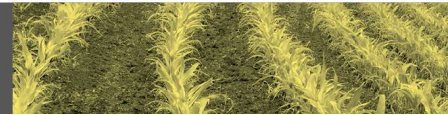


Prime Alternative Finance

Alternative Fixed Income Opportunities



February 2023

Dear Valued Investor,

Further to our last communication on 25 August 2022, we would like to take the opportunity to provide important updates and developments relating to: European Finance Opportunities S.C.A. SICAV-SIF Prime Alternative Finance Fund (PRALTF) ("the Fund"), its Investment Manager and other key Service Providers.

Given the ongoing liquidity management considerations necessitating the decision to activate the "gate" mechanism on the Fund, as of the 31 August 2022 NAV, the Fund had hoped that within the short term this would be lifted or widened and we would be back to business as usual processing of redemptions. However, unfortunately events through the remainder of 2022 and to-date have not warranted this. Although there are many positive developments with respect to underlying portfolio asset realisations these developments have experienced delays, for which there is further detail below. Therefore, the Managing General Partner of the Fund has taken the decision to delay redemption payments due at 28 February 2023 and 31 March 2023 in consideration of the 30 November 2022 and 31 December 2022 published NAV, respectively. We expect that this delay for these dates will be no more than 90 days, i.e. 31 May 2023 and 30 June 2023, respectively. Every effort is being made to expedite this where possible. However, this is for a variety of reasons, mainly due to the time and complexity with on-going portfolio refinancing and trade sale options with the Fund's Finance Arranger.

Our team is working exceptionally hard to generate significant liquidity during H1/2023 from a combination of trade sales and re-financings of existing assets. However, given the specialist nature of the underlying assets each of these transactions are slow and complex to complete. The Finance Arranger's main priority during 2022 was to engage with wholesale debt-based groups, such as investment banks and infrastructure banks, to partially or entirely re-finance specific core portfolio performing assets (something we have successfully done previously on a number of transactions over a number of years). However, unfortunately during September 2022 there was a significant spike in short term UK interest rates making such transactions either significantly more expensive or entirely unviable given the overall cost of funding vs. existing funding. Therefore, although these discussions remain ongoing the Fund's Finance Arranger pivoted towards 'equity' based groups, such as infrastructure funds and private equity funds which appear to be moderately faster in deal transactions and have a higher level of interest given the nature of the underlying assets, energy transition away from imports and energy security.

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Registered Office:

287-289 route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg

E: info@prestigefunds.com
www.prestigecapitalmanagement.com.mt
www.prestigefunds.com

Directors:

Mr Luc Sunnen (Luxembourg), Mr Christophe Fender (Luxembourg), Mr Jonathan Scott (UK) and Mr Craig Reeves (UK)

Luxembourg Trade and Companies Register Number:

B 224115

Currently, most of the Fund's portfolio assets are being actively marketed to these groups and several deal transaction term sheets are currently under review by the Fund's Finance Arranger which could see more than 50% of the NAV assets being sold during 2023.

By the end of Q2 2023, we also expect to be able to fully re-instate the currency share class FX hedges as a result of this return of liquidity to the Fund. We expect this to return to normal, e.g. on a monthly basis for spot and one month forward for the non-base currency share classes of the Fund.

As with the unexpected redemption payment proceeds delays, we are making every effort to also get the FX hedges re-implemented as soon as we can.

Further, there remains no breach in Risk limits of the Fund necessitating the continuation of the gate mechanism nor the delay in redemption payment proceeds.

As a general reminder, the liquidity situation of the Fund has been brought about by an increased amount of redemption requests over the past months' dealing cycles since June 2022, unfortunately the volume has not abated. The Fund has taken this decision to preserve the cash surplus of the Fund and to honour remaining forward funding commitments, ensuring as many assets are performing as possible. This has two benefits: (i) adds alpha to the Fund's returns by increasing asset performance as bio-waste plants are completed and or upgraded, and (ii) makes these assets more attractive to any potential re-financing / trade sale and increasing the transaction value to the Fund in general and the investor base specifically. This decision taken over the short term has also been made with the view that any more restrictive liquidity management tools, up to and including a suspension of the Fund's NAV, would be far more detrimental to the long term value of the Fund's strategy and to you as Investors. We therefore ask for your continued patience in payment and hedge delays, all for the longer term net benefit of the Fund and the Fund's Investors.

We continue to believe in private debt strategies as an increasingly important allocation to Investor portfolios, particularly from a global macro environmental perspective where there are significant challenges due to supply chain issues, the war in the Ukraine, and, specific to the Fund, a four-fold increase in global energy prices. This combination of factors has led us to a place where the Fund's strategy is in great demand, as evidenced above by institutional interest, as we play our part in energy independence for the UK economy.

As a final note, we are also pleased to inform you that the Fund has applied to its home regulator for an upgraded "Article 8" or "Light Green" designation under the Sustainable Finance Disclosure Regulation ("SFDR"). We expect this to be in place by early Q2/2023 and will update you in due course when all regulatory approvals and framework under SFDR are in place for the Fund.

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We thank you for your ongoing trust and confidence in us and look forward to continuing to manage your valuable assets. Should you have any questions, please do not hesitate to contact us:

Investment Administration: admin@prestigecapitalservices.uk

Investment Marketing: info@prestigefunds.com

Acting in respect of the **European Finance Opportunities S.C.A. (SICAV-SIF) Prime Alternative Finance Fund.**


By: **Jonathan Scott**
Manager

European Finance Opportunities S.C.A. (SICAV-SIF)
Prime Alternative Finance Fund

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INTERNATIONAL FUND REFERENCE CODES:

Participating M Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2453248390	NA	EUPAFBM LX	17736172	F00001DM8T	L3236P 309	EFAASK
EUR	LU2453248127	NA	EUPAFAM LX	17736177	F00001DM8U	L3236P 317	EFAASJ
GBP	LU2453248473	NA	EUPAFCM LX	17736183	F00001DM8V	L3236P 325	EFAASI
CHF	LU2453248556	NA	EUPAFDM LX	17736185	F00001DM8W	L3236P 333	EFAASH
ILS	LU2453248630	NA	EUPAFEM LX	17736187	F00001DM8X	L3236P 341	EFAASG

Participating IM Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2453249364	NA	EUPAFLI LX	17773424	F00001DM93	L3236P 408	EFAASF
EUR	LU2453249281	NA	EUPAFKI LX	17773425	F00001DM94	L3236P 416	EFAASE
GBP	LU2453249448	NA	EUPAFMI LX	17773426	F00001DM95	L3236P 424	EFAASD
CHF	LU2453249521	NA	EUPAFNI LX	17773427	F00001DM96	L3236P 432	EFAASC
ILS	LU2453249794	NA	EUPAFI LX	17773430	F00001DM97	L3236P 440	EFAASB

Participating IDM Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2453249950	NA	EUPAFQI LX	17737359	F00001DM98	L3236P 457	EFAARV
EUR	LU2453249877	NA	EUPAFPI LX	17737362	F00001DM99	L3236P 465	EFAARU
GBP	LU2453250024	NA	EUPAFRI LX	17737365	F00001DM9A	L3236P 473	EFAART
CHF	LU2453250297	NA	EUPAFSI LX	17737367	F00001DM9B	L3236P 481	EFAARS
ILS	LU2453250370	NA	EUPAFI LX	17737400	F00001DM9C	L3236P 499	EFAARQ

Participating DM Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU2453248804	NA	EUPAFGD LX	17773151	F00001DM8Y	L3236P 358	EFAASA
EUR	LU2453248713	NA	EUPAFD LX	17773152	F00001DM8Z	L3236P 366	EFAARZ
GBP	LU2453248986	NA	EUPAFHD LX	17773154	F00001DM90	L3236P 374	EFAARY
CHF	LU2453249018	NA	EUPAFID LX	17773155	F00001DM91	L3236P 382	EFAARX
ILS	LU2453249109	NA	EUPAFJD LX	17773156	F00001DM92	L3236P 390	EFAARW

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CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1781276248	BG0GN11	EFOPAFA LX	41859791	F000010KWS	L3236P 119	PRKOOL
EUR	LU1781276164	BG0GN00	EFOPAFB LX	41859782	F000010KWT	L3236P 101	PRLOOK
GBP	LU1781276321	BG0GN22	EFOPAFB LX	41859797	F000010KWU	L3236P 127	PROOKL
CHF	LU1781276594	BG0GN33	EFOPAFD LX	41859803	F000010KWV	L3236P 135	PROOLK
SEK	LU1781276677	BG0GN44	EFOPAFE LX	41859806	F000010KWW	L3236P 143	PRMOOL

Participating I Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1781277303	BG0GNC2	EFOPAKI LX	41999140	F000010KWI	L3236P 218	PRSLUO
EUR	LU1781277212	BG0GNB1	EFOPALI LX	41999143	F000010KWJ	L3236P 200	PRSULO
GBP	LU1781277485	BG0GND3	EFOPAMI LX	41859808	F000010KWK	L3236P 226	PRFOOL
CHF	LU1781277568	BG0GNF5	EFOPANI LX	41859814	F000010KWL	L3236P 234	PRLOOF
SEK	LU1781277642	BG0GNG6	EFOPAOI LX	41859821	F000010KWM	L3236P 242	PROOFL

Participating ID Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1781277998	BG0GNJ9	EFOPPID LX	41999155	F000010KWN	L3236P 267	PRAOOL
EUR	LU1781277725	BG0GNH7	EFOPQID LX	41999160	F000010KWO	L3236P 259	PROOLF
GBP	LU1781278020	BG0GNK0	EFOPRID LX	41859823	F000010KWP	L3236P 275	PRLOOA
CHF	LU1781278293	BG0GNL1	EFOPSID LX	41859842	F000010KWQ	L3236P 283	PROOLA
SEK	LU1781278376	BG0GNM2	EFOPTID LX	41859845	F000010KWR	L3236P 291	PROOAL

Participating D Shares

CURRENCY	ISIN Code	SEDOL Code	BLOOMBERG Code	VALOR Code	MORNING STAR Code	CUSIP Code	MEXID Code
USD	LU1781276834	BG0GN66	EFOPFFD LX	41999089	F000010KWD	L3236P 168	PROOLM
EUR	LU1781276750	BG0GN55	EFOPAGD LX	41999092	F000010KWE	L3236P 150	PRLOOM
GBP	LU1781276917	BG0GN77	EFOPAHD LX	41999133	F000010KWF	L3236P 176	PROOML
CHF	LU1781277055	BG0GN88	EFOPAID LX	41999135	F000010KWG	L3236P 184	PRSOUL
SEK	LU1781277139	BG0GN99	EFOPAJD LX	41999136	F000010KWH	L3236P 192	PRSOLU

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