

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 December 31st, 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 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 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 February 2026, which is now has been extended by 6 months. 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 December 31st 2025, stood at €29.9 versus an initial NAV per unit of €100 as at December 31st 2018. **Representing a decrease in the initial NAV of around 70.1%**, 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 €76.7.**

NAV per unit as of December 31 st 2018	NAV per unit as of December 31 st 2025	NAV per unit Loss /Profit (Excluding Dividends & Distribution)	NAV per unit Loss /Profit (Including Dividends & Distribution)
100	29.9	-70.1%	-23.3%

As of December 31st 2025, 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 €11.6 million as of December 31st, 2025, versus an initial NAV of €38.6 million, as of December

31st, 2018. It should be noted, that the decrease in NAV is mainly due to the decrease in the valuation of 3 assets (Kosching, Stuttgart, and Pantin) by cumulatively €7.6 million and the initiation of the capital payments in relation to the sale of Hannover which represents approx. 5% of the initial NAV. 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 - 6.21%, 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. 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. 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 April 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 fourth 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 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 94% - WALT 3.5 years – WALB 2.7 years



- Distribution 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 January 2024 first loan extension).
- DZHyp financing has been extended by 6 months from end Feb'26, with full cash trap maintained by the bank.
- 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 25, effective March 2026 on 2% vacant areas, bringing occupation to 96%, against only minimal capex and TI's requested.
- A broker mandate with NEO & Advenis was signed to market the property targeting €26.5m in December 2025. Its important to highlight that sale proceeds would be allocated to the deleverage of Stuttgart & Kosching.
- Some interest from a 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**
- **Outstanding Loan amount: €21.4m**

Germany, Stuttgart: main tenant Daimler Truck

Occupancy 100% - WALT / WALB 3.5 years



- Distributions have been suspended since Q1'23, where excess cash from rent has attributed to debt service and cash reserve.
- DZHyp financing has been extended by 6 months from end of February 2026: This extension is conditioned to additional cash trap payments (€0.7m upfront and €250k quarterly; instead of previous €180k quarterly).
- 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. It's important to note that Daimler is currently building an R&D space in the ground floor of the building 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 – buyers 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 possible.
- 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**

Germany, Kösching: main tenant Cariad (Volkswagen Group)

Occupancy 100% - WALT / WALB 1.9 years



- DZHyp financing has been extended by 6 months 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, with free cash attributed to increased DZHyp debt service and cash reserve payment (€130k quarterly).
- Cariad's 5-year extension option to exercise before end May 2026: although the tenant likes the premises (originally built on specification for them) and has recently spent additional capex on site, the situation of their shareholder Volkswagen doesn't guarantee they will stay.
- Possible interest by Intel Design (car design company) to sublet part of Cariad's space, but no feedback from them on a 3 -year lease on 2,000 sqm on ground and 1st floor (laboratory/technical spaces).
- 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 is being appointed, as a start to call the companies located in the surrounding area and assess demand.
- 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 a 11% decrease 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 possible.
- 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**

France, Pantin: multi-let

Occupancy 55% – WALT 2.3 years - WALB 1.9 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 25 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) have vacated on Dec 31, 2025, and paid rent until the lease term (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 might be reviewed down to €17m, due to exit price revisions by block end buyers (FTI, RIVP & SEQENS), whose respective investment committees are to confirm pricing by early April 2026.
- Transaction would remain subject to the eviction of all tenants at owner's expenses and building permit obtention. The asset manager has forecasted around €2m for eviction costs, leading to a net sale price of €15m.
- Disposition is not expected before Q2 2027, but exchange contract could be signed in April 2026 and the building permit filed by July 2026.
- Senior lease financing pool granted amortization deferral until Q3'25 and extended until Q3'26 in January 2026.
- While the SPV going concern was barely secured through commitment of the shareholders to inject additional cash, addendum to TFI bond agreement extended 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 Q4, 2025: €15.1m**
- **Outstanding Loan amount: €12.5m**



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 (now amounting 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 Saràl, 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.

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