

TIME:Commercial Long Income | Notification of continuation of suspension of dealing

Date: 01 October 2020

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 the Novel Coronavirus (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 holds cash of around 17% of Net Asset Value (£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 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 enables the Fund to increase its exposure to the highly attractive logistics sector, which has seen valuation increases during the COVID-19 period. The Fund has been legally committed since last year to complete the acquisition of a purpose-built logistics asset leased to DHL for a period of 20 years, and completion along with the final payment of £52 million is scheduled to be made in early October.

Whilst the Fund has not been entirely immune to down valuations across its assets, we are pleased to report that the Fund has delivered outperformance against its UK commercial property peers. The falls in performance experienced from March to July were primarily as a result of downward valuations of its hotel and leisure assets. In the last two successive months the Fund has delivered uplifts in its property valuations contributing to gains in performance in August of 0.23% and 0.30% in September. 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).

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 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.

We understand that the suspension of dealing may be causing concern to you as an investor 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 further information on the latest updates, please see below:

[01 October 2020 | Suspension Update Q&A](#)

[TIME:Commercial Long Income | Investor Frequently Asked Questions](#)

TIME Investments, October 2020

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