

## Key facts

Fund size	£399.8m
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

UA921E.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.

## 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, of which significant time has been focused

on long income property and the deployment of capital into sectors such as logistics. He has been at TIME Investments for over 10 years and operates as Fund Manager for both TIME:Commercial Long Income and TIME:Social Long Income.

# TIME:Commercial Long Income

## Long Income Funds

Data as at: **31 March 2021**

Published: **April 2021**

**-4.12%**

1 month fund return (A Acc GBP)

**-4.81%**

1 year total return\* (A Acc GBP)

**3.43%**

1 year income return (A Acc GBP)

We are pleased to report that the Fund has continued to maintain a top quartile position in the IA Direct Property sector over a five year period to 1 April 2021.

## Lifting of suspension and recommencement of dealing

TIME:Commercial Long Income lifted its suspension in dealing and is available for subscriptions and redemptions on a daily basis going forward.

## 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. The majority 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.

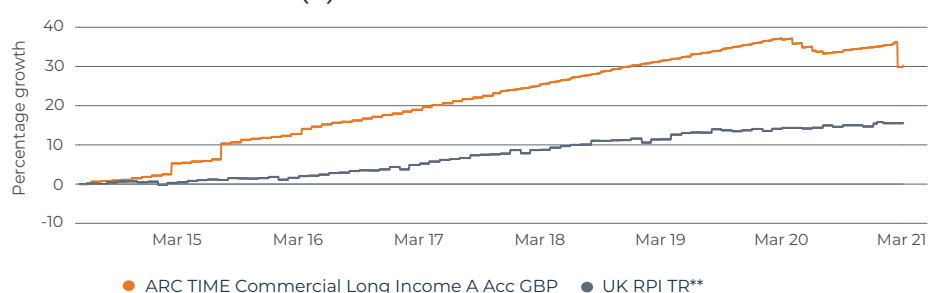


### Capital growth

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	-4.12	-2.78	-4.81	3.85	14.16
UK RPI TR**	0.48	0.92	1.37	6.44	13.85

### Discrete annual performance (%)

12 months to 31 March	2021	2020	2019	2018	2017
A Acc GBP	-4.81	4.10	4.80	4.85	4.85
UK RPI TR**	1.37	2.46	2.48	3.61	3.23

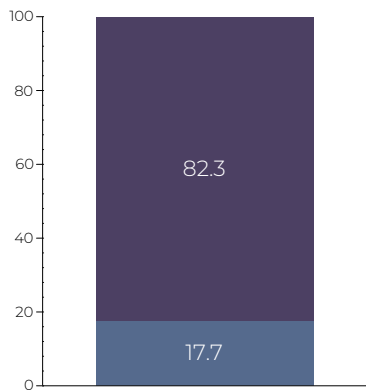
\*Includes capital and income

\*\*Data as at 28 February 2021.

Past performance is not a guide to future performance. Performance data is total return as published and sourced from Financial Express.

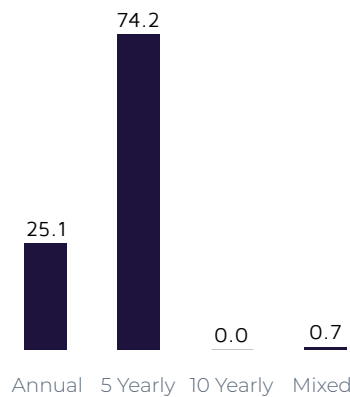
## Portfolio breakdown\*

Long lease vs Ground rent (%)

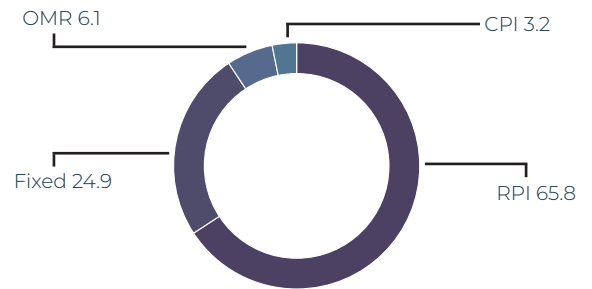


■ Long lease (WALT\* 24 years)  
 ■ Ground rent (WALT\* 148 years)  
 Overall WALT\* (to break) 46 years  
 \*WALT = Weighted Average Lease Term

Rent review frequency (%)



Rent review type (%)



### Sector weighting (%)

	Long Lease	Ground Rent	Total
Logistics	27.8	0.0	27.8
Leisure	16.5	6.1	22.6
Hotel	16.1	4.6	20.7
Supermarket	16.0	0.0	16.0
Car Showroom	3.7	0.0	3.7
Healthcare	0.0	2.9	2.9
Nursery	0.7	1.7	2.4
Retail Warehouse	1.5	0.5	2.0
Mixed (Industrial/Office)	0.0	1.0	1.0
Student Accomodation	0.0	0.3	0.3

### Region breakdown (%)

East Midlands	23.1	
South West	20.2	
South East	13.3	
North West	8.9	
Yorkshire and Humber	8.3	
North East	8.1	
East of England	5.0	
West Midlands	4.7	
London	3.3	
Scotland	3.1	
Other	2.0	

### Top 10 holdings (%)

DHL, Manton Wood	23.1
PGL, Liddington	13.9
Morrisons, Birtley	5.2
DPD, Tipton	4.7
Holiday Inn, Southend	4.5
Retail Park (Aldi, B&M and McDonalds), Thorne	4.1
Asda, Gillingham	3.6
Travelodge, Kingston	3.3
Peter Bull	3.1
Premier Inn, Great Yarmouth	3.0

### Featured asset - DHL

In July 2019, TIME:Commercial Long Income acquired the site and committed to the purchase of a distribution facility let to DHL. The initial land value was £15.5 million and the second payment of £51.5 million was made in October 2020 upon completion of the construction of the property. The rent review structure is 5 yearly increase set at 2% per annum compounded, and the Net Initial Yield for the acquisition was 4.39%. The property is located in the East Midlands, south of Leeds and in close proximity to Worksop, Nottinghamshire. The property benefits from strong road links being close to the A57 and the A1 and M1.



\*Data as at 4 March 2021, inclusive of recent Temple Quay asset sale.

## Fund manager commentary

### Lifting of suspension and recommencement of dealing

TIME:Commercial Long Income has lifted its suspension in dealing and is available for subscriptions and redemptions on a daily basis.

During the period of suspension, we have conducted a substantial number of very positive discussions with existing and prospective investors regarding the performance of the Fund and the robust attributes of the long income asset class.

The ACD took the decision in the best interest of all the shareholders to utilise the dilution adjustment. The Fund, therefore, swung its price from 'Offer' pricing to Net Asset Value (NAV) prior to the first dealing day of 16 March 2021. The impact of this is a single downward movement of circa 4.6% on the price. Please review our [Q&A](#) for more information on the Fund's liquidity tools.

Given the period of suspension and expected period of redemptions, the Fund has made a number of property sales to achieve a prudent level of liquidity to reopen. Unless the dilution adjustment was utilised, redeeming shareholders would not bear their share of the associated property transaction costs and these costs would otherwise be borne by the Fund and its remaining shareholders. We understand that this will have an impact on the short-term volatility of your investments, but feel the use of the dilution adjustment is the most fair, clear and transparent tool that ensures that the Fund is acting in the best interest of shareholders.

The Fund has been open approximately a month and as expected there have been redemptions but we are seeing these levels reduce, as well as an increase in subscriptions. The Fund's cash levels are currently around £75 million or 19% of its net assets.

### Fund manager commentary

We are pleased to report that the Fund has continued to maintain a top quartile position in the IA Direct Property sector over a five year period to 1 April 2021. Since the Fund was launched it has been managed with the focus on income consistency with capital growth prospects through acquiring property with long leases. This, along with the specific features of long income (including the visibility of income through the high Weighted Average Unexpired Lease Term, married with tenant quality and sector sustainability), are the main reasons for this outperformance.

For the month of March 2021 the Fund had negative performance of 4.12% but if you exclude the impact of the dilution adjustment the Fund's total return of 0.55%.

Throughout the period since the outbreak of COVID-19 in early 2020, the Fund has continued to deliver a consistent income return from its portfolio, despite the unprecedented challenges faced throughout the UK.

The property portfolio of the Fund will next be valued by the independent valuer on 30 April 2021.

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. Operational pressure remains and some tenants may still require support. 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 31 March 2021 of 1.16% (based on the Class A Gross Accumulation shares) will be paid on 28 May 2021. The Fund's total return over the year to 31 March 2021 was -4.81%\*, comprising an income return of 3.43% and a capital loss of -8.24% (\*based on the Class A Gross Accumulation Shares). Over the five year period to 31 March 2021 the fund delivered a total return of 14.16%.

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

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 have submitted our response to the FCA as part of this

consultation process, which was open until 3 November 2020.

Following the consultation, the FCA intends to publish its findings this year.

### HMRC consultation on ISA investment in open-ended property funds

HMRC has recognised that the FCA's consultation proposals may run contrary to ISA legislation, which requires ISA investors to be able to access their funds or transfer them to another ISA within 30 days of making an instruction to their ISA manager. Under current legislation such property funds would no longer be ISA eligible investments.

In order to mitigate the impact on ISA holders if the FCA's consultation proposals are introduced, HMRC is considering whether to allow existing ISA investments in open-ended property funds to remain within the ISA, while potentially prohibiting 'new' ISA investments in such funds.

The HMRC consultation closed on 13 December 2020, with its findings expected to be published this year.

### Outlook

Following the completion of its property sales and acquisitions over the last 24 months the Fund has shifted its sector exposure, with the logistics sector now the largest within the property portfolio at 28%, and no exposure to the office sector. The Fund has never had exposure to the more at-risk sectors such as high street retail and shopping centres.

The Weighted Average Unexpired Lease Term ("WAULT") of the portfolio is 46 years which results in significantly greater visibility of income than in traditional commercial property, and hence the name, long income. In a period where rental growth in many sectors of traditional commercial property remains uncertain, one of the key features of long income is the comfort provided by structured rent reviews as compared to open market reviews traditionally associated with commercial property. Within the portfolio 94% of the rent reviews are indexed linked or have a fixed percentage growth. It is worth noting that the portfolio currently has no voids.

The Fund and its property portfolio are well positioned and we anticipate the positive performance in property values to continue, with an annualised income return of between 3% and 3.5% over the next couple of quarters, with that income return expected to grow later in the year and into 2022.

The Fund will continue to be managed in accordance with its investment objective and will pay its quarterly distributions in the normal manner.

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. We recommend that investors wishing to subscribe or redeem review the Fund's liquidity tools in our [Q&A](#) before doing so. Please visit our website [www.time-investments.com/document-library](http://www.time-investments.com/document-library) for all updates and information as it becomes available.

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	1.34%
C-D	£5,000	£1,000	1.34%
F-H	£5,000	£1,000	1.59%
M-N	£5,000,000	£100,000	1.09%
O-P	£5,000,000	£100,000	1.09%
S-T	£5,000,000	£100,000	1.34%
I-J	£5,000	£1,000	1.34%
K-L	£5,000	£1,000	1.59%
Q-R	£5,000,000	£100,000	1.09%
U-V	£5,000,000	£100,000	1.34%

### Distributions

Income return (A Acc GBP) 3.43% per annum (based on last 12 months)  
 Distribution frequency Quarterly

Ex-dividend date	Payment date	Distribution per share (£)
1 April 2020	29 May 2020	0.0123
1 July 2020	28 August 2020	0.0096
1 October 2020	30 November 2020	0.0101
1 January 2021	28 February 2021	0.0116

### 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 after 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 II and is a NonUCITS 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: April 2021.



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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 £4 billion of property, infrastructure, and renewables 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.