المستثمر الأول
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 March 31st 2026.

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

The initial 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), in addition the current short duration of the leases. These challenges have exerted considerable pressure on the real-estate markets in the EU overall 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 in 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 by the end of August 2026, after being recently extended by 6 months. Accordingly, this maturity represents a critical milestone for the Fund, and we will keep you informed of any significant development.

On May 12, 2026, we received formal notification from Cariad, the principal tenant of the Kösching property, confirming that it does not intend to exercise its option to extend the lease beyond its current expiry date of November 30, 2027. In light of this development, the Fund's local asset manager in Germany will commence evaluating market conditions and engaging with prospective tenants in due course, with the objective of securing suitable leasing opportunities ahead of the lease expiry. We have also been advised that Cariad may have an interest in leasing a smaller portion of the property following the expiration of the current lease. This potential arrangement remains at a preliminary stage and will be carefully evaluated by the asset management team, taking into account the commercial terms on offer, prevailing market conditions, alternative leasing opportunities, and the best interests of the Fund's investors.

By the end of May 2026 we have received a letter of intent from Diok One AG to purchase the property of Neu Isenburg for €24m following a marketing period, knowing that as per the NAV calculation, the valuation of the asset amounted €26.5m. The potential buyer is requesting exclusivity regarding the acquisition of the asset during the due diligence period of 3 months. The sale of Neu Isenburg is being positively perceived by the bank, whereby it has expressed interest of extending loan of Kösching and Stuttgart beyond 6 months after August 2026. All the sale's proceeds will be used to settle the debt of Neu Isenburg, in addition to part of the debt on the other 2 German assets.

Net Asset Value ("NAV") of the Fund

Estimated NAV per unit as of March 31st 2026, stood at €29.65 versus an initial NAV per unit of €100 as at December 31st 2018. **Representing a decrease in the initial NAV of around 70.35%,** without taking into consideration distributed dividend, which amounted to around 41.8% as well as the partial capital payment of around 5%. **Total investment return (including dividend & distribution), per unit, amounts to €76.45.**

NAV per unit *as of December 31st 2018*	**NAV per unit** *as of March 31st 2026*	**NAV per unit** **Loss**/Profit (Excluding Dividends & Distribution)	**NAV per unit** **Loss**/Profit (Including Dividends & Distribution)
100	29.65	**-70.35%**	**-23.55%**

As of March 31st 2026, the valuation of the remaining assets (Excluding Hannover) stood at €97.8 million with an outstanding debt of €72.0 million. Based on the partial ownership of each asset by the Fund, the NAV of the Fund stood at approximately € 11.45 million as of March 31st, 2026, versus an initial NAV of €38.6 million, as of December 31st, 2018. 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 and capital distribution) stood at approximately -5.6%, of which approximately 46.8% of the initial contribution has already been paid to the investors in the form of dividends and capital payments.

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. As such, Neu Isenburg has been marketed and a possible exclusivity agreement might be signed soon in this regard. 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 €15.9m. Distribution of the net proceeds of the sale was initiated in Q4 2025, representing approximately 5% of the initial investment amount. We continue to distribute the proceeds of Hannover sale as and when investors update their records and submit the required forms. **We would like to remind the remaining investors, who have not yet updated their records to update them at the earliest in order to receive their payments.**

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 2025 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 sale of the asset is not expected before end 2026 or early 2027, but exchange contract could be signed in Q3 2026 and the building permit application in July 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 first quarter of 2026, 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 to retain cash in cash trap account. 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 96% - WALT 3.4 years – WALB 2.6 years.

- Distribution on hold since Q1'23 due to reduced NOI resulting from **partial** extension of main tenant Arrow (80% occupancy) lease in 2023 and refinancing terms (full cash trap, cash reserve allocations, on top of the €1.4M upfront deleverage upon January 2024 first loan extension).
- DZHyp financing **6-month** extension obtained in Feb'26, with full cash trap, until end August 2026 and quarterly €150k allocation to the cash reserve.
- New tenant FedEx (16% occupancy) moved in effective November 2025 on a 10-year lease agreement (+5 optional and penalty if break option): DZHyp has agreed the funding of the €2.1m relocation cost (TI's, Capex and broker fees), by releasing part of the €2.8m cash trap reserves accumulated on the Stuttgart (€0.7m) and Isenburg (€0.7m) properties
- A new lease with Creda Partners (law firm) has been signed in December, effective March 2026 on 2% vacant areas, bringing occupation to 98%, against only minimal capex and TI's (3-month rent-free period) requested.
- Discussions to initiate with Arrow for a lease extension beyond 2028 and anticipate, if any, potential downsizing.
- A 8-month broker mandate with NEO & Advenis was signed to market the property targeting €26.5m in October 2025. On May 19, 2026 an improved LOI was received from DIOK, which had initially offered about €21m and **now bids at** €**24m**. The offer was shared with DZHyp, who confirmed tehri support to proceed .
- **All sale proceeds will be allocated to the deleverage of Stuttgart & Kosching.**
- Some interest from à handful of investors has emerged by without any firm LOI at that point.
- **Fair Market Value Q4, 2025: €27.7m**
- **Sale Mandate Price 2025: €26.5m; Offer received : €24m**
- **Outstanding Loan amount: €21.4m**

Germany, Kösching: main tenant Cariad (Volkswagen Group)

Occupancy 100% - WALT / WALB 1.7 years

- DZHyp financing 6-month extension obtained in Feb'26, with full cash trap, until end August 2026 and quarterly €130k allocation to the cash reserve.
- On May 12, 2026 CARIAD notified of its decision to terminate the lease and not to exercise its extension option; as a result, the lease will expire on November 30, 2027.
- Space & leasing options (trying to stabilize c.2,000sqm out of 9,858sqm) - CARIAD wants to keep ~1,400 sqm of workshop space beyond Nov 2027. and possibly~500 sqm of office space. Dividing up the space seems complicated, particularly because the canteen on the top floor is only on one side of the building.
- A local broker, CBRE, is being appointed, as a start to call the companies located in the surrounding area and assess demand (defense and automotive sectors).
- Several small office buildings were constructed around the Cariad building after its construction (until 2020). Then, the COVID crisis halted development of the area.
- Last Q4'25 appraisal shows an 11% decrease in value compared to Q2'25, factoring the risk of not-extending the lease beyond Nov 2027.
- Acceleration of sale process is not recommended as it might therefore imply a significant discount to Q4'25 valuation (FMV: €18.5m).
- In parallel to the agreed 6-month loan extension, 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 Q4, 2025: €18.5m**
- **Outstanding Loan amount: €12.9m**

Germany, Stuttgart: main tenant Daimler Truck

Occupancy 100% - WALT / WALB 3.2 years

- As a result of new financing terms, all distributions after these of Q1'23 have been suspended, attributing cash flows to debt service and cash reserve.
- DZHyp financing **6-month** extension obtained in Feb'26, with full cash trap, until end August 2026, and quarterly €250k allocation to the cash reserve + €0.7m paid upfront and €250k quarterly (instead of €180k quarterly).
- 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. We will approach the tenant with building improvement proposals, which would be used as a negotiation for lease extension. Pricing and offer to come in the next 3 months.
- Daimler is currently building a R&D space in ground floor at their own costs
- 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 Pfandbrief-eligible deals.
- 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 Q4, 2025: €37.7m**
- **Outstanding Loan amount: €24.6m**

France, Pantin: multi-let

Occupancy 42% – WALT 2.6 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) vacated in January 2026 with paid 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.
- Offers from FTI / Seqens (Vinci group) totalling €17.4m gross sale price
- Transaction would remain subject to the eviction of all tenants at owner's expenses and building permit obtention. Forecast: €1.4 eviction costs, leading to a net sale price of €16.0m (excluding exiting the co-owner structure potential costs).
- Disposition not before Q2 2027, but exchange contract could be signed in Q3 2026.
- Exiting the co-ownership structure (condominium subdivision with housing) would cost €0.3m to €0.8m (to offset co-owners 10-year loss). However, we are working on solutions to minimize this cost as much as possible.
- Senior lease financing pool granted amortization deferral until Q3'25 and extended until Q3'26 in January 2026. Further extend to bridge with sale in Q2'27 is to seek, upon progress on the sale.
- While the SPV's going concern was only barely secured through the shareholders' commitment to inject additional cash, an addendum to the TFI bond agreement has extended its maturity date to May 2027.
- To secure the going concern (AREF DIAMANTS is supporting its subsidiary SCI DELIZY DIAMANTS, together with the co-shareholder, INOPCI 1, until May 2027).
- **Fair Market Value Q4, 2025: €15.1m**
- **Outstanding Loan amount: €12.5m**

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