

TIME:Commercial Long Income

Long Income Funds

Data as at: **30 June 2022**

Published: **July 2022**

0.26%	6.09%	3.77%
1 month fund return (A Acc GBP)	1 year total return* (A Acc GBP)	1 year income return (A Acc GBP)

Key facts

Fund size	£361.1m
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

Depositary

NatWest Trustee and Depositary 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 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 linked

Around 94% 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 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 £1 billion of tax

efficient investments and is also fund manager of TIME:Freehold, a ground rent fund with a 29 year track record of positive returns, and TIME:Commercial Long Income.



Roger Skeldon has over 15 years' experience in fund management, finance and commercial property, primarily 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 is Fund Manager for TIME:Commercial Long Income, TIME:Social Long Income and TIME:Property Long Income and Growth.

Fund performance

Performance since launch (%)



	1 month	3 months	6 months	1 year	3 years	5 years	Since launch
A Acc GBP	0.26	0.94	2.92	6.09	4.81	15.62	39.45
UK RPI TR**	0.75	5.28	7.25	11.66	16.56	24.07	31.53

Discrete annual performance (%)

12 months to	2022	2021	2020	2019	2018
30 June					
A Acc GBP	6.09	-1.89	0.70	4.81	4.78
UK RPI TR**	11.66	3.32	1.04	3.03	3.31

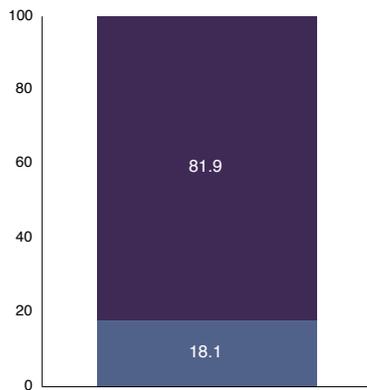
*Includes capital and income

**Data as at 31 May 2022

Source: Financial Express and TIME Investments. Performance data is based on total return (A Acc). The value of an investment, and any income from it, can fall or rise and investors may not get back the full amount they invest. The past performance of the fund is not a reliable guide to its future performance.

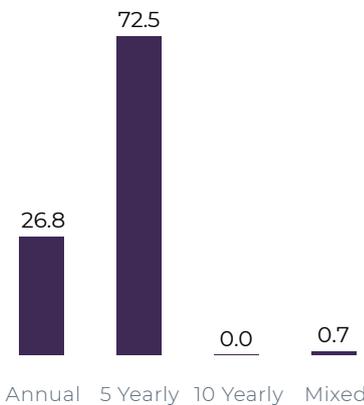
Portfolio breakdown

Long lease vs Ground rent (%)



■ Long lease (WALT* 24 years)
■ Ground rent (WALT* 152 years)
 Overall WALT* (to break) 47 years
 *WALT = Weighted Average Lease Term

Rent review frequency (%)



Rent review type (%)



Sector weighting (%)

	Long Lease	Ground Rent	Total
Logistics	29.6	0.0	29.6
Hotel	21.0	5.7	26.7
Leisure	15.7	5.4	21.1
Supermarket	10.3	0.0	10.3
Car Showroom	3.8	0.0	3.8
Healthcare	0.0	2.9	2.9
Retail Warehouse	1.5	0.5	2.0
Nursery	0.0	1.8	1.8
Mixed (Industrial/Office)	0.0	1.0	1.0
Industrial	0.0	0.5	0.5

Region breakdown (%)

East Midlands	24.3	<div style="width: 24.3%;"></div>
South West	19.0	<div style="width: 19.0%;"></div>
South East	13.1	<div style="width: 13.1%;"></div>
East of England	10.1	<div style="width: 10.1%;"></div>
North West	8.8	<div style="width: 8.8%;"></div>
Yorkshire and Humber	8.3	<div style="width: 8.3%;"></div>
West Midlands	5.4	<div style="width: 5.4%;"></div>
London	3.2	<div style="width: 3.2%;"></div>
Scotland	3.0	<div style="width: 3.0%;"></div>
North East	2.9	<div style="width: 2.9%;"></div>
Other	1.9	<div style="width: 1.9%;"></div>

Top 10 holdings (%)

DHL, Manton Wood	24.5
PGL, Liddington	13.3
DPD, Tipton	5.4
Premier Inn, Peterborough	5.0
Holiday Inn, Southend	4.5
Retail Park (Aldi, B&M and McDonalds), Thorne	4.1
Travelodge, Kingston	3.2
Asda, Gillingham	3.1
Premier Inn, Great Yarmouth	3.1
St Martins Care	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 manager commentary

The Fund has continued to deliver a consistent income return from its portfolio plus a positive capital return. This is a result of the property portfolio seeing positive performance and valuation appreciation across all the sectors where the Fund has exposure, including those sectors that faced high levels of operational pressure during the outbreak of COVID-19 and through 2020, such as the hotel sector. With increased volatility and uncertainty in traditional asset classes, alternative sectors such as real estate can lower that volatility and provide greater diversification.

The Fund has no vacant properties and operational stability has returned to most sectors. Some tenants were allowed to defer their rent in periods during COVID with repayments expected through 2022.

Expectations of increased interest rates alongside high inflation has put pressure on pricing in many asset classes, with bond yields reflecting these expectations. There are various other factors that influence property yields and values, such as other macroeconomic factors like economic growth, but also factors such as supply and demand, or rental growth which will also be driven by specific sector or property aspects.

Fund performance

The performance of the Fund has been steadily improving since August 2020 and this has continued more recently with a positive return of 0.26% during the month of June 2022. For the 12 month period ended 30 June 2022 the Fund has produced a positive total return of 6.09%, comprising an income return of 3.77% and a capital gain of 2.32%.

The Fund's income for the quarter to 30 June 2022 of 1.01% (based on the Class A Gross Accumulation shares) will be paid on 31 August 2022. The property portfolio of the Fund will next be valued by the independent valuer at the end of July 2022.

Outlook

The Fund continues to see positive valuation movements in a number of sectors, including the hotel sector where negative valuation movements were seen during 2020.

Supportive dynamics continue to be seen across many of the sectors within the portfolio, which combined with the rental growth profile of the portfolio, signals an encouraging outlook for the Fund in the long term. The Fund has never had exposure to sectors such as high street retail and shopping centres which are going through a structural change.

The WALT of the portfolio is 49 years which gives significantly greater visibility of income than in traditional commercial property. This is achieved through the specific features of long income, which includes the visibility of income through the high Weighted Average Unexpired Lease Term, married with tenant quality, sector sustainability and quality of the real estate.

Increased levels of inflation remain a concern for investors, especially in a period where rental growth in many sectors of traditional commercial property remains uncertain but one of the key features of long income is the comfort provided by structured rent reviews. Within the portfolio, around 94% of the rent reviews are linked to an inflation index 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 to continue, with an annualised income return of around 3.5%, with that income return expected to grow in 2022 and 2023. Please visit our website for all updates and information as it becomes available.

Latest fund updates FCA consultation on open-ended property fund structures

The Financial Conduct Authority (FCA) has proposed a consultation on open-ended property funds. The FCA has proposed that longer redemption periods would benefit investors. On 7 May 2021, the FCA released a feedback statement on their consultation. If the FCA does proceed with applying mandatory notice periods for authorised open-ended property funds, which is, at this time, not certain, the FCA has stated that the proposed changes for authorised open-ended property funds would not be implemented before late-2023 at the earliest.

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.



Signatory of:



How to invest

Fees

Share/Unit class	Minimum investment	Minimum top up	OCF
A-B	£5,000	£1,000	1.33%
C-D	£5,000	£1,000	1.33%
F-H	£5,000	£1,000	1.58%
M-N	£5,000,000	£100,000	1.08%
O-P	£5,000,000	£100,000	1.08%
S-T	£5,000,000	£100,000	1.33%
I-J	£5,000	£1,000	1.33%
K-L	£5,000	£1,000	1.58%
Q-R	£5,000,000	£100,000	1.08%
U-V	£5,000,000	£100,000	1.33%

Distributions

Income return (A Acc GBP) 3.77% per annum (based on the last 12 months)

Distribution frequency Quarterly

Ex-dividend date	Payment date	Distribution per share (£)
1 July 2022	31 August 2022	0.0140
1 April 2022	31 May 2022	0.0140
4 January 2022	28 February 2022	0.0111
1 October 2021	30 November 2021	0.0105

Ratings and awards



Platform availability



WEALTHTIME®
Dynamic financial technology

The above availability is for PAIF only.

About TIME

TIME Investments is a specialist investment manager focused on delivering long-term investments that seek consistent and attractive risk-adjusted returns. We take a deliberately defensive approach investing in asset-backed and income generating assets, predominantly through infrastructure, real estate and lending. TIME Investments has a long track record in fund management with 30 investment specialists within the renewables, lending and property teams.

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 Investment 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 third-party 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 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: July 2022

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