



### Fund Summary

TFI-EU Property Income Fund (the “Fund”) was launched in 2017 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 investments in the Euro Zone countries on a Shariah-compliant basis. As of Final Closing Date of 31 December 2018, the Fund has acquired 5 assets (4 in Germany and 1 in Paris). The final closing of the last acquisition, a modern office located in Hannover, Germany was concluded on 22 January 2019.

The Fund’s Subscription Amount (cumulative) as of Final Closing Date is €38.6 million. The contribution of the investors Subscription Amount will be prorata among the 5 acquired assets and the returns will be accordingly distributed from the combined income earned by all assets; noting that the fund portfolio has an acquisition LTV of around 60 %.

### Returns Summary

- The Fund has paid Q3 2019 dividends in October 2019 at an annualized rate of 6.65% on the Subscription Amounts which is in line with the target returns.
- The consolidated distributions to the investors since inception stands at €4.5 million as of Q3 2019.
- The next dividends are targeted to be paid in January 2020.

### Fund\* Summary

<b>Sponsor and Investment Manager</b>	The First Investor QSCC (“TFI”)
<b>Asset and Property Manager</b>	Inovalis SA (“Inovalis”)
<b>Total Investment</b>	€38.6 million
<b>Final Closing Date</b>	31 December 2018
<b>Term</b>	3 years (1+1 extension period) – from Final Closing date
<b>Target Returns**</b>	6% - 7% p. a. - quarterly dividends (“Target Yield”) 8-10% - investor IRR
<b>Loan to Value</b>	Up to 70% LTV

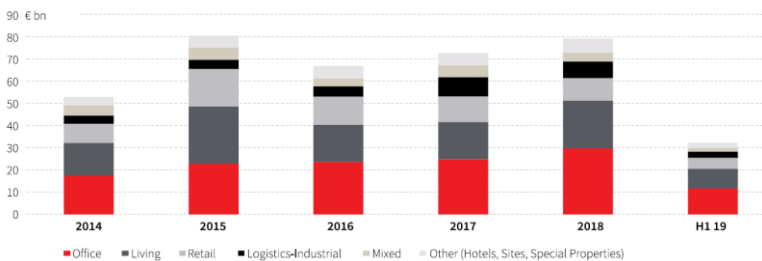
\* Neither the Cayman Islands Monetary Authority nor any federal or state agency has made any finding or determination as to the fairness for any investment in the Fund, nor has made any recommendation or endorsement of any investment in the Fund. Investment in the Fund involves a high degree of risk, lack of liquidity and transferability and is subject to the restrictions set out in the Offering or Principal Documents and the Information Memorandum and no investments compensation system is available for any investment in the Fund.

\*\* Target returns are based on informed assumptions although no guarantee is given by the Manager to achieve such returns. Therefore, the investor is advised to consider the risks factors as set out in the Information Memorandum.

### European real estate market outlook

#### Germany

Transaction Volume by Main Asset Class



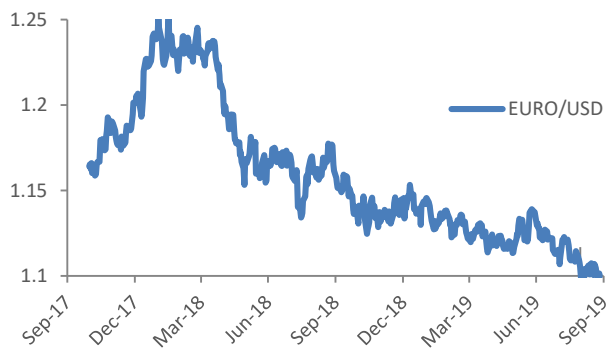
- After a somewhat muted start to the year (Q1 including Living: €15.2 billion), the investment market again showed its more resilient side during the second quarter (including Living: €17 billion). The total transaction volume between January and the end of June 2019 stood at approx. €32.2 billion, which is 12% lower than in the same period of 2018. This was despite the fact that the number of completed transactions in the second quarter fell by almost 30% compared to the first three months of 2019. This indicates that large-volume transactions had a mitigating effect on the result.
- The average office prime yield for all seven strongholds was unchanged at 3.06% compared to the previous quarter, although it was 12 basis points lower on an annual basis. However, yields will remain under pressure because of the combined effects of investor demand, the development of government bonds as “risk-free” alternative investments and expected further increases in rents

### Fund Portfolio



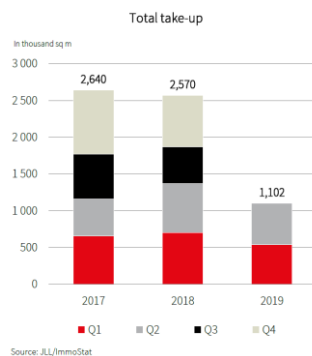
### Euro-to-Dollar Rate

The Euro continues to weaken owing to the challenging economic environment and growth concerns in Eurozone coupled with the trade issues with US. Euro ended at 1.09 in Q3 2019, 5% down from 31 December 2018.



#### France

- The Greater Paris region investment market returned to the average performance figures seen for the H1 period since 2000. Just over 1.1 million sqm was transacted in H1 2019 which is 19% lower compared to H1 2018 which was the most active since 2006-2007.
- Prime office yields fell in several sub markets in Greater Paris region after maintaining stability for several quarters. Prime real estate yield of 2.75% in Paris CBD offers a risk premium of 275 basis points compared with risk free interest rate.





# TFI EU Property Income Fund

## Progress Report – October 2019

### Fund Portfolio

#### Germany, Stuttgart



<b>Sector:</b>	Office
<b>Size:</b>	22,560 sq.m
<b>Construction Year:</b>	1994 (refur 2014)
<b>Total Transaction Costs:</b>	€40.5 million
<b>Fund Invested Amount:</b>	€9.1 million

<b>Acquisition Date:</b>	June 2017
<b>Leverage at acquisition:</b>	64.51%
<b>Key Tenants:</b>	Daimler AG
<b>Occupancy:</b>	96.3%
<b>WALT at acquisition:</b>	7 years

#### France, Paris



<b>Sector:</b>	Office
<b>Size:</b>	13,307 sq.m
<b>Construction Year:</b>	1992
<b>Total Transaction Costs:</b>	€27.3 million
<b>Fund Invested Amount:</b>	€6.0 million

<b>Acquisition Date:</b>	September 2017
<b>Leverage at acquisition:</b>	63.15%
<b>Key Tenants:</b>	Solabia, SAS Papyrus Group
<b>Occupancy:</b>	97.35%
<b>WALT at acquisition:</b>	6.63 years

#### Germany, Neu-Isenburg



<b>Sector:</b>	Office
<b>Size:</b>	12,554 sq.m
<b>Construction Year:</b>	2013
<b>Total Transaction Costs:</b>	€40.1 million
<b>Fund Invested Amount:</b>	€9 million

<b>Acquisition Date:</b>	December 2017
<b>Leverage at acquisition:</b>	59.33%
<b>Key Tenants:</b>	Arrow Central Europe
<b>Occupancy:</b>	100%
<b>WALT at acquisition:</b>	5.25 years

#### Germany, Ingolstadt Kosching



<b>Sector:</b>	Office
<b>Size:</b>	9,858 sq.m
<b>Construction Year:</b>	2017
<b>Total Transaction Costs:</b>	€26.0 million
<b>Fund Invested Amount:</b>	€6 million

<b>Acquisition Date:</b>	February 2018
<b>Leverage at acquisition:</b>	57.31%
<b>Key Tenants:</b>	TKI Automotive
<b>Occupancy:</b>	100%
<b>WALT at acquisition:</b>	10 years

#### Germany, Hannover



<b>Sector:</b>	Office
<b>Size:</b>	11,527 sq.m
<b>Construction Year:</b>	2000
<b>Total Transaction Costs:</b>	€27.0 million
<b>Fund Invested Amount:</b>	€8.5 million

<b>Acquisition Date:</b>	December 2018
<b>Leverage at acquisition:</b>	60%
<b>Key Tenants:</b>	Nord/LB
<b>Occupancy:</b>	100%
<b>WALT at acquisition:</b>	11.3 years

\* WALT - weighted average lease expiry

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