



**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 acquired 5 assets (4 in Germany and 1 in Paris).

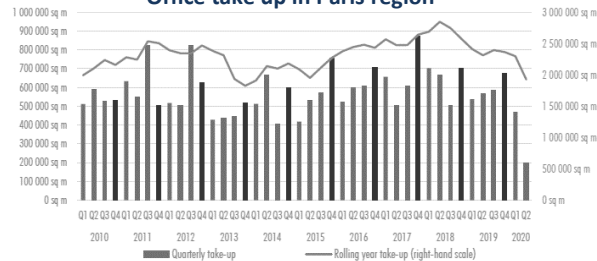
The Fund’s Subscription Amount (cumulative) as of Final Closing Date is €38.6 million. The Investors Subscription have been prorated amongst 5 acquired assets and the returns are distributed accordingly from the combined income earned by all assets to ensure parity among the Investors.

**Return Summary**

- The Fund has paid Q2 2020 dividends in July 2020 at an annualized rate of 6.50% on the investor subscriptions, in line with target returns.
- The consolidated dividend distributions to Investors since inception stands at €6.38 million as of Q2 2020.
- At the end of Q2 2020, the performance of all assets are in line with Fund objectives.
- The next dividends are targeted to be paid in October 2020.

**France**

**Office take up in Paris region**



Source: CBRE Research

- Lockdown measures implemented to limit the spread of Covid-19 have significantly interrupted office leasing activity in the Greater Paris region. The total take-up in Q2 is only 197,500 sq m which is -65% as compared to 10 year average.
- The downward pressures on rents is expected to continue in coming months specially for buildings which are old and located in areas with a high or rising vacancy rate.

**European offices outlook**

**Germany**



Source: CBRE Research

- In Q2 2020, global office leasing activity was 59% lower than a year ago while vacancy rates have reached 11.2% across the regions. In Germany, letting in big 7 cities (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart) experienced a year-on-year decline of almost 36%. In terms of take-up, Q2 2020 remains the weakest second quarter since mid-2009. However, average prime rent in the top 7 office markets in Germany held steady at 2.89%.
- The office vacancies stood at almost 3 million sqm in top 7 markets at the end of Q2 2020. The aggregate vacancy rate is currently trading at a very low level of 3.2%. Due to limited supply of modern, flexible, high-quality offices, the current situation on supply side is propping up rental prices or keeping them at pre-coronavirus levels.

Source: CBRE Research & JLL

**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>Term</b>	3 years (1+1 extension period) – from 31 December 2018 (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.

**Fund Portfolio**





# TFI EU Property Income Fund

## Progress Report – Q2 2020

### Fund Portfolio

#### Germany, Stuttgart



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

<b>Acquisition Date:</b>	June 2017
<b>Current LTV:</b>	51%
<b>Key Tenant:</b>	Daimler AG
<b>Current Occupancy:</b>	99.65%
<b>Current WALT*:</b>	3.74 years

#### France, Paris



<b>Sector:</b>	Office
<b>Total Area:</b>	13,307 sq.m
<b>Construction Completion 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>Current LTV:</b>	55%
<b>Key Tenants:</b>	Solabia, SAS Papyrus Group
<b>Current Occupancy:</b>	76.84%
<b>Current WALT*:</b>	7.54 years

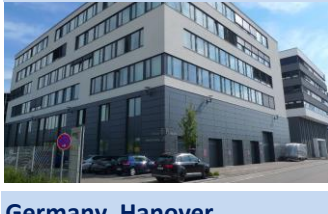
#### Germany, Neu-Isenburg



<b>Sector:</b>	Office
<b>Total Area:</b>	12,554 sq.m
<b>Construction Completion 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>Current LTV:</b>	60%
<b>Key Tenant:</b>	Arrow Central Europe
<b>Current Occupancy:</b>	96.10%
<b>Current WALT*:</b>	3.23 years

#### Germany, Ingolstadt Kosching



<b>Sector:</b>	Office
<b>Total Area:</b>	9,858 sq.m
<b>Construction Completion 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>Current LTV:</b>	49%
<b>Key Tenant:</b>	TKI Automotive
<b>Current Occupancy:</b>	100%
<b>Current WALT*:</b>	7.42 years

#### Germany, Hanover



<b>Sector:</b>	Office
<b>Total Area:</b>	11,527 sq.m
<b>Construction Completion 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>Current LTV:</b>	52%
<b>Key Tenant:</b>	Nord/LB Bank
<b>Current Occupancy:</b>	100%
<b>Current WALT*:</b>	9.50 years

\* WALT - weighted average lease expiry as of 30 June 2020

### Contact Information

**Naveed Ahmad**

(+974) 4459 6125

[nahmad@tfi.com.qa](mailto:nahmad@tfi.com.qa)

**Anuj Mittal**

(+974) 4459 6197

[amittal@tfi.com.qa](mailto:amittal@tfi.com.qa)

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