQUIDITY GENERATION 2022-2024

- PALTF's dedicated, specialist Finance Arranger is working with a number of Private Equity Groups and Financial Institutions to establish additional wholesale debt facilities, loan/project refinancing's and trade sales ranging from GBP 50-200 million facilities.
- 18 different loan/project assets are being actively reviewed and assessed by different groups some of which are likely to be sold entirely and others may be partially co-financed with PALTF.
- Currently, the most advanced ongoing discussion is with a large institutional infrastructure group which has recently completed 6 physical site visits of renewable energy/waste to energy loan/projects and has issued a draft term sheet for refinancing up to 50% of each of these which could generate GBP 70-90 million during Q4/2022.
- PALTF believes that several actual portfolio loan/project maturities ranging from GBP 5-50 million are expected during Q4/2022.
- PALTF - Investment Manager is in discussions with several large Japan based, Financial Institutions about larger / longer term mandates and bespoke share Japanese Yen Share Classes and Funds.

NOTE: As at 06/2022. All figures are approximate and subject to change without notice. Past performance is no guide to future results.  
SOURCE: Prestige Fund Management Limited.

Whilst we recognise that this situation is frustrating for some investors (and their advisers) looking to exit PALTF in the short term, we remain committed to producing positive, consistent, uncorrelated returns for all investors and generating additional excess liquidity for investors wishing to redeem. We believe passionately in the core operating space in which PALTF operates and the wider macro environment currently offers a greater level of opportunities for both existing portfolio re-financing and new financing initiatives than at any time in our fifteen-year history.

As always, we are more than happy to host individual update calls with interested parties. We thank our investors, clients and stakeholders for their continued support, trust and patience.

Regards,

Prestige



## **Prestige Fund Management Limited**

---

Registered Office:

P.O. Box 1344, Suite 5B201, 2nd Floor, One Nexus Way, Camana Bay, Grand Cayman KY1-1108, Cayman Islands

E: [info@PrestigeFundManagement.ky](mailto:info@PrestigeFundManagement.ky)

[www.PrestigeFundManagement.ky](http://www.PrestigeFundManagement.ky)

[www.PrestigeFunds.com](http://www.PrestigeFunds.com)

Cayman Island Company registration number: SH-2 2 5 9 9 9

Cayman Island Monetary Authority (CIMA) registration number: 1 5 9 6 2 7 6



INVESTMENT ADMINISTRATION AND MARKETING SUPPORT

## **Prestige Capital Services Limited**

---

Registered Office:

1 Charterhouse Mews, London, EC1M 6BB, United Kingdom

T: +44 (0) 203 750 0008

E: (Marketing) [info@PrestigeFunds.com](mailto:info@PrestigeFunds.com)

E: (Operations) [admin@PrestigeCapitalServices.uk](mailto:admin@PrestigeCapitalServices.uk)

[www.Prestige-ClimateInvest.com](http://www.Prestige-ClimateInvest.com)

[www.PrestigeFunds.com](http://www.PrestigeFunds.com)

[www.PrestigeCapitalServices.uk](http://www.PrestigeCapitalServices.uk)

Authorised and regulated by the Financial Conduct Authority (FCA)

Member of the Alternative Investment Management Association (AIMA)

Member of the Chartered Institute for Securities & Investment (CISI)

FCA Registration Number: 4 8 6 2 3 9

Company Registration Number: 6 2 7 7 5 3 0

VAT Registration Number: 9 2 8 7 8 6 2 6 8

### **Please consider our environment before printing this document**

NOTE: This document is issued and approved by Prestige Alternative Finance Fund Limited (PALTF). This document has also been approved by Prestige Fund Management (PFM). It is not a solicitation or invitation to invest or financial advice. Investors should only rely on the Information Memorandum of PALTF and always seek independent professional financial advice when considering an investment. PALTF is an Alternative Investment Fund as defined under the Alternative Investment Fund Management Directive (AIFMD) and is registered by the Cayman Island Monetary Authority (CIMA). PALTF is managed by PFM, which is a Cayman based Fund Management company registered with the Cayman Island Monetary Authority (CIMA). PALTF is an experienced investor fund, and potential investors should seek professional independent financial advice prior to making any decision to invest. Please also refer to the Information Memorandum of PALTF before making any final investment decisions. ©

2022