THE FIRST INVESTOR

TFI-EU Property Income Fund

The following report presents an update in relation to your investment in TFI-EU Property Income Fund ("Fund") as of September 30th, 2025.

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-generating real estate office buildings in the Eurozone on a Shariah-compliant basis. As of Final Closing Date of December 31st 2018, the Fund had partially acquired interests in joint ventures owning 5 assets (4 in Germany and 1 in Paris) totaling €152 million.

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

Strategic Update

The term of the Fund is 3+1+1 years from the Final Closing Date of December 31st 2018. The Term of the Fund has been extended until its placed into liquidation, due to the difficult market conditions.

This maturity was originally aligned with the completion of asset management plans for each asset and notably the completion of the re-letting plans. However, a series of unforeseen events have disrupted the anticipated exit timeline since 2020, notably the Covid-19 pandemic (March 2020), the Ukraine war (February 2022), and ensuing inflation and significant interest rate hikes (since June 2022). These challenges have exerted considerable pressure on the real-estate markets in the EU and posed challenges to the winding-up plan and impacted the performance of the investments, as exit values and liquidity have been affected.

In light of the foregoing, the Directors have resolved that it is the best interests of the Fund, which is incorporated in the Cayman Islands, that the Investment Term run until the date upon which the Fund is placed into voluntary liquidation and the Directors will continue to monitor the Investments for the remainder of the Investment Term.

It is important to note, that Stuttgart, Neu Isenburg, and Kösching; have their DZHYP loans maturing in February 2026, and accordingly extension beyond 2026 might command deleverage or at least additional cash trap payments. Accordingly, this maturity represents a critical milestone for the Fund, and we will keep you informed of any significant development.

Net Asset Value ("NAV") of the Fund

Estimated NAV per unit as of September 30th 2025, stood at €43.4 versus an initial NAV per unit of €100 as at December 31st 2018. **Representing a decrease in the initial NAV of around 56.6%,** without taking into consideration distributed dividend which amounted to 41.8%. **Total investment return (including dividend), per unit, amounts to €85.2.**

NAV per unit *as of December 31st 2018*	**NAV per unit** *as of September 30th 2025*	**NAV per unit** **Loss**/Profit (Excluding Dividends)	**NAV per unit** **Loss**/Profit (Including Dividends)
100	43.4	**-56.6%**	**-14.8%**

As of September 30th 2025, the valuation of the remaining assets (Excluding Hannover) stood at €105.4 million with an outstanding debt of €72.1 million. Based on the partial ownership of each asset by the Fund, the NAV of the Fund stood at approximately €16.8 million versus an initial NAV of €38.6 million, as of December 31st, 2018. It should be noted, that the decrease in NAV from June 2025 to September 2025 is mainly due the change in the value of the Neu Isenburg asset from Q2 2025 valuation (EUR 27.6m) to the sale-mandated price (EUR 26.5m), as well as the the amounts retained to cover ongoing and anticipated costs associated with the Hannover asset/structure. It is important to highlight that the NAV mentioned does not reflect an offered market price, it is only an estimate based on last Fair Market Value assessment as provided by the evaluators. This value might change significantly at the time of the exit in a positive or negative way, especially when considering the brokers' opinion.

Since first deployment, the annualized total return to the investors (including paid dividend) stood at approximately -3.47%, of which approximately 41.8% of the initial contribution has already been paid to the investors in the form of dividends.

Exit

Despite the economic and commercial challenges, The First Investor (TFI) and the asset and property manager are continuing to work towards exiting the assets on favourable terms, if possible. The First Investor (TFI) cannot at any time guarantee to Investors that their invested capital will be returned in full or that the Fund will have exited all Investments within one year.

With regard to Hannover, the sale was completed on 27 May 2025 at a total selling price of EUR 15,909,000. We anticipate distributing the net proceeds received in Q4 2025 to investors who have completed and submitted the necessary updates, representing approximately 5% of the initial investment amount. We also remind investors who have not yet updated their information to do so as soon as possible in order to facilitate the payment process and enable us to transfer the funds to the registered bank account on file.

As for the property in Pantin, it should be noted that it is facing significant challenges in terms of leasing and sale, which continues to put pressure on the property's value and may lead to a forced sale, as outlined in the asset summary. One tenant vacated the premises in April and ceased rent payments; legal action was initiated to recover the rent due until the end of the lease i.e. Dec'26. Accordingly, the court ended up the lease effective October 9 2025. Furthermore, it should be noted that the disposition of the asset is not expected before end 2026-early 2027 but exchange contract could be signed before year-end 2025 and the building permit application in Q1 2026.

Efforts are underway to actively enhance the conditions of the remaining assets, aligning with the objective to try to optimize, if possible, their value for potential future divestment.

Dividend Distribution

For the third quarter of 2025, the Fund will not distribute dividends. This is mainly due to the decrease in the net income from rental activities, which is primarily driven by increase in debt servicing costs, increase in the capital expenditures requirements, and the bank requirements. Additionally, reletting expenses, refinancing terms, and tenant improvement allowances have further contributed to the decrease in the net income and liquidity.

Assets Overview

Germany, Neu Isenburg: main tenant Arrow

Occupancy 79% - WALT 2.4 years – WALB 2.5 years
Projected in Oct: Occupancy 94% - WALT 3.8 years

- DZHyp financing extension maturing end Feb'26, with full cash trap maintained by the bank.
- Distribution was put on hold since Q1'23 due to reduced NOI resulting from **partial** (80%) extension of main tenant (Arrow) lease in 2023 and refinancing terms (full cash trap, cash reserve allocations, on top of the €1.4M upfront deleverage upon previous extension in January 2024).
- A 10-year firm lease agreement with FedEx Express Germany GmbH was signed on 1,987 sqm (16%) of office space covering the 3rd to 5th floors of the property. DZHyp has agreed the funding of the €2.1m relocation cost (TI's, Capex and broker fees), by releasing a part of the €2.8m cash trap reserve accumulated on the 3 properties Stuttgart/Kosching/Isenburg.
- Handover occurred on October 20th 2025 with all construction works completed.
- The lease was already factored in the Q2'25 external appraisal from JLL at €27.6 (+1.7m€ increase from Q4'24).
- A broker mandate with NEO & Advenis was signed to market the property targeting €26.5m. Any sale proceed would be allocated to the deleverage of Stuttgart & Kosching.
- As per the brokers' indications, the investment market in Neu Isenburg is in standby until at least Q4'25, with investors awaiting indications of market recovery.
- Out of 253 potential buyers identified and contacted by Neo/Advenis, 138 have already declined, while 13 parties have signed NDAs, though none has visited the asset yet.
- **Sale Mandate Price 2025: €26.5m**
- **Outstanding Loan amount: €21.4m**

France, Pantin: multi-let

Occupancy 63% – WALT 1.7 years - WALB 2.1 years

- Shareholders (REIT + Inovalis SA) have invested an added Eur4M since acquisition to bridge cash shortfall and safeguard going concern of the JV.
- Regus (6% occupancy) vacated the premises in April and stopped paying rent. Legal action was initiated to recover the rent due until the end of the lease i.e. Dec'26. Accordingly, the court ended up the lease effective October 9 2025.
- Solabia (9.25% occupancy) will vacate on Dec 31, 2025, and pay rent until the lease ends on Jul 31, 2026.
- Advanced negotiation with redeveloper ADIM (Vinci group) / RIVP (Paris real estate management body) for the redevelopment of the property into mix-used project.
- Expected €18m gross sale price to be confirmed, subject to the eviction of all tenants at owner's expenses and building permit obtention. Forecast: €2m eviction costs, leading to a net sale price of €16m.
- Disposition not before end 2026-early 2027 but exchange contract could be signed before year-end 2025 and the building permit application in Q1 2026.
- Senior lease financing pool granted amortization deferral until Q3'25. Additional one-year extension granted by lead bank; second lender approval pending.
- While the SPV going concern was barely secured through commitment of the shareholders to inject additional cash, addendum to TFI bond agreement shall extend its maturity date until May 2026, to secure the going concern (AREF DIAMANTS is supporting its subsidiary SCI DELIZY DIAMANTS, together with the co-shareholder, INOPCI 1, until June 26)
- **Fair Market Value Q3, 2025: €17.5m**
- **Outstanding Loan amount: €13.1m**

Germany, Stuttgart: main tenant Daimler Truck

Occupancy 100% - WALT / WALB 3.7 years

- DZHyp financing extension maturing February 2026, with a quarterly €180k allocation to the cash reserve.
- As a result of the new financing terms, all distributions after these of Q1'23 have been suspended, attributing cash flows to debt service and cash reserve.
- We are still in discussions with DZHyp on a 12-month extension to the Feb 2026 maturity. If agreed, this would extend the refinancing horizon to 2027 and hopefully materially increase the set of viable capital markets outcomes.
- Extension beyond 2026 might command deleverage or at least additional cash trap payments, to restore the cash reserve invested on FedEx capex on the Neu-Isenburg property (i.e. €1.25M).
- We have successfully waived the 2027 and 2028 break options in Daimler's lease. Recent discussions with the tenant confirm that a decision on extending the lease beyond 2029 is not currently a priority for them.
- Although this site is unlikely to be affected by Daimler Group's downsizing and redundancies in Germany–given that Leinfelden is a central location with the company's headquarters nearby–investor appetite remains muted for an office asset fully occupied by a tenant in the automotive sector.
- In parallel we keep testing the debt market. Senior bank indicative leverage remains constrained (≤55% LTV; mid-300s bps margin) and office market conditions do not easily make deals Pfandbrief-eligible.
- Debt funds are more flexible on leverage (up to 55–65% LTV) but at significantly higher all-in cost (200–500 bps). We are collecting data points to map the realistic rate/structure boundary conditions before collecting term sheets.
- **Fair Market Value Q3, 2025: €40.5m**
- **Outstanding Loan amount: €24.6m**

Gemany, Hannover: sold in May 2025

Occupancy 0% since Dec 2024 following NordLB departure

- Throughout 2024, the property was actively marketed via local brokers JLL and Advenis Germany to market the property to comply with the terms of the 1-year extension secured from PostBank, our senior lender, in Dec'24
- On the letting side, NordLB gave its early termination notice for their lease by December 31, 2024 and we collected a €2m indemnity that was immediately used to deleverage the mortgage loan (after deleverage amounted to €12m).
- After several unsuccessful sale attempts, a SPA was signed in end of January 2025 with Mr Lumenski for a sale at €16m, of which €4m was deferred to December 2025 (or 2026 with 4.5% interest).
- In April, Mr Lumenski has made a new offer for full payment of the sale price on May 31 2025, in return for a €91k price reduction.
- The €12m first tranche payment (of which €2m have already been deposited on a notary's account) was due on May 31, 2025 and was to be repaid the bank in full.
- In case of sale abortion, a €2m penalty was due by the buyer and would serve to further amortize the debt.
- The parties to the SPA executed an addendum pursuant to which: (i) the total purchase price was reduced from €16m to €15.909m and (ii) the deferral of part of the purchase price was waived, making the entire purchase price due and payable by the Buyer on 31 May 2025. The payment was executed on May 28, 2025.
- Immediately after, Purchase and assignment agreements were concluded with Wel Range and Europe Hannover concerning the sale, assignment, and transfer of Wel Range's 6% interest in Hannover KG, followed by the exit of Hannover GP as general partner of Hannover KG, resulting in the accretion (*Anwachsung*) of Hannover KG into Europe Hannover and allowing savings on tax and operating costs.
- After repayment of the bank loan, payment of 2025 costs (bank interest, sales and operating costs) a reserve of €275k for two additional years of structure and litigation costs was deducted at TFI's request from the amount to be made available to investors.
- On 25 July 2025, the partners of TFI Europe SCS approved a €2.733 million partial repayment to investors (TFI and Karma/Ramak) according to a specific distribution structure, subject to prior receipt of confirmation letters from Karma Hannover, Ramak Sàrl, and TFI EU Funds, accepting the allocation and waiving any future claims (except for pro-rata litigation recoveries).
- In parallel, the partners agreed to obtain fee estimates from legal counsel for potential litigation against Advenis GmbH concerning the "written form" issue that accelerated the early termination of the NordLB lease agreement seemed by them.
- During the same meeting, approval in principle was granted for the voluntary liquidation of Europe Hannover S.à r.l., to be initiated only after legal proceedings against Advenis GmbH have been launched.
- Finally, JLL asserted a brokerage fee claim in relation to the sale; however, EY Legal's opinion concluded that the claim was not enforceable.
- Final distribution to investors of €2.474 million (€1.905 million TFI share) was approved and paid in October 2025, with an additional €260k allocated to increase the cash reserve for litigation costs.

Germany, Kösching: main tenant Cariad (Volkswagen Group)

Occupancy 100% - WALT / WALB 2.2 years

- DZHyp financing extension maturing on Feb 28, 2026, requiring quarterly €130k allocation to the cash reserve.
- Since Q1'23, we had anticipated that extended ownership would imply suspended distributions, as free cash is attributed to increased DZHyp debt service and cash reserve payment (€130k quarterly), conditions upon the financing extension.
- Last meeting with single tenant Cariad took place in Jan'25, further to Rivian acquisition by VW: they like the premise (build their special requirements, but have again postponed their decision about lease extension until at least Q1 2026.
- 5y extension option to exercise before end May 2026: Cariad like the premises originally built on specification for them + capex recently spent directly by the tenant.
- Intel Design (car design company): interested to be a subtenant of Cariad on 2,000 sqm on ground and 1st floor (laboratory/technical spaces) but Cariad requested to transfer the space to them for a direct 3y-lease, which might result in an opportunity to negotiate a direct prolongation with Cariad.
- The brokers' previous indications of value at least 20% below FMV remain valid and reflect the short WALT and the fact that the single tenant (Cariad) is highly dependent on the ongoing restructuring of Volkswagen Group.
- Acceleration of sale process is not recommended as it might therefore imply a significant discount to Q2'25 valuation (FMV: €20.9m).
- We are still in discussions with DZ Hyp on a 12-month extension to the Feb 2026 maturity. If agreed, this would extend the refinancing horizon to 2027 and hopefully materially increase the set of viable capital markets outcomes.
- In parallel we keep testing the debt market. Senior bank indicative leverage remains constrained (≤55% LTV; mid-300s bps margin) and office market conditions do not easily make deals Pfandbrief-eligible.
- Debt funds are more flexible on leverage (up to 55–65% LTV) but at significantly higher all-in cost (200–500 bps). We are collecting data points to map the realistic rate/structure boundary conditions before collecting term sheets.
- **Fair Market Value Q3, 2025: €20.9m**
- **Outstanding Loan amount: €12.9m**

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