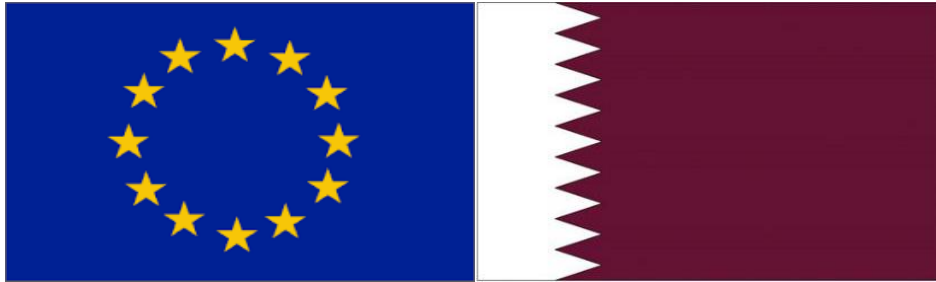


TFI EU PROPERTY INCOME FUND



REPORT FOR JANUARY 2018

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EXECUTIVE SUMMARY

TFI has structured the TFI-EU Property Income Fund (“TEUPIF” or the “Fund”) and launched it in mid-2017. The Fund is organized as a Euro denominated, closed-end Cayman Islands exempted limited liability Company. The purpose of the Fund is to invest in income-producing real estate assets in the Euro Zone on a Shariah-compliant basis.

The Fund targets investment opportunities that offer sustainable rental cash flows over the intended holding period. It is projected to generate an average annualized yield of 6%-7% p.a., and a leveraged IRR of 8%-10% net to Investors, i.e.excluding fees and genral costs. The closing date for subscription is September 2018.

FUND UPDATE

Currently, the TFI-Euro Property Income Fund has a portfolio of three assets amounting to net equities of €20.14 million. Two of these assets are located in Germany and one in Paris, France . Below is an overview of the investments:

INVESTMENT UPDATE

1- Office building in Neu-Isenburg, Germany



The Fund acquired this asset on 28th of December 2017, after successful completion of a comprehensive due diligence process including legal, financial and tax due diligence. The acquired asset will benefit from long-term secured cash according to rental contracts made with creditworthy tenants and who are committed to the location. The asset per-se is expected to generate dividends in the range of 6-7%pa, net to the investors during a holding period of 6 years and at the time of exit will benefit from yield compression (benefit when sold) depending on market conditions.

The asset is located in Neu-Isenburg, a central submarket location and in direct vicinity to Frankfurt airport and the city of Frankfurt. Neu-Isenburg is within the city of Frankfurt and is a part of the second largest metropolitan region in Germany with a total population exceeding 5.8 million. The property was built recently in 2013 and provides a lettable area of 12,554 sq.m used as office space. Similarly, the property represents a unique quality and is considered one of the best in town since it was built with the highest standards. Moreover, it

obtained the highest certification for the LEED Gold certification in 2013, which meets top environmental standards.

The Fund has taken 50% ownership through acquisition of shares in the project company in Germany which owns the subject asset. The remaining 50% is owned by Inovalis REIT, a Real Estate Investment Trust listed on the Toronto Stock Exchange and which is considered a strategic partner. The total transaction costs (including purchase consideration) is €38.3 mn*. Equity investment in the transaction amounted to €18 mn and the rest is bank's finance at low cost and attractive terms, which will enhance Return on Investment (ROI).

*Note: Shariah compliant short term bridge financing of approx. € 4,000,000 has been availed by the Fund to cover the shortfall

2- Office building in Stuttgart, Germany



The Fund acquired the above asset on the 9th of June 2017 and is expected to generate dividends in the range of 6-7%pa, net to the investors during a holding period of 5 years and at the time of exit will benefit from yield compression.

The asset is centrally located in the Stuttgart metropolitan region, which is a leading German automotive city dominated by Mercedes Benz, who is an anchor tenant in this asset. The property consists of a modern office building with a Lettable lettable area of 22,563 sq.m used as office space and has a ground floor, 5 upper floors and a penthouse.

The Fund has taken 50% ownership in the asset and the the remaining 50% is owned by Inovalis REIT, a Real Estate Investment Trust. Therefore, the total transaction costs (including purchase consideration) is €42.5 mn. Equities investment in the transaction amounted to €17.9 mn and the rest is bank's fianance on good terms and conditions.

3- Office building in Pantin, Paris, France



The Fund also acquired this asset on the 19th of September 2017 taking a 50% ownership and through implementation of a tax efficient investment structure and strong security documents. The Fund has negotiated a buy back option from the seller, “Inovalis”, at maturity, to help reduce risk, if any. Total investment was at €6 million (all in cost) in this acquisition with the aim to achieve average dividends of 6-7% p.a. in line with the Funds Target Returns.

The asset is located, in the central part of Pantin town, a suburb to the north-east of Paris in the Seine Saint-Denis (93) department and condiers, which is considered the new city of light, culture and arts. The property is at approximately 650m (10-15 minutes on foot) from the ‘Eglise - Pantin’ metro station, on line 5, and approximately 750m (15 minutes on foot) from Pantin RER station on line E, giving the property multiple accesses to Central Paris. The property benefits of 13,307 sqm and two buildings which connecting bridge.

FUND PERFORMANCE SUMMARY

The following table illustrates the performance summary for the Fund, as on 31 December 2017:

TEUPIF PERFORMANCE (AS ON 31 DECEMBER 2017) *

Drawdown schedule	Date of Capital call	Drawdown amount (EUR)	Second Dividend (1 Oct 2017-31 Dec 2017) Dividend rate 1.64% (6.50% per annum)		
			Effective days	Proportionate dividend %	Dividend Amount (EUR)
First Capital Call	26-Apr-17	14,437,600	92	1.64%	236,539
Second Capital Call	15-Oct-17	700,000	78	1.39%	9,723
Third Capital call*	21-Dec-17	5,000,000	11	0.20%	9,795
Total Capital in the Fund		20,137,600			256,057

Notes:

* The dividends for the third capital call will be paid out together with Q1 2018 dividends

FUND RELATED DEVELOPMENTS

Although the Fund was conceived in October 2016, we extended the closing by a year as we needed more time to identify and secure good properties for investment and that meet our targets. Hence, the new closing is stretched to September 2018. This extension provides for better times to achieve economy of scale as well as give us an opportunity to deploy additional capital in a most efficient manner and allow more due diligence, so to speak.

MARKET COMMENTARY

FRANCE (PARIS) REAL ESTATE OVERVIEW

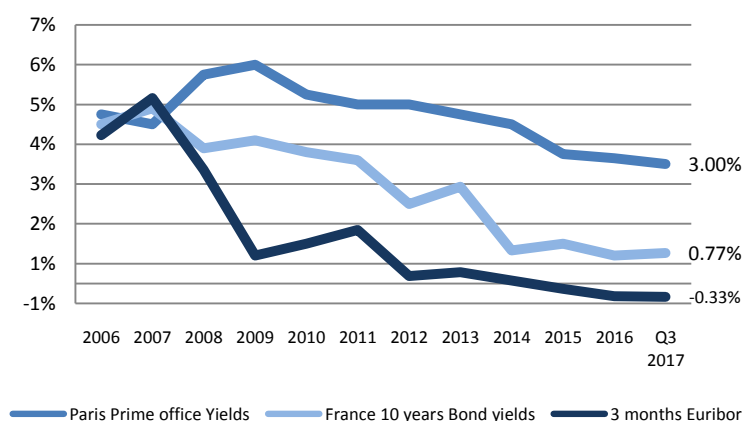
Paris managed to receive the privilege to host the 2024 Summer Olympic Games. The focus will be on the redevelopment of outer arrondissements such as Saint-Denis and exciting development plans are underway to revitalize these peripheral neighborhoods and the site of the new Olympic and Paralympic Village.

Prospects for the French economy and the office sector are now improving and both occupiers and investors demand is expected to strengthen further in 2018. Since, President Macron's election in May, the French economy has been showing signs of improvement. Business sentiment has lifted and the private sector has seen its faster rate of growth in six years. The French economy is forecast to grow at 1.6% in 2017 driven by strong business services sector.

Prime rents in the Central Business District (CBD) increased to Euro 772 per sqm per annum during H1 due to shortages in Grade A supply (premium assets). Prime yields remain at a record low at 3% in the CBD. Vacancy levels have continued to come under downward pressure in the CBD and La Defense due to low completion values.

The investment market has witnessed a proliferation of foreign buyers from Eurozone. Domestic investors however continue to dominate (63%). The appetite has been towards mid-sized assets (Euro 50mn- Euro200mn) but more recently there has been significant increase in volumes for Euro 50mn to Euro 100mn segment.

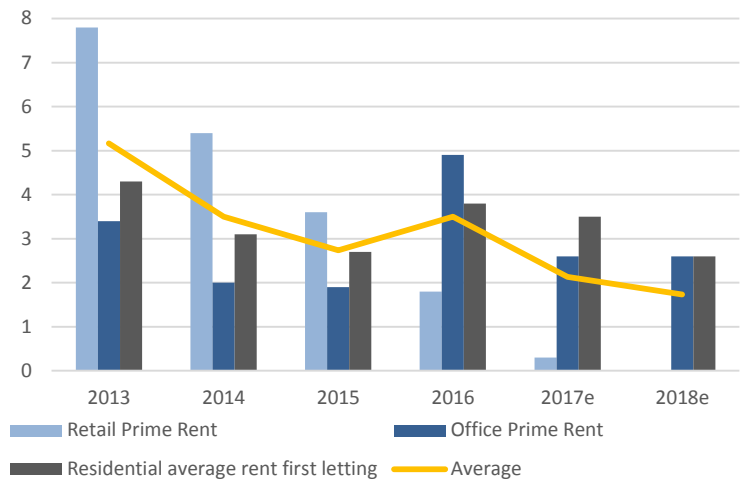
2017 ended on a positive note for the French investment market regardless of the significant decrease after 2 excellent years. It is clear that in France, economic signals, particularly in terms of rental market consolidation are generally positive and reassuring. France's image abroad has also benefited from an undeniable pro-Macron effect, which has reinforced hope for a renewed market dynamic.



GERMAN REAL ESTATE OVERVIEW

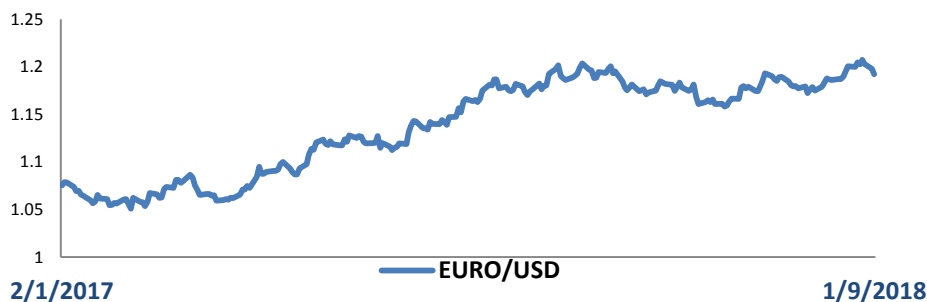
The German real estate market continues to benefit from the positive macroeconomic development. The positive labor market situation in Germany has triggered a growth in the number of office workers, together with increased need for floor space— which cannot be sufficiently met. Hence, it is fair to expect rising office rents to rise in mid to long term. The continued expansion in the German economy is a factor just as much as the employment market. With employment repeatedly reaching new highs, combating unemployment has taken a back seat. The focus is instead increasingly concentrated on the growing shortage of workers. The indicators for the position of companies and consumer confidence are correspondingly positive. The population is also expanding through immigration and rising birth rates. And given low capital market returns, many foreign investors with cash are still on the hunt for property investments offering higher returns. Macroeconomic growth in Germany has so far provided a sound foundation for the real estate market. This situation will remain unchanged for the moment, as the German economy is still expanding.

The Stuttgart office leasing market (including Leinfelden- Echterdingen) posted above-average leasing activity in 2017 (Q3) with roughly more than 224,200 sqm take-up, an impressive result that came up short of last year's record levels (around 260,900 sqm). Eight leases alone generated more than half of total in take-up. Leasing activity (number of leases signed) dropped 12.5% yoy, reflecting the increasing scarcity of space on the Stuttgart office leasing market, which posted a 15-year low with the vacancy rate at a current 2.1%. At the same time, considerable excess demand pushed average rent to a new record high of €13.40 per sqm.



EURO GAIN

The euro has gained 13% against the U.S. dollar since January 2016. The currency has strengthened during last year because of continued economic growth in Europe, reduced political risk and weakness in rival currencies. It is envisaged that this trend will continue in the medium term although no assurance of sustainable gains over the the long term as all depends on macro business environment.



Source: Bloomberg (February 2017 to 09 January 2018)

DISCLAIMER

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