



Small Managers - BIG ALPHA - Report 53



Project finance fund investing in biogas is at the right place at the right time

B. G., Opalesque Geneva:

Now is a good time to invest in biofuels in Europe; demand for locally produced gas is strategically important, as is the search for net-zero carbon neutrality. Prestige Funds, a private debt provider that manages

several specialist alternative credit funds, has been doing just that for a number of years.

Prestige's **Prime Alternative Finance**, a project finance fund launched in November 2018, has annualised a return of 7% (net) ever since, with a positive first quarter, compared to 1.7% for the US S&P Treasury Bond Index USD.

The alternative fixed income opportunities strategy lends directly to small and medium companies that provide waste to energy infrastructure (69%), waste to energy infrastructure crops, and industrial energy infrastructure in the UK.

"The core strategy is renewable energy / waste to energy infrastructure where typically we produce biogas," Prestige group's board director and founder [Craig Reeves](#) told Opalesque in an email communication. "Since the inception of this strategy, we have been involved in approximately 50 renewable projects that power more than 1 million UK homes.

"Oil, gas and fertiliser prices have risen significantly since the outbreak of war. Demand for locally produced gas is now strategically important with every country in Europe looking for alternative sources of energy. Furthermore, the race to net-zero carbon neutrality is also forcing change. We believe there remains a significant opportunity to capture more of these opportunities and the wider macro environment is proving positive for expansion of the entire sector."

Craig Reeves will present in the popular [Small Managers - BIG ALPHA, Episode 8 webinar](#) on June 8th.

The strategy manages \$779m in AuM and the fund (I-Shares USD), an EU SICAV and AIFM, \$270m.

Biogas

[Biogas](#) is an environmentally-friendly, renewable energy source. It is produced when organic matter, such as food or animal waste, is broken down by microorganisms in the absence of oxygen, in a process called anaerobic digestion. For this to take place, the waste material needs to be enclosed in an environment where there is no oxygen. Biogas can occur naturally or as part of an industrial process to intentionally create it as a fuel.

According to [Gulf News](#), some European farmers are currently building new facilities to produce biogas.

“The European Biogas Association says the European Union could quickly scale up the production of bio-methane, which is pumped into natural gas networks. An investment of €83bn (\$87.5bn) - which, at current market prices, is less than the EU’s 27 nations pay per year to Russia for piped natural gas - would produce a tenfold increase in bio-methane production by 2030 and could replace about a fifth of what the bloc imported from Russia last year, the group says.”

However, small rural plants that provide energy for hundreds of thousands of homes will not just yet supplant the flows of Russian gas that power economies and factories. And critics say farmers should be concentrating on growing food instead, given the coming shortages. Nevertheless, biogas remains an important asset that will serve to reduce Europe’s energy dependence.

In the UK government’s new energy strategy announced recently, the role of biogas, biomethane and green hydrogen is underrepresented, [according to](#) Prestige Funds. The UK will rely heavily on its short-term gas supplies from the North Sea, but investment in its biogas network remains an important part of any energy security strategy.

Bioenergy can play a big role: according to the Anaerobic Digestion and Bioresources Association (ADBA), with suitable support, the UK could generate 5.7 billion cubic metres of biomethane a year in 2030, which would be enough to heat 4.5 million homes in a much more sustainable way than fossil fuels can. ADBA reckons that, assuming a conservative improvement in plant efficiency of 25%, these figures could rise to 7.1 billion cubic metres. That’s enough to heat 5.5 million British homes.

Prestige Funds, which works closely with its lending operation Privilege Finance, remain one of the biggest providers of private loan capital to the UK biomethane sector.

Founded in 2007, the Prestige group, a private debt provider that manages several specialist alternative credit funds, manages approximately \$1bn in assets and has raised over \$2bn of fund investments and \$300m of wholesale debt. Prestige includes Prestige Capital Management in Malta, Prestige Fund Management in the Caymans, [Prestige Funds](#) in London, Privilege Finance and Nucleus Commercial Finance in the UK.

[Upcoming webinar:](#)

Small Managers - BIG ALPHA

Episode 8 of this groundbreaking webinar series presents another carefully screened panel of investment managers. In one hour, you’ll meet them all, get to know their top quartile strategies and since this is an interactive session, you will be able to ask your questions.

Who:

- Craig Reeves, Prestige Funds
- Roy Niederhoffer, RG Niederhoffer Capital Management
- Neal Berger, Eagle’s View Asset Management
- Rajat Suri, Helm Investment Partners

When: Wednesday, June 8th at 11am ET / 4pm UK time / 5pm CET

[Free registration: www.opalesque.com/webinar/](http://www.opalesque.com/webinar/)