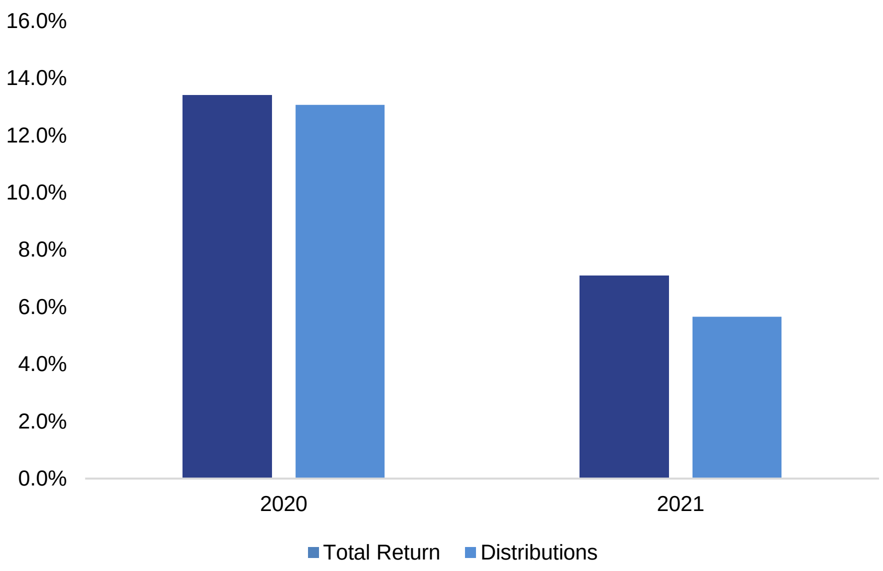
Rasmala European Real Estate Income Fund
Class D3 USD INC

August 2021

Investment Objective

The Fund invests in a diversified portfolio of Real Estate, Social and Economic Infrastructure assets located in the United Kingdom and Continental Europe with the aim of generating a secure income and some capital appreciation. Investments are made in both Real Estate Investment Trusts, open ended property funds and direct properties. All rental income and realized capital gains are distributed in cash to investors on a monthly basis.

Performance Overview



Monthly Net Performance (%)

	Total Return	Distributions
2020	13.41	13.07
2021	7.09	5.66

Source: Rasmala's internal performance measurement team (%). Performance is net of fees and expenses based on Class D3 USD INC of the Rasmala European Real Estate Income Fund as of 31st August 2021. The Share Class was launched on 1st July 2020.
Historical performance is not and should not be construed as being indicative for the future or likely performance.

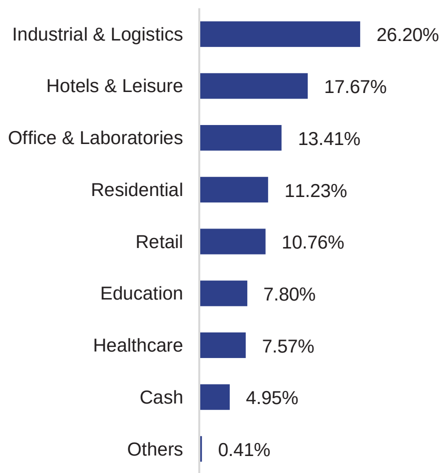
Fund Information

Asset Type	Real Estate
Fund Currency	USD
Total Net Assets	USD 154.5 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	5 May 2019
Structure	Open-Ended

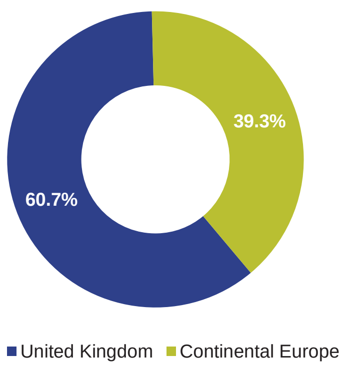
Share Class Information

Name	Class D3 USD INC
Subscription Frequency	Daily
Redemption Frequency	Daily
Redemption Notice	5 Days
Distribution Frequency	Monthly
Management Fee	0.50%p.a.
Subscription Fee	0.00%
Acquisition Fee	1.00%
Redemption Fee	0.00%
Performance Fee	10% subject to 7% hurdle

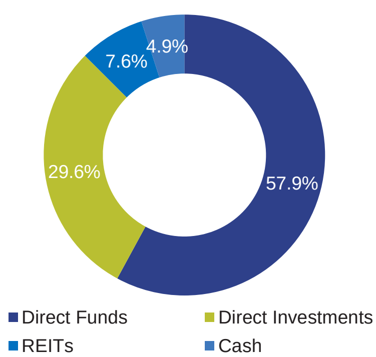
Sector Allocation (%)



Geographic Allocation (%)



Portfolio Breakdown



Portfolio Manager Commentary

During the month, holders of Class D3 USD INC received their regular dividend of $0.5833 per share reflecting an annualized yield of 6.91% relative to the closing unit price. YTD the shares have returned 7.09% and made cumulative distributions of 5.66%.

The portfolio is currently maintaining a large exposure to the United Kingdom to benefit from the positive momentum associated to the faster rollout of Covid vaccinations and a return of international investors to the Real Estate market. The Fund has also reduced its exposure to REITs to mitigate unit price volatility caused by expected fluctuations of the stock market in the second half of the year. As European economies progress towards full reopening and monetary policies normalize, it is possible that stock markets may correct dragging down the price of REITs.

The portfolio is well diversified with direct and indirect exposure to approximately 120 assets spread out across multiple sectors. The aggregate WAULT of the portfolio is 35.42 years and LTV is 23.16%.

The largest exposure of the portfolio is to the **Industrial & Logistics** sector, consisting of 24 direct and indirect investments spread out in both the UK and Continental Europe, as well as several specialist REITs. The sector performed extremely well in the first part of the year, underpinned by demand from pure online and omnichannel retailers and constrained supply of modern fit-for-purposes properties.

The next largest exposure of the portfolio is to the **Hotels & Leisure** sector which is made up of one direct investment in a Serviced Apartment block and 19 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). With economies gradually reopening and domestic travel resuming, Hotels & Leisure assets have been able to resume their activities and rental payments are being collected again (including some deferred rents). Capital values have also stabilized and are poised for a recovery when not only domestic but also international travel fully resumes. In particular, the Fund is focussing on hotels addressed to Leisure travellers (in particular families with children) 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. In particular, the **Serviced Apartment** sector 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 exposure to the **Offices & Laboratories** sector comprises 12 direct and indirect investments as well as several dedicated REITs. Within this allocation, the largest exposure is represented by a direct investment in a Dutch office and laboratory leased on a long term basis to Genencor Inc., a leading bio-technology company. As the UK and Continental European economies reopen and movement restrictions ease, office occupiers demand will become clearer, facilitating the process of forecasting future rental and capital growth. In the meantime, the Fund maintains a prudent exposure to the sector, privileging either specialist assets like those located in Life Science parks, or properties which have higher energy efficient qualities and meet the increasing demand of ESG-compliant assets.

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.

The **Healthcare** sector comprises 25 indirect investments in Care Homes, Primary Healthcare Centers and Dentist offices, as well as several specialist REITs. The sector is underpinned by strong demographic tailwinds, associated with the aging of the European population. The average WAULT of this sector is 21 years reflecting a preference for properties with long and secure income to specialist providers. 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 8 long income assets leased to either to government or private sector operators, as well as some Student Housing REITs. The average WAULT of this sector is quite long at 39 years driven primarily by two commercial ground leases. Excluding these two, the WAULT reduces to 15 years and to 1 year for the Student Housing assets. In general, it is not easy to acquire educational assets with long leases in Europe, and real estate investors are usually required to take a high degree of exposure to short term occupancy trends. This is certainly the case for Student Housing, where tenancies are typically 1 year or just limited to the academic year, with properties let on a weekly basis during the summer months to groups of students travelling on student-exchange programs. Nevertheless, the Student Housing sector has emerged as one of the most favourite recovery play, with several private equity houses active in the acquisition of Student Housing portfolios, as well as their operators.

The Fund has also started to build an allocation to the **Residential** sector via both private and public investments. The private markets allocation consists of an indirect investment in a social housing property let on a long basis to the Dublin municipality. The Residential sector has proven particularly resilient during the pandemic, with UK and Irish residential properties primed to be among one of the best performing asset classes over the next 3-5 years.
Finally, the Fund has started to build exposure to the Infrastructure & Renewable sector which comprises a variety of public and private assets on long leases and is sought primarily for its reliable income.

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