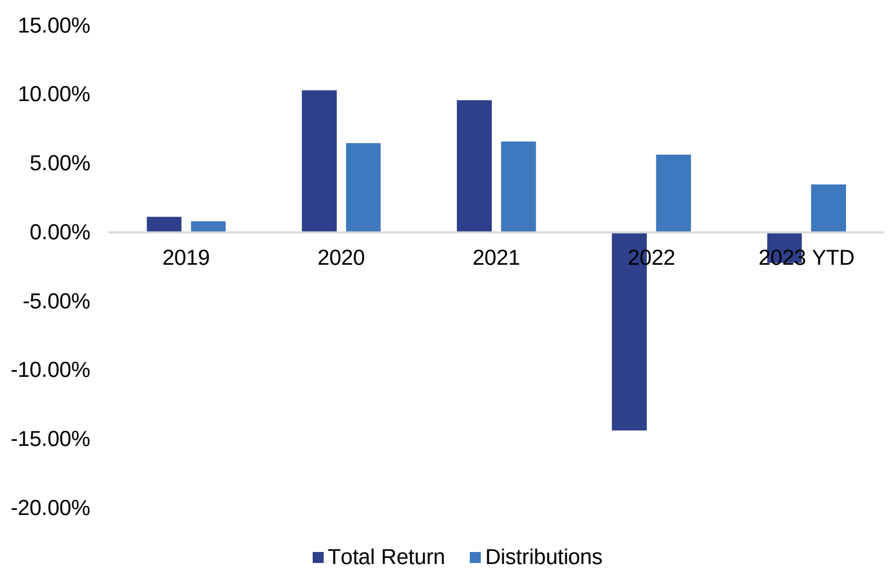
Rasmala European Real Estate Income Fund
Class M USD INC

June 2023

Investment Objective and Strategy

The Fund invests in a diversified portfolio of income generating Real Estate, Social and Economic Infrastructure located in the United Kingdom and Continental Europe. The Share class targets an annual dividend per share of $6 (paid monthly).

Performance Overview



	Total Return (%)	Distributions ($)
2019	1.13	0.80
2020	10.31	6.48
2021	9.60	6.59
2022	-14.36	5.65
2023 YTD	-2.22	3.00

Source: Rasmala's Internal Performance Measurement Team & Apex Fund Services Ltd. Performance is net of fees and expenses based on Class M USD INC of the Rasmala European Real Estate Income Fund which was launched on 30th September 2019.
Historical performance is not and should not be construed as being indicative for the future or likely performance.

Fund Information

Asset Type	Real Estate
Fund Currency	USD
Total Net Assets	USD 98.06 million
Domicile	Cayman Islands
Investment Manager	Rasmala Investment Bank Limited
Portfolio Manager	Ruggiero Lomonaco
Administrator	Apex Fund Services Ltd.
Auditor	PricewaterhouseCoopers
Legal Advisors	Maples & Calder LLP
Sharia Advisor	Dar Al Sharia Limited
Inception Date	30 September 2019
Structure	Open-Ended

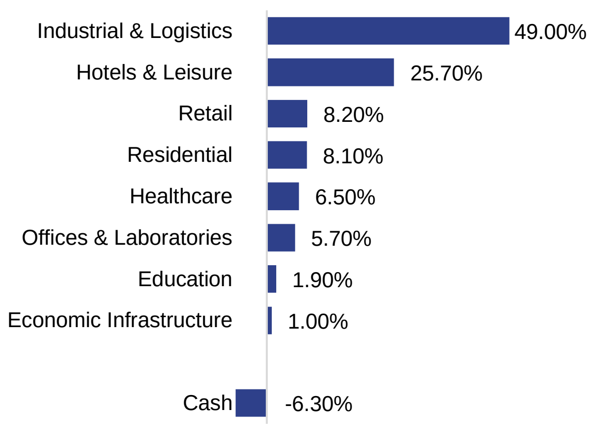
Share Class Information

Name	Class M USD INC
Subscription Frequency	Daily
Redemption Frequency	Daily
Redemption Notice	5 Days
Distribution Frequency	Monthly
Management Fee	0.50%p.a.
Deferred Sales Charge	3.00%
Acquisition Fee	1.00%
Redemption Fee	0.00%
Performance Fee	10% subject to 7% hurdle
ISIN	KYG738781940

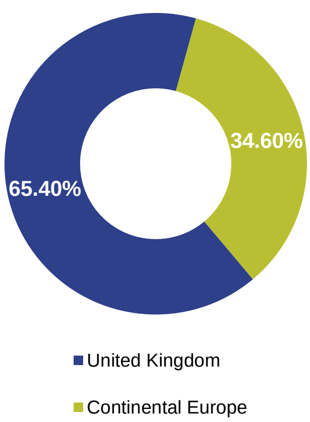
Currency Exposure (USD class)

USD	80.75%
GBP	-5.97%
EUR	23.88%
CHF	1.33%

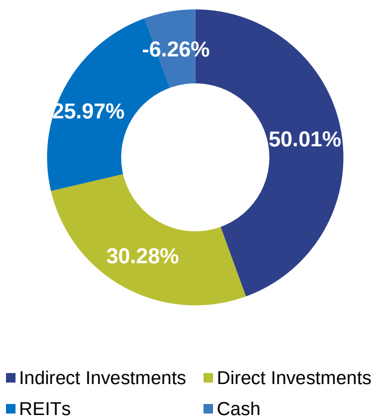
Sector Allocation (%)



Geographic Allocation (%)



Portfolio Breakdown (%)



Portfolio Manager Commentary

The high level of inflation continues to feed into the rental income of the portfolio, which benefits from automatic escalation clauses included in most of the tenancy agreements. High interest rates, however, continue to keep property values close to the bottom recorded in the first quarter of the year (1).

Geographic allocation

The Fund is primarily exposed to the United Kingdom as we believe that the local real estate market there provide a better way to capture capital and income growth through exposure to properties with long, inflation linked leases. Our investments in the UK are also substantially more liquid than those in Continental Europe.

Composition

The Fund has increased its exposure to REITs to take advantage of the attractive valuations at which these instruments are trading, following the severe correction experienced over the first half of the year.

Sectors

The largest exposure of the portfolio is to the Industrial & Logistics sector, consisting of a direct investment in a major Dutch logistic warehouse leased to Timberland and several indirect investments. The sector is underpinned by demand from pure online and omnichannel retailers and constrained supply of modern fit-for-purposes properties. The low rental yields of these properties prevent further capital gains from yield compression; going forward growth opportunities are expected from rental growth and developing activities.

The exposure to the Offices & Laboratories sector comprises one direct investment in a Dutch life science laboratory leased to Genencor, and several indirect investments. The Fund maintains a prudent exposure to the traditional office sector on account of the uncertainties about the impact of flexible working practices and rising concerns about the acceleration of outdated properties brought about by the rising ESG investment trends. We believe that going forward the rewarding opportunities will be in flexible offices which can meet the emerging demand from tenant looking to meet the demand of their employees for a less rigid working schedule.

The exposure to the Hotels & Leisure sector comprises primarily indirect investments in limited services hotels and family holiday parks. This sector was particularly impacted by the pandemic, with most of the premises (excluding Serviced Apartments) forced to shut down and unable to conduct business. As a result, many tenants required assistance in paying their rents which resulted in either deferrals of amounts due or outright forgiveness in return for some renegotiation of contracts (typically longer leases). As the economies have reopened and domestic travel resumed, Hotels & Leisure assets have been able to restart their activities and rental payments are being collected again (including some deferred rents). Capital values are now recovering, as occupancy levels trends towards pre-pandemic levels. In particular, the Fund is focussing on hotels addressed to Leisure travellers which should resume their long-term growing trajectory unaffected by the digital transformation of the economy (i.e., the increased use of video conferencing) which should instead impact business travel. We are also planning to increase exposure to the Serviced Apartment sector which offers the opportunity to invest in prime locations to address the needs of both business and leisure travellers and earn a yield higher than conventional private renting.

The Retail sector comprises primarily Supermarkets, a sub-sector which has shown its resilience during the Covid pandemic due to the adoption of an Omnichannel business model. These properties are also benefiting from the high inflationary environment as typically their leases have explicit linkage to the consumer price index.

The Healthcare sector comprises indirect investments in Care Homes, Primary Healthcare Centers and Dentist offices. The sector is underpinned by strong demographic tailwinds, associated with the aging of the European population. Unlike the USA, where most of the investment available in the Senior Housing sector have short term WAULTs and are exposed to short term fluctuations of occupancy, the European Healthcare market is characterised by long leases with inflation indexation, providing an excellent source of secure income for real estate investors.

The allocation to the Education sector comprises primarily long income assets leased to private sector operators of nurseries. It is our intention to expand the allocation to Student Housing which has proven to be particularly resilient during the pandemic and offers a yield superior to traditional residential assets.

Finally, we plan to build a significant exposure to the so-called "living sector" which comprises Built to Rent ("BTR") properties, Serviced Apartments, Co-Living, Affordable Housing and Later Living properties. In a highly inflationary environment, residential assets offer the possibility of reviewing rents frequently which boost income and reduces the impact on valuations resulting from interest rates increases.

Source: Real Estate Funds Team - Rasmala Investment Bank

Notes:
(1) https://www.greenstreet.com/insights/CPPI?region=EU

Redemption procedure

Investors wishing to redeem from the Fund can submit their requests on any business day of the month, by providing 5 business days' notice. If the Fund has sufficient liquidity to meet the redemption, redemption proceeds will be wired to investors within 5 business days of publishing the redemption NAV. If the Fund does not have sufficient liquidity, the redemption may be deferred to give sufficient time to the Fund to raise the necessary liquidity.

Redemptions are calculated based on the prevalent NAV. However, if the Fund incurs a loss to liquidate assets to meet the redemption, these costs will be deducted from redemption proceeds by way of a dilution adjustment.

Investors contemplating a redemption are advised to reach out to the Investment Manager to agree an optimal way to exit the Fund which may involve staggering the redemption over an extended period of time.

Distribution policy and capital depletion

The share class aims to make regular distributions at a pre-announced rate reviewed on a quarterly basis by the Directors of the Fund. Distribution rates are set on the basis of the average anticipated total return of the share class, are funded by available cash and can exceed the income of the underlying investment. In the event that the rate of distributions falls short of the total return achieved during a given period, the share price will decline by an amount corresponding to the shortfall leading to capital depletion.