

## Key facts

Fund size	£448.8m
Launch date*	9 June 2014
Sector	IA Direct Property
Base currency	GBP
Dealing frequency	Daily, 10am**



## Fund particulars

### Fund name

ARC TIME Commercial Long Income PAIF

### Fund structure

ARC TIME Commercial Long Income PAIF: Sub-fund of ARC TIME:Funds II, a UK OEIC (NURS)  
ARC TIME Commercial Long Income Feeder Trust: Sub-fund of ARC TIME:Trusts II, a UK Authorised Unit Trust Feeder (NURS)

### Regulated status

FCA authorised

### Depository

NatWest Trustee and Depository Services Limited

### Authorised Corporate Director

Alpha Real Capital LLP

### Investment Manager

TIME Investments

### FATCA GIIN Registration

UA92IE.99999.SL.826

\*Past performance includes that of Commercial Freehold Fund which merged by share exchange with Commercial Long Income PAIF on 1 April 2019.

\*\*Currently suspended

## Fund managers



**Nigel Ashfield** is the Managing Director at TIME and has over 20 years' experience in fund management and finance. Nigel has responsibility for over £600

million of tax efficient investments and is also fund manager of TIME:Freehold, a circa £300 million ground rent fund with a 27 year track record of inflation beating returns, and TIME:Commercial Long Income.



**Roger Skeldon** has over 15 years' experience in fund management, finance and commercial property. He has been at TIME Investments for over

10 years and has operated as Assistant Fund Manager and more recently Fund Manager for TIME:Commercial Long Income and TIME:Social Long Income since their inception.

# TIME:Commercial Long Income

## Long Income Funds

Data as at: **30 September 2020** Published: **October 2020**

## Continuation of suspension

The ACD and the Depositary have, in accordance with FCA rules, agreed to maintain the suspension of the Funds from 30 September 2020 on the new basis of liquidity risk and have notified the FCA of this decision. It is currently unclear how long the suspension will continue as it is linked to a number of factors including cash levels, future capital commitments, asset marketability, the FCA consultation and projected investor funds flows. However, our primary consideration is to act in the best interests of all shareholders. The decision whether to remain suspended is under continuous review and we shall continue to report this to the FCA at least every 28 days.

## Fund aim

The aim of the Fund is to offer shareholders a consistent income stream with some capital growth prospects through acquiring property with long leases including commercial freehold ground rents and commercial freehold property which benefit from long leases.

## Fund characteristics



### Income consistency

Our properties aim to generate consistent income. This is achieved through long, high quality tenancies, the financial strength of the tenants, and/or an over-collateralised ground rent structure.



### Inflation protection

Around 95% of rent reviews are linked to inflation or have a fixed uplift, rather than being subject to open-market negotiation. 100% of the rent reviews are upwards only.



### Diversified portfolio

The portfolio is made up of properties around the UK, across many different sectors of the economy.



### Lower volatility

The Weighted Average Lease Term (WALT) is more than five times greater than many traditional UK commercial property funds. This removes significant uncertainty in valuation around the potential loss of tenants.



### Track record

The TIME group has a long track record in long income property and manages over £3 billion of UK long income property assets.

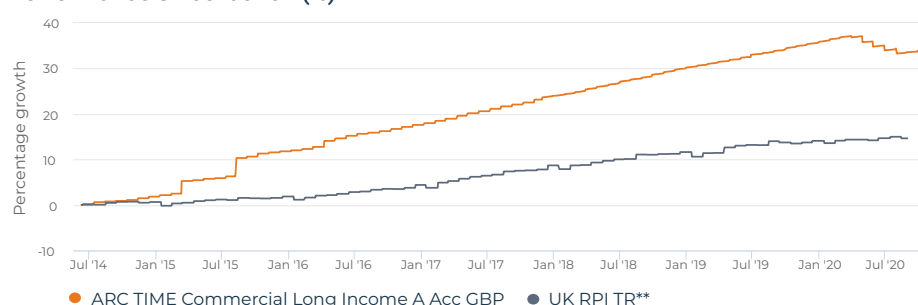


### Capital growth

The fund may benefit from capital value increases in its property portfolio. This can happen in several ways, such as rental growth, lease extensions and yield shift.

## Fund performance

### Performance since launch (%)



	1 month	6 months	1 year	3 years	5 years
A Acc GBP	0.30	-2.09	-0.22	9.34	20.36
UK RPI TR**	-0.31	0.45	0.55	6.77	12.89

### Discrete annual performance (%)

12 months to 30 Sept	2020	2019	2018	2017	2016
A Acc GBP	-0.22	4.39	4.96	4.98	4.86
UK RPI TR**	0.55	2.64	3.46	3.90	1.77

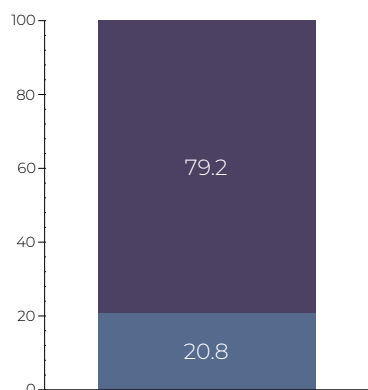
\*Includes capital and income

\*\*Data as at 31 Aug 2020.

Past performance is not a guide to future performance. Performance data is total return, bid-to-bid, and sourced from Financial Express.

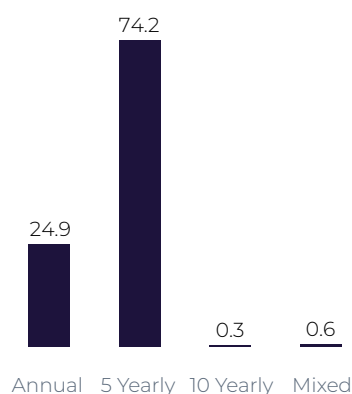
## Portfolio breakdown

### Long lease vs Ground rent (%)

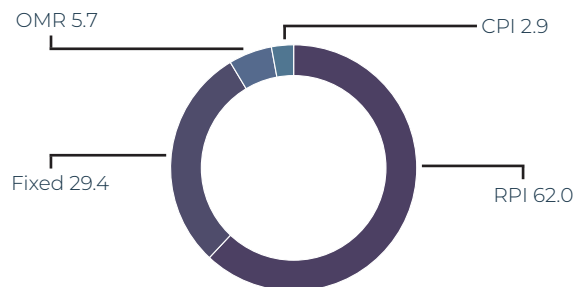


■ Long lease (WALT\* 23 years)  
 ■ Ground rent (WALT\* 152 years)  
 Overall WALT\* (to break) 50 years  
 \*WALT = Weighted Average Lease Term

### Rent review frequency (%)



### Rent review type (%)



### Sector weighting (%)

	Long Lease	Ground Rent	Total
Office	20.4	0.0	20.4
Leisure	14.4	5.3	19.7
Hotel	14.1	4.0	18.2
Supermarket	16.7	0.0	16.7
Logistics	8.4	0.0	8.4
Healthcare	0.0	7.7	7.7
Car Showroom	3.2	0.0	3.2
Nursery	0.6	1.5	2.1
Retail Warehouse	1.3	0.5	1.7
Mixed/Other	0.0	1.9	1.9

### Region breakdown (%)

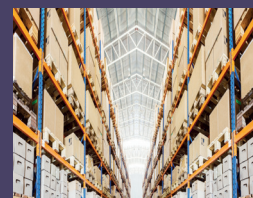
South West	38.1	
South East	13.0	
North West	7.7	
North East	7.4	
Yorkshire and Humber	7.3	
East Midlands	6.7	
Scotland	6.7	
East of England	4.3	
West Midlands	4.1	
London	2.9	
Other	1.8	

### Top 10 holdings (%)

Temple Quay House, Bristol	20.4
PGL, Liddington	12.2
Morrisons, Birtley	4.9
DHL, Manton Wood	4.3
DPD, Tipton	4.1
Holiday Inn, Southend	3.9
Care Concern	3.7
Retail Park (Aldi, B&M and McDonalds), Thorne	3.6
Asda, Gillingham	3.1
Travelodge, Kingston	2.9

## Featured asset - DPD Delivery Unit

TIME:Commercial Long Income's construction of a delivery unit located in Tipton, Midlands was completed in September 2019. The asset was purchased for £14.7 million and let on a 25 year lease to DPD Group UK starting from the completion date of 23 September 2019. The rent review of the property is five yearly with a Net Initial Yield of 4.62%.



## Fund manager commentary

### Fund commentary

The Fund's property portfolio was valued by the independent valuer on 30 September 2020. The value of the portfolio has increased marginally by 0.04% of the Fund's net asset value (NAV). Together with the Fund's net rental income, this increase in value has resulted in the value of the Fund's shares increasing by 0.30% for the month of September 2020 following the increase of 0.23% in August 2020. This second successive monthly increase in the valuation reflects a stabilisation in the long income market, and specifically in the hotel and leisure sectors, where long lease assets in these sectors make up c23% of the Fund's NAV.

The resilience of the Fund's overall property portfolio is demonstrated by its diversification over a number of sectors, with over 60% (by NAV) of its properties either let to the Government or in relatively stable sectors such as supermarkets, logistics and ground rents.

The property portfolio of the Fund will next be valued by the independent valuer on 31 October 2020.

Rental collection rates throughout the COVID-19 period have been in excess of 80% of the rent due and this remains the case for the most recent quarter (Q4 2020). Some tenants have been allowed to defer their rent in the COVID-19 period with repayment expected during 2021, and we remain in ongoing discussions with those tenants.

Any concessions impact the income received by the Fund in the short to medium term, and consequently the income distributions, but by supporting tenants through this difficult period, the Fund is focused on the value of its property portfolio in the long term.

The Fund's income for the quarter to 30 September 2020 of 0.74% (based on the Class A Gross Accumulation shares) will be paid on 30 November 2020. The Fund's total return over the year to 30 September 2020 was -0.22\*, comprising an income return of 3.28% and a capital loss of 3.50% (\*based on the Class A Gross Accumulation Shares).

### Outlook

We are pleased to report that the Fund has continued to outperform its traditional commercial property OEIC peers.

The main reasons for this outperformance are the specific features of long income (including the high Weighted Average Lease Term (WALT) married with tenant quality) and also the lack of exposure to high street retail and shopping centre retail. As noted in the fund commentary, a small proportion of the rental payments have been deferred during the COVID-19 period and will be recovered in the future with the rent waived or not due for payment as a result of a CVA (Travelodge). On current expectations it is reasonable to expect income distributions for 2020 to be around 15% to 20% lower than usual but following this we expect distributions to be back at normal (historical) levels in 2021.

Whilst uncertainty remains and there is always the possibility of further capital value decreases, we anticipate the positive performance to continue, with an annual income return of between 3% and 3.5% and the potential for modest capital growth.

### FCA consultation on open-ended property fund structure

The Financial Conduct Authority (FCA) has proposed a consultation on open-ended property funds <https://www.fca.org.uk/news/press-releases/fca-consults-newrules-improve-open-ended-property-fund-structures>. The FCA has proposed that longer redemption periods would benefit investors.

We aim to consult with the FCA as part of this consultation process, which is open until 3 November 2020. Following the consultation the FCA intends to publish its findings in 2021.

### Fund suspension

The ACD and the Depositary have, in accordance with FCA rules, agreed to maintain the suspension of the Fund from 30 September 2020 on the new basis of liquidity risk and have notified the FCA of this decision. It is currently unclear how long the suspension will continue as it is linked to a number of factors including cash levels, future capital commitments, asset marketability, the FCA consultation and projected investor funds flows. However, our primary consideration is to act in the best interests of all shareholders. The decision whether to remain suspended is under

continuous review and we shall continue to report this to the FCA at least every 28 days.

We have undertaken extensive communication with the Fund's largest investors and unfortunately, the FCA consultation released on 3 August 2020 looking into redemption periods for daily dealt open-ended property funds has caused heightened levels of uncertainty. This regulatory uncertainty has materially affected shareholder investment intentions and we have considered this feedback in reaching our conclusion.

The Fund has been suspended since 18 March 2020 as a result of material uncertainty in the Fund's independent valuer's opinion of property values, caused by the outbreak of COVID-19. On 30 September 2020 the independent valuer removed material uncertainty from its valuation of the Fund's property portfolio. However, the ACD and Depositary have agreed that it is in the best interests of all shareholders to continue the suspension in dealing in the Fund's shares (and the units of its feeder trust, ARC TIME Commercial Long Income Feeder Trust) on the basis of liquidity risk.

During the period of suspension, the Fund has sought to improve its liquidity position. At 30 September 2020, the Fund held cash of around 17% of NAV (£78.5 million), having in August completed the sale of a Sainsbury's food store for £35.5 million and the sale in September of a distribution unit at Manchester Airport for £15.9 million. The assets were originally bought for £34.6 million and £15.0 million respectively, showing strong capital growth since acquisition, whilst also receiving additional rental income from the tenants and delivering this income to shareholders. In addition, the Fund has a £40 million undrawn loan facility, principally for acquisitions.

The liquidity achieved to date enabled the Fund to increase its exposure to the highly attractive logistics sector, which has seen valuation increases during the COVID-19 period. Having been legally committed since last year, in early October 2020 the Fund completed the acquisition of a half a million square foot, purpose-built logistics asset leased to DHL for a period of 20 years, having made a final payment of £52 million.

The Fund will continue to be managed in accordance with its investment objective and will pay its quarterly distributions in the normal manner, with its next distribution to be paid on 30 November 2020. We will also continue to publish daily prices, which can be viewed at [www.time-investments.com](http://www.time-investments.com) so you can value your investment. However, any dealing instructions we receive during this period of suspension will be rejected until such time as the suspension on dealing in the Fund is lifted. For more information as it becomes available, including our Q&A, please visit our website [www.time-investments.com](http://www.time-investments.com).

We understand that the suspension of dealing may be causing concern for investors in the Fund. We can assure you that we are striving to do all we can to bring further clarity to the situation as soon as possible. All decisions will continue to be taken in the best interests of shareholders.

For individual shareholders, should you require any further assistance please do not hesitate to contact our Client Services Team on 0345 600 1213 or by e-mailing [enquiries@time-investments.com](mailto:enquiries@time-investments.com).

For financial advisers, please speak to your Business Development Manager for further information. If you need to remind yourself of the contact details of your local BDM, please refer to our website.

## How to invest

### Fees

Share/Unit class	Minimum investment	Minimum top up	OCF
A-B	£5,000	£1,000	1.35%
C-D	£5,000	£1,000	1.35%
F-H	£5,000	£1,000	1.60%
M-N	£5,000,000	£100,000	1.10%
O-P	£5,000,000	£100,000	1.10%
S-T	£5,000,000	£100,000	1.35%
I-J	£5,000	£1,000	1.35%
K-L	£5,000	£1,000	1.60%
Q-R	£5,000,000	£100,000	1.10%
U-V	£5,000,000	£100,000	1.35%

### Distributions

Income return (A Acc GBP) 3.28% per annum (based on last 12 months)

Distribution frequency Quarterly

Ex-dividend date	Payment date	Distribution per share (£)
1 October 2020	30 November 2020	0.0101
1 July 2020	28 August 2020	0.0096
1 April 2020	29 May 2020	0.0123
1 January 2020	28 February 2020	0.0121

### Ratings and awards



### Important notice

This is a financial promotion as set out in the Financial Services and Markets Act 2000 (FSMA). This document is issued in the UK by TIME Investments, a trading name of Alpha Real Property Investments Advisers LLP, which is the Investment Manager of the Fund with delegated authority from Alpha Real Capital LLP, the authorised corporate director of the Fund. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. Please note your capital is at risk and there is no guarantee that the Fund's investment objective will be achieved. The value of investments and the income from them may fall as well as rise as a result of fluctuations in market, currency or other factors and investors may not get back the original amount invested. Any past performance data cited is not a reliable indicator of future results. TIME Investments may source data from third party data providers but accepts no responsibility or liability for the accuracy of data. This document does not constitute investment advice and potential investors are recommended to seek professional advice before investing. Applications for shares in the Fund can only be made via an Application Form and reviewing the Key Investor Information Document ("KIID") and the Prospectus and investors should carefully read the risk warnings contained within. All documentation is available on request. Specific Fund Information: The underlying investments in the Fund consist wholly or substantially of real property. The value of the real property concerned will generally be a matter of valuer's opinion rather than fact. The Fund invests in assets that may at times be hard to sell. This means that there may be occasions when you experience a delay or receive less than you might otherwise expect when selling your investment. For more information on risks, see the Fund's prospectus and KIID. Fund Status: The Fund is a sub-fund of ARC TIME:Funds and is a Non-UCITS Retail Scheme within the meaning of the rules contained in the Collective Investment Schemes Sourcebook (the "FCA Regulations") published by the FCA as part of their Handbook of rules made under the FSMA. Issued: October 2020.

**TIME**  
INVESTMENTS

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**Alpha**

Authorised Corporate Director:  
Alpha Real Capital LLP

### Platform availability



WEALTHTIME®  
Dynamic financial technology

The above availability is for PAIF only.

### About TIME

At TIME Investments we have created a platform for predictability and consistency to help our clients rest easy. We provide carefully considered investments that seek to deliver predictable returns in an unpredictable world. The group manages over £3.5 billion of renewables, infrastructure, and property investments in both private and public vehicles. TIME Investments has a 20+ years track record in fund management with 42 investment specialists within the renewables, lending and property teams.

TIME Investments is the trading name of Alpha Real Property Investments Advisers LLP which is registered in England and Wales with company number OC355196. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. FCA registration number 534723 and 436048 respectively.