

ARC TIME COMMERCIAL LONG INCOME PAIF

A long income fund investing in commercial freeholds with long leases. Targeting income and capital growth with a degree of inflation protection.



HALF YEAR REPORT 2020

Half Year Report and
Financial Statements
for the six months to
30 September 2020

Characteristics of ARC TIME Commercial Long Income PAIF

Income consistency

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

Inflation protection

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 the typical average lease term on traditional commercial property held by many other 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.



Nigel Ashfield
Co-Fund Manager and
Managing Director
TIME Investments

“Asset values started to stabilise towards the end of the period and post period end, resulting in positive performance since August 2020.”



Roger Skeldon
Co-Fund Manager
TIME Investments

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* Collectively these comprise the Authorised Corporate Director's report

ARC TIME Commercial Long Income PAIF

("TIME:Commercial Long Income", or the "Fund")

The aim of TIME:Commercial Long Income 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 properties with long leases.

Key achievements

- TIME:Commercial Long Income generated an income return for the half year to 30 September 2020 of 1.44*%.
- Best performing fund in the IA Property sector out of 27 property funds over the 5 years to 30 September 2020 and the second best performing fund over 1 and 3 years.
- Successful sale of two properties above valuation, a Sainsburys supermarket and a newly developed logistics unit at Manchester Airport for a combined value of over £50 million.
- During the period completed on two development properties for £10.3 million of long income property and immediately post period end completed on the acquisition of a purpose built logistics asset leased to DHL for a period of 20 years on 1 October 2020.
- TIME:Commercial Long Income's portfolio had an overall weighted average lease term ("WALT") of 50 years at 30 September 2020 versus a typical average lease term of 7 years on traditional commercial property.

* Representative for a Class A Gross Accumulation shareholder. Income return is calculated from the price of Class A Gross Accumulation shares at the start of the period.

1.44%

Income return
for the period*

Best performing
fund in the
IA Property sector
over 5 years

50 years

WALT of 50 years
at period end

About Alpha and TIME Investments



The TIME group has over £4 billion in assets under management, has a strong balance sheet and has no borrowings.



The Authorised Corporate Director (the “ACD”) and Alternative Investment Fund Manager (“AIFM”) is Alpha Real Capital LLP (“Alpha”), a Financial Conduct Authority (“FCA”) authorised and regulated specialist real assets investment manager focused on secure income strategies, with over £4 billion in assets under management.

Established in 2005, Alpha is owned by its partners and has offices in Central London and in Europe. Alpha Real Property Investment Advisers LLP trading as TIME Investments, a subsidiary of Alpha, is the Investment Manager of TIME:Commercial Long Income and provides administrative and transfer agency services and is also regulated by the FCA.

TIME Investments has over 80 staff and forms the financial adviser facing division of Alpha. In addition to its role as Investment Manager of TIME:Commercial Long Income, it is also the Investment Manager of ARC TIME Freehold Income Authorised Fund (“TIME:Freehold”), ARC TIME Social Long Income PAIF (“TIME:Social Long Income”) and ARC TIME UK Infrastructure Income Fund (“TIME:UK Infrastructure Income”).

The team also runs two capital preservation focused Inheritance Tax (“IHT”) mitigation services, TIME:Advance and TIME:CTC (Corporate Trading Companies); the latter having a 25 year track record of successfully achieving 100% relief from IHT for qualifying investors. TIME Investments also runs a unique growth focused IHT mitigation service, TIME:AIM, which invests in a portfolio of Alternative Investment Market (“AIM”) shares.

TIME Investments was awarded the winner of ‘Best Investment Service’ at the Investment Life & Pensions Moneyfacts Awards in 2020. TIME Investments was awarded the winner of ‘Best Business Relief Manager -Listed’ at the Growth Investor Awards in 2019 and the winner of ‘Best Business Relief Manager Non-AIM’ in 2018. TIME Investments was also awarded the winner of the prestigious ‘Best IHT Portfolio Services’ category and the winner of ‘Tax-Efficient Group of the year’ at the Investment Week’s Tax Efficiency Awards 2019/20. TIME Investments also won ‘Best Investment Service’ at the 2020 Moneyfacts Investment Life & Pension awards and in 2018 won ‘Service Beyond the Call of Duty’. TIME:Commercial Long Income was named the winner in the Property & Real Estate category at the Investment Week’s Specialist Investment Awards in both 2019 and 2018.

Against the backdrop of a challenging economic and political climate, many investors and advisers are understandably interested in the financial strength of the businesses they choose to entrust with their investments. With this in mind, it should be reassuring to note that the TIME group has a strong balance sheet, has no borrowings and has been a profitable business every year since inception in 2005.

Authorised Corporate Director's report

We are pleased to present the half year report and financial statements of ARC TIME Commercial Long Income PAIF ("TIME:Commercial Long Income" or "the Fund"), a sub-fund of ARC TIME:Funds II (the "Company") for the six months to 30 September 2020. This report is available on the Investment Manager's website www.time-investments.com/clip or is available from the Investment Manager on request by emailing: enquiries@time-investments.com.

Statement of authorised status of the scheme

TIME:Commercial Long Income is a sub-fund of an umbrella Open-Ended Investment Company ("OEIC"), ARC TIME:Funds II and was launched on 1 April 2019. The Company is authorised by the Financial Conduct Authority ("FCA") as a Non-UCITS Retail Scheme ("NURS"). The Fund has also elected into the Property Authorised Investment Fund ("PAIF") tax regime.

Full Company details and its key service providers are provided on page 35.

Statement concerning the debts of TIME:Commercial Long Income

Investors are not liable for the debts of TIME:Commercial Long Income.

Investment Objective and Investment Policy

Investment Objective

The aim of TIME:Commercial Long Income 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 properties which benefit from long leases.

It is intended that the Fund will be a PAIF at all times, and as such, its investment objective is to carry on Property Investment Business and to manage cash raised for investment in the Property Investment Business.

Investment Policy

In accordance with the investment objective of TIME:Commercial Long Income, capital will be invested through acquiring property with long leases including commercial freehold ground rents and commercial freehold properties which benefit from long leases. Such property will be held directly by the Fund, unless it is held via interim holding vehicles for the sole purpose to permit completion of an acquisition of property. It is intended that no interim holding vehicles shall be retained by the Fund for a duration of more than 24 months.

In addition, principally to protect its liquidity, the Fund may also invest and maintain an ongoing portfolio of cash and near cash instruments, together with holdings in other collective investment schemes (regulated and unregulated), which have substantially similar investment objectives to those of the Fund. The ACD will not invest more than 15% of the Net Asset Value ("NAV") in collective investment schemes.

The Fund may invest in equities (listed or unlisted), money market instruments and debt securities. The Fund may also utilise derivatives for efficient portfolio management.

Management of TIME:Commercial Long Income

NatWest Trustee and Depositary Services Limited acts as the Depositary of TIME:Commercial Long Income, with the role of Custodian delegated to The Northern Trust Company.

Alpha is the ACD and AIFM of the Fund and TIME Investments acts as Investment Manager, Administrator and Transfer Agent of the Fund with Property Manager responsibilities delegated to Landa Asset Management PLC.

Changes to the Instrument and Prospectus of ARC TIME:Funds II

In the period since publication of the annual report to 31 March 2020 on 16 September 2020 the following are the key changes, including significant or notifiable changes, for Shareholders.

Changes to the Instrument of ARC TIME:Funds II

There were no changes in the period.

Changes to the Prospectus of ARC TIME:Funds II

There were no significant or notifiable changes in the period.

Other Prospectus changes

The ACD has undertaken some minor changes to the Prospectus in the period. These amendments are primarily in response to the FCA's Policy Statement (PS 19/24) which amended the FCA Handbook from 30 September 2020.

Expressly the changes to be noted are as follows:

- Confirmation that ARC TIME Commercial Long Income PAIF (the "Fund") is a fund that primarily invests in inherently illiquid assets (an "FIIA"), being UK real estate;
- Amplification of the disclosure of the existing liquidity management tools available to the ACD to manage the Fund as FIAs;
- An explanation of the circumstances in which the liquidity management tools and arrangement would typically be deployed and likely consequences for Shareholders;
- In compliance with the updated FCA Handbook, confirmation that where the Standing Independent Valuer has expressed material uncertainty about the value of one or more immovables under management and that material uncertainty applies to at least 20% of the value of the scheme property of the Fund; or where the Fund invests at least 20% of the value of the scheme property in units of one or more other authorised funds for which dealings in units have been temporarily suspended the ACD will typically, as soon as possible, temporarily suspend the Fund.

It is also confirmed Mr Hugo James is no longer a member of the ACD Board as of 30 September 2020.

LONG LEASE

TEMPLE QUAY HOUSE

BRISTOL



A five storey office building let to The Secretary of State for Housing, Communities and Local Government until 2037.

Asset type

Long lease property

Sector

Office

Tenant

The Secretary of State for Housing, Communities and Local Government

Location

Bristol

GROUND RENT

ODDFELLOWS

CHESTER



A boutique hotel leased to the operator until 2142.

Asset type

Ground rent property

Sector

Hotel

Tenant

Oddfellows Chester

Location

Chester

Authorised Corporate Director's report (continued)

Dealing Suspension and COVID-19

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 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.

From discussions with our existing investors and having reviewed recent activity in comparable funds, we believe the Fund may require a cash reserve of at least 20% of NAV before it will be in a position to reopen. TIME:Commercial Long Income is currently holding cash of around 7% of NAV. 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. The Fund is looking to create additional liquidity through appropriate asset sales and depending on how these progress we expect to be in a position to reopen the Fund in early 2021, once sufficient sales have been completed. As we go through this process, all decisions will continue to be taken in the best interests of shareholders.

The Fund will continue to be managed in accordance with its investment objective and will pay its quarterly distributions in the normal manner, with the last quarterly distribution for the period to 30 September 2020 paid on 30 November 2020. We will also continue to publish daily prices, which can be viewed at www.time-investments.com so investors can value their 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.

The decision whether to remain suspended has been under continuous review and is reported to the FCA at least every 28 days (most recently reviewed and reported on 24 November 2020).

FCA consultation on open ended property funds

The FCA has proposed a consultation on open-ended property funds <https://www.fca.org.uk/news/press-releases/fca-consults-new-rules-improve-open-ended-property-fund-structures>. The FCA has proposed longer redemption notice periods for daily-dealt funds. The consultation process was open until 3 November 2020. Following the consultation the FCA intends to publish its findings in 2021.

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 in 2021.

Brexit risk assessment

TIME:Commercial Long Income has mitigated the cross-border risk of Brexit as all of the Fund's property is located within the UK. Additionally the Fund's cash reserves are held only in pounds sterling. While the cross-border risks of Brexit have been mitigated the Fund is still exposed to the effect of a downturn or a recession in the property market or the wider economy caused by any adverse effects of Brexit. This cannot be measured with any certainty. However, it is expected that the property portfolio of the Fund would, as long income property, provide greater defensive characteristics to mitigate the effect on the Fund of any Brexit related downturn in the property market or in the wider economy, when compared against conventional property funds with shorter lease lengths.

Going Concern

The ACD has assessed the Fund to be a going concern. In arriving at this assessment the ACD has taken account of the cash reserves of the Fund, its undrawn loan facility, its capital commitments, its quarterly distributions and ongoing operating costs and its reasonable expectation of the Fund's subscriptions and redemptions (once the Fund's suspension on dealing in its shares is lifted), over the period for at least 12 months from the date of this report. The ACD has also considered the marketability of the Fund's property assets and their potential performance.

The ACD has considered the powers available under the Prospectus (please refer to liquidity management clause 25 of the Prospectus for details) that are available to take action to ensure the Fund continues as a going concern. These powers are designed to ensure that at any time all investors benefit equally from an orderly management of the underlying portfolio. On this basis, the Fund is expected to be able to continue to operate and meet its outgoings as they fall due, for at least the next 12 months from the date of this report.

LONG LEASE

LOGISTICS

EAST MIDLANDS



A purpose built distribution facility let to DHL until 2040.

Asset type

Long lease property

Sector

Logistics

Tenant

DHL

Location

East Midlands

LONG LEASE

WAITROSE

MARKET HARBOROUGH,
LEICESTERSHIRE



A modern 22,522 square foot supermarket located in Market Harborough, a market town in Leicestershire, let to Waitrose until 2039.

Asset type

Long lease property

Sector

Supermarket

Tenant

Waitrose

Location

Market Harborough, Leicestershire

Authorised Corporate Director's report (continued)

Remuneration of AIFM

The provisions of the Alternative Investment Fund Managers Directive ("AIFMD") took effect in full on 22 July 2014. That legislation requires the AIFM, and its regulated delegates, to establish and maintain remuneration policies for its staff which are consistent with and promote sound and effective risk management. Alpha, as AIFM, has delegated investment management to a subsidiary company, TIME Investments. The Alpha group approach to measuring performance is based on both financial and non-financial performance. Financial performance is viewed by the Executive Committee (who are involved in the day to day operation of the business) in its widest sense and takes into account the specific features of the types of activities carried out and so reflect volatility and cycles and avoids rewarding artificial or exaggerated short term performance. Under the Remuneration Code, the AIFM is classified as a Level Three firm, which allows the AIFM to dis-apply many of the technical requirements of the Code and proportionately apply the Code's rules and principles in establishing the AIFM's policy.

Alpha Real Capital LLP

18 December 2020

LONG LEASE

HOLIDAY INN

SOUTHEND AIRPORT, ESSEX



A newly constructed 129 bedroom Holiday Inn located by London Southend Airport, on a lease until 2043.

Asset type

Long lease property

Sector

Hotel

Tenant

Stobart Group (operating as Holiday Inn)

Location

Southend Airport, Essex

GROUND RENT

RICHMOND WIGHT ESTATES

SCOTLAND



Residential park homes, luxury lodges and holiday homes across three stunning locations in Scotland on a lease until 2193.

Asset type

Ground rent

Sector

Holiday park

Tenant

Richmond Wight Estates

Location

Scotland

Investment Manager's report

TIME:Commercial Long Income summary

TIME:Commercial Long Income offers investors a choice of income shares, which pay a quarterly income distribution (in August, November, February and May) and accumulation shares, for which income is automatically reinvested, thereby enhancing the value of those shares.

Shares may either be in a net share class (subject to withholding tax on income distribution where applicable) or a gross share class (for exempt investors who are not subject to withholding tax on income distributions).

Shares in the Fund are widely available. The intended categories of investors include retail investors (but

only where such retail investors have sought financial advice where required before investing in the Fund and that this can be demonstrated to the Transfer Agent), offshore investors, ISA eligible investors and institutional investors. Each share class has the same rights on wind-up. Each share class has the same voting rights. For more information about voting rights please refer to Section 39 of the Company's Prospectus, which is available on the Investment Manager's website www.time-investments.com/clip or is available from the Investment Manager on request by emailing enquiries@time-investments.com.

Investors can participate in the Fund through its twelve share classes. Their characteristics are set out below.

A - D Share Classes			
These share classes are open to all investors. These four share classes are Retail Distribution Review (RDR) compliant, with no commission payable to Financial Advisers.			
ACCUMULATION		INCOME	
Class A Gross Accumulation Shares	Class B Net Accumulation Shares	Class C Gross Income Shares	Class D Net Income Shares
For Exempt Investors only. Income distributions will be automatically reinvested without deducting withholding tax.	Shares in respect of which income is automatically reinvested net of withholding tax where applicable.	For Exempt Investors only. Income distributions will be paid without deducting withholding tax.	Shares in respect of which income is distributed net of withholding tax where applicable.
Initial fee: 0%	Initial fee: 0%	Initial fee: 0%	Initial fee: 0%
Minimum subscription: £5,000	Minimum subscription: £5,000	Minimum subscription: £5,000	Minimum subscription: £5,000

F and H Share Classes	
These share classes are only open to non-UK Financial Advisers with non-UK Investors. Financial Advisers may be eligible for Initial and Trail Commission.	
ACCUMULATION	INCOME
Class F Net Accumulation Shares	Class H Net Income Shares
Shares in respect of which income is automatically reinvested net of withholding tax where applicable.	Shares in respect of which income is distributed net of withholding tax where applicable.
Initial fee: 0%	Initial fee: 0%
Minimum subscription: £5,000	Minimum subscription: £5,000

LONG LEASE

DPD

TIPTON, WEST MIDLANDS



New last mile delivery distribution facility in Tipton, West Midlands, let to DPD on a full repairing and insuring lease until 2045.

Asset type

Long lease property

Sector

Logistics

Tenant

DPD

Location

Tipton, West Midlands

LONG LEASE

MARKS & SPENCER ("M&S")

COWES, ISLE OF WIGHT



A purpose built 11,427 square foot supermarket located in Cowes, a seaport town in Isle of Wight, let to M&S Simply Food store until 2035.

Asset type

Long lease property

Sector

Supermarket

Tenant

Marks and Spencer

Location

Isle of Wight

Investment Manager's report (continued)

M – P Share Classes			
These share classes are only open to institutional investors, with no adviser commission payable.			
ACCUMULATION		INCOME	
Class M Gross Accumulation Shares	Class N Net Accumulation Shares	Class O Gross Income Shares	Class P Net Income Shares
For Exempt Investors only. Income distributions will be automatically reinvested without deducting withholding tax.	Shares in respect of which income is automatically reinvested net of withholding tax where applicable.	For Exempt Investors only. Income distributions will be paid without deducting withholding tax.	Shares in respect of which income is distributed net of withholding tax where applicable.
Initial fee: 0%	Initial fee: 0%	Initial fee: 0%	Initial fee: 0%
Minimum subscription: £5,000,000	Minimum subscription: £5,000,000	Minimum subscription: £5,000,000	Minimum subscription: £5,000,000

S and T Share Classes	
These share classes are only open to offshore (non-UK) professional or institutional investors. Financial Advisers may be eligible for Initial and Trail Commission.	
ACCUMULATION	INCOME
Class S Net Accumulation Shares	Class T Net Income Shares
Shares in respect of which income is automatically reinvested net of withholding tax where applicable.	Shares in respect of which income is distributed net of withholding tax where applicable.
Initial fee: 0%	Initial fee: 0%
Minimum subscription: £5,000,000	Minimum subscription: £5,000,000

ARC TIME Commercial Long Income Feeder Trust (“CLIFT”), the feeder trust

CLIFT, a sub-fund of ARC TIME:Trusts II, is an FCA Authorised Unit Trust and was established on 1 April 2019 as a dedicated feeder trust. It is generally intended for investors who are unable to access TIME:Commercial Long Income as a result of administrative issues which govern a PAIF or for bodies corporate where their holding in the Fund would exceed 10% of NAV.

CLIFT's sole investment is in the Fund and so it is expected that the performance and pricing of the I, J, K, L, Q, R, U and V Unit Classes of CLIFT will materially follow those of the B, D, F, H, N, P, S and T Share Classes of the Fund respectively.

A separate Prospectus and Application Form for both the Fund and CLIFT are available on the Investment Manager's website www.time-investments.com/clip or are available from the Investment Manager on request by emailing enquiries@time-investments.com.

Investment Manager's report (continued)

Dealing in TIME:Commercial Long Income

As noted on page 5, 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 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.

From discussions with our existing investors and having reviewed recent activity in comparable funds, we believe the Fund may require a cash reserve of at least 20% of NAV before it will be in a position to reopen. TIME:Commercial Long Income is currently holding cash of around 7% of NAV. The Fund is looking to create additional liquidity through appropriate asset sales and depending on how these progress we expect to be in a position to reopen the Fund in early 2021, once sufficient sales have been completed. As we go through this process, all decisions will continue to be taken in the best interests of shareholders.

The decision whether to remain suspended has been under continuous review and is reported to the FCA at least every 28 days (most recently reviewed and reported on 24 November 2020).

Once suspension has been lifted the dealing day for the issues of share in TIME:Commercial Long Income will revert to each business day being a day other than a Saturday or a Sunday or a bank or public holiday in England.

The cut off point for receipt of subscriptions is 10am on each dealing day. Settlement is due by 5pm on the third business day after the relevant dealing day.

Notices for the redemption of shares are required to be delivered no later than 10am on the relevant dealing day. Classes S and T require six months' notice of redemption prior to the relevant dealing day. Once such notice is received by the Administrator, the redemption will be processed, to the extent possible, on the first dealing day after six months has expired.

Further details on the value of shares in the Fund can be found on the website www.time-investments.com/clip or by calling the Investment Manager on 0345 600 1213 or by email at enquiries@time-investments.com.

Dilution adjustment

The Administrator, on behalf of the ACD, may apply a dilution adjustment to the price of shares to reduce the impact of "dilution". The Fund prices its shares each dealing day at net asset value with a dilution adjustment to reflect the costs of acquiring or disposing of property. The dilution adjustment ensures that incoming investors bear their proportionate share of the costs of acquiring property so that existing investors do not suffer disproportionately. It also ensures that when there are significant or prolonged net redemptions that redeeming investors bear their proportionate share of the costs of disposing of property so that continuing investors do not suffer disproportionately. The exact calculation of the dilution adjustment on any dealing day will be with reference to the composition of the Fund's balance sheet (broadly the higher the property composition the higher the dilution adjustment + or -, and the higher the cash composition the lower the dilution adjustment + or -).

The dilution adjustment pricing method is also known as a single swinging price. In broad terms the price will always be at the offer price unless the Fund is experiencing significant or prolonged net redemptions (at which point it would swing to the bid price). Since the introduction of the dilution adjustment the Fund's shares have always been dealt at the offer price. Were the Fund to swing to the bid price (as described above) the price of the shares subscribed or redeemed would be circa 7% to 9% lower. Please refer to Clause 21.3 of the Prospectus for further information.

Performance review

The Fund has generated a total return for the half year to 30 September 2020 of -2.09% (based on the Class A Gross Accumulation Shares), which includes an income return of 1.44% and a capital return of -3.53%.

The Fund was the best performing in the IA Property sector out of 27 property funds over the 5 years to 30 September 2020 and the second best performing fund over 1 and 3 years.

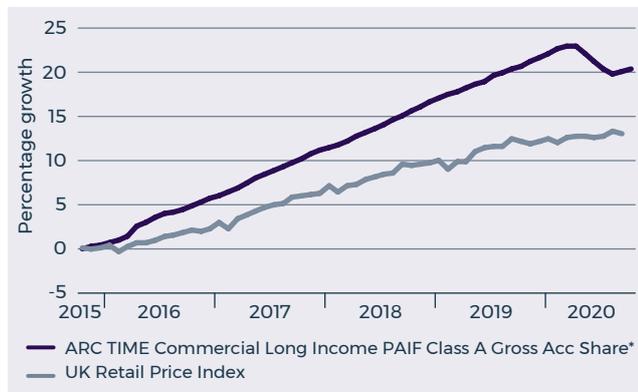
TIME:Commercial Long Income Weighted Average Lease Term as at 30 September 2020



Source: TIME Investments, as at 30 September 2020

Investment Manager's report (continued)

TIME:Commercial Long Income returns for the five years to 30 September 2020 by comparison with RPI



Source: TIME Investments, as at 30 September 2020

* Any historical information before 1 April 2019 stated in these financial statements relates to TIME:Commercial Long Income's predecessor fund.

Investment review

COVID-19 has impacted sectors the Fund is exposed to in different ways. Supermarkets, Government let office, healthcare, ground rent and logistics properties have remained resilient throughout this period whereas other sectors such as hotels and leisure have been instructed to close and have suffered a catastrophic loss of revenue.

During the first part of the period the Fund suffered valuation losses, specifically on properties within the hotel and leisure sectors, but towards the end of the period and post period end the Fund has seen property valuations start to stabilise and a return to positive performance.

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 and the Fund is expected to recover most of the uncollected rent which would be distributed in a later period.

The resilience of the Fund's overall property portfolio is demonstrated by its diversification over a number of sectors, with over 66.4% (by value) of its properties either let to the Government or in relatively stable sectors such as supermarkets, logistics and ground rents as at 30 September 2020.

During the period TIME:Commercial Long Income completed on two development properties for £10.3 million of long income property bringing the portfolio value at 30 September 2020 to £359.4 million with a total annual rental income of £16.3 million across 87 properties.

As part of the Fund's liquidity management two assets have been sold. The supermarket in Sudbury leased to Sainsbury's was sold in August 2020 and a newly developed logistics unit at Manchester Airport, was sold in September 2020. These sales were both significantly above purchase price and create additional liquidity of over £50 million.

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. The Fund had 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 was made in early October 2020. This increased the Fund's exposure to the logistics sector to over 20% by value of the property portfolio.

The Fund does not hold any high street or retail shopping centre assets. These are sectors which continue to face numerous pressures that have only been exacerbated by COVID-19.

As at 30 September 2020 the portfolio consisted of 79.2% commercial long lease properties and 20.8% commercial ground rent properties by value. The Fund's portfolio at 30 September 2020 has an overall weighted average lease length of 50 years versus a typical average lease term of 7 years on traditional commercial property*. Around 94% of the portfolio by value has a form of inflation protection through periodic rental uplifts linked to the Retail Price Index ("RPI"), Consumer Price Index ("CPI") or fixed uplifts which occur typically annually or every 5 years.

* Source: UK Lease Events Review by MSCI in association with BNP Paribas Real Estate

Sector weighting by value as at 30 September 2020

Sector	Long Lease	Ground Rent	Total
Office	20.4%	0.0%	20.4%
Leisure	14.4%	5.3%	19.7%
Hotel	14.2%	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%
Childcare Nurseries	0.6%	1.5%	2.1%
Retail Warehouse	1.2%	0.5%	1.7%
Mixed (Industrial/Office)	0.0%	0.9%	0.9%
Industrial	0.0%	0.7%	0.7%
Student Accommodation	0.0%	0.3%	0.3%

Source: TIME Investments, as at 30 September 2020

Investment Manager's report (continued)

Portfolio geographical breakdown by value as at 30 September 2020	
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%
Isle of Wight	1.1%
Wales	0.7%

Source: TIME Investments, as at 30 September 2020

The Fund holds an investment in its sister sub-fund, TIME:Social Long Income, which has a similar investment objective to its own. At 30 September 2020 the investment in TIME:Social Long Income was valued at £10.2 million. TIME:Social Long Income delivered a return of 1.76%, this includes an income return of 2.13% and a capital loss of 0.37% for the period.

The Fund has invested in TIME:Social Long Income for a longer term investment horizon. Ordinarily TIME:Social Long Income provides daily liquidity for subscriptions and redemptions. As a result of the COVID-19 pandemic TIME:Social Long Income which had been suspended for material uncertainty is currently suspended due to liquidity risk.

Liquidity management

TIME:Commercial Long Income invests in long income property, which is an illiquid asset class. In the event that the Fund was required to improve its liquidity, it may take a number of months to realise proceeds from any sales of property. In recognition of this, the Fund expects to hold a level of cash reserves to meet its normal daily dealing obligations and as working capital for the Fund.

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.

The ACD and the Depositary have, in accordance with FCA rules, agreed that it is in the best interests of shareholders to maintain the suspension in dealing in the Fund's shares (and the units of its feeder trust, ARC TIME Commercial Long Income Feeder Trust) 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.

From discussions with our existing investors and having reviewed recent activity in comparable funds, we believe the Fund may require a cash reserve of at least 20% of NAV before it will be in a position to reopen. TIME:Commercial Long Income is currently holding cash of around 7% of NAV. Consequently, the Fund is looking to create additional liquidity through appropriate asset sales and if sufficient sales are achieved as anticipated we would expect to be in a position to reopen the Fund in early 2021.

During the period of suspension, the Fund has sought to manage its liquidity, having completed sales (see Investment Review) totalling £51.4 million by October 2020 enabling the Fund to increase its exposure to the highly attractive logistics sector by completing the acquisition of a half a million square foot, purpose-built logistics asset leased to DHL for a period of 20 years, for a final payment of £52 million. In addition, the Fund has a £40 million undrawn loan facility.

Outlook

Assets of the type held by TIME:Commercial Long Income are defensive in nature, very long dated and have a much greater security of income than those typically held in traditional commercial property funds.

The Fund has continued to outperform its traditional commercial property OEIC peers and has ranked in first place in the IA Property sector out of 27 property funds over the 5 years to 30 September 2020 and the second best performing fund over 1 and 3 years.

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 the lack of exposure to high street retail and shopping centre retail. As noted in the fund commentary, a proportion of the rental payments have been deferred during the COVID-19 period and should be recovered in the future as those tenants return to normal trading levels. Additionally, as a result of the Travelodge CVA a smaller proportion of rent will not be paid during 2020 with this waived amount reducing significantly in 2021 before returning to the full contracted rent in 2022. 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.

Roger Skeldon
for TIME Investments
Investment Manager

18 December 2020

Net Asset Value per share, Performance Record, Ongoing Charge

Net Asset Value

30 September 2020	Net Asset Value £'000	Net Asset Value per share £	Number of shares in issue
Class A Gross Accumulation	87,859	1.2648	69,464,725.80
Class B Net Accumulation	146,189	1.2060	121,221,107.17
Class C Gross Income	29,022	0.9924	29,243,492.78
Class D Net Income	88,539	0.9909	89,351,901.62
Class F Net Accumulation	2,571	1.1905	2,159,917.88
Class H Net Income	650	0.9781	664,771.49
Class M Gross Accumulation	18,042	1.2810	14,084,332.79
Class N Net Accumulation	42,202	1.2217	34,542,406.64
Class O Gross Income	6,324	1.0055	6,289,561.24
Class P Net Income	13,305	1.0034	13,260,011.14
Class T Net Income	14,120	0.9909	14,249,485.01
	448,823		
Less: Distribution paid in cash to income share class investors post period end	(1,038)		
	447,785		

The table shows the net asset value per share class at the end of the accounting period. All Share Classes were launched on 1 April 2019.

As at 30 September 2020 there were no shares issued in the S class.

Net Asset Value

31 March 2020	Net Asset Value £'000	Net Asset Value per share £	Number of shares in issue
Class A Gross Accumulation	89,129	1.2831	69,464,725.80
Class B Net Accumulation	148,745	1.2270	121,221,107.17
Class C Gross Income	29,956	1.0243	29,243,492.78
Class D Net Income	91,401	1.0229	89,351,901.62
Class F Net Accumulation	2,620	1.2129	2,159,917.88
Class H Net Income	672	1.0110	664,771.49
Class M Gross Accumulation	18,280	1.2979	14,084,332.79
Class N Net Accumulation	42,887	1.2415	34,542,406.64
Class O Gross Income	6,519	1.0365	6,289,561.24
Class P Net Income	13,718	1.0346	13,260,011.14
Class T Net Income	14,576	1.0229	14,249,485.01
	458,503		
Less: Distribution paid in cash to income share class investors post period end	(1,347)		
	457,156		

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record

Class A Gross Accumulation	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.2831	1.2425	1.1764
Return before operating charges*	(0.0104)	0.0569	0.0816
Operating charges	(0.0079)	(0.0163)	(0.0155)
Return after operating charges*	(0.0183)	0.0406	0.0661
Closing net asset value per share	1.2648	1.2831	1.2425
Retained distributions on accumulation shares	0.0219	0.0432	0.0618
*Return is stated after direct transaction costs of:	0.0005	0.0466	0.0436
PERFORMANCE			
Return after charges on NAV per share	(1.43%)	3.27%	5.62%
Return after charges on price per share	(2.09%)	4.10%	4.80%
OTHER INFORMATION			
Closing net asset value (£'000)	87,859	89,129	49,493
Closing number of shares	69,464,725.80	69,464,725.80	39,832,367.65
Operating charges	0.63%	1.28%	1.29%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.3711	1.3714	1.3144
Lowest share price	1.3326	1.3146	1.2552

Class B Net Accumulation	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.2270	1.1959	1.1404
Return before operating charges*	(0.0134)	0.0467	0.0704
Operating charges	(0.0076)	(0.0156)	(0.0149)
Return after operating charges*	(0.0210)	0.0311	0.0555
Closing net asset value per share	1.2060	1.2270	1.1959
Retained distributions on accumulation shares	0.0176	0.0334	0.0485
*Return is stated after direct transaction costs of:	0.0005	0.0447	0.0419
PERFORMANCE			
Return after charges on NAV per share	(1.71%)	2.60%	4.87%
Return after charges on price per share	(2.37%)	3.43%	4.05%
OTHER INFORMATION			
Closing net asset value (£'000)	146,189	148,745	100,147
Closing number of shares	121,221,107.17	121,221,107.17	83,740,590.87
Operating charges	0.63%	1.28%	1.29%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.3104	1.3115	1.2651
Lowest share price	1.2718	1.2653	1.2167

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class C Gross Income	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0243	1.0267	1.0240
Return before operating charges*	(0.0083)	0.0459	0.0686
Operating charges	(0.0062)	(0.0131)	(0.0130)
Return after operating charges*	(0.0145)	0.0328	0.0556
Distributions on income shares	(0.0174)	(0.0352)	(0.0529)
Closing net asset value per share	0.9924	1.0243	1.0267
*Return is stated after direct transaction costs of:	0.0004	0.0377	0.0366
PERFORMANCE			
Return after charges on NAV per share	(1.42%)	3.19%	5.43%
Return after charges on price per share	(2.17%)	3.81%	4.33%
OTHER INFORMATION			
Closing net asset value (£'000)	29,022	29,956	18,842
Closing number of shares	29,243,492.78	29,243,492.78	18,352,145.94
Operating charges	0.63%	1.28%	1.29%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0841	1.0949	1.0950
Lowest share price	1.0457	1.0769	1.0687

Class D Net Income	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0229	1.0250	1.0195
Return before operating charges*	(0.0112)	0.0394	0.0612
Operating charges	(0.0062)	(0.0131)	(0.0130)
Return after operating charges*	(0.0174)	0.0263	0.0482
Distributions on income shares	(0.0146)	(0.0284)	(0.0427)
Closing net asset value per share	0.9909	1.0229	1.0250
*Return is stated after direct transaction costs of:	0.0004	0.0376	0.0366
PERFORMANCE			
Return after charges on NAV per share	(1.70%)	2.57%	4.73%
Return after charges on price per share	(2.44%)	3.22%	3.69%
OTHER INFORMATION			
Closing net asset value (£'000)	88,539	91,401	17,350
Closing number of shares	89,351,901.62	89,351,901.62	16,927,078.87
Operating charges	0.63%	1.28%	1.29%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0834	1.0934	1.0909
Lowest share price	1.0450	1.0768	1.0685

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class F Net Accumulation	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.2129	1.1851	1.1328
Return before operating charges*	(0.0133)	0.0462	0.0700
Operating charges	(0.0091)	(0.0184)	(0.0177)
Return after operating charges*	(0.0224)	0.0278	0.0523
Closing net asset value per share	1.1905	1.2129	1.1851
Retained distributions on accumulation shares	0.0173	0.0331	0.0481
*Return is stated after direct transaction costs of:	0.0004	0.0442	0.0418
PERFORMANCE			
Return after charges on NAV per share	(1.85%)	2.35%	4.62%
Return after charges on price per share	(2.51%)	3.17%	3.80%
OTHER INFORMATION			
Closing net asset value (£'000)	2,571	2,620	2,715
Closing number of shares	2,159,917.88	2,159,917.88	2,290,667.99
Operating charges	0.76%	1.53%	1.54%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.2950	1.2963	1.2536
Lowest share price	1.2561	1.2538	1.2086
Class H Net Income			
	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0110	1.0156	1.0126
Return before operating charges*	(0.0109)	0.0390	0.0607
Operating charges	(0.0075)	(0.0155)	(0.0154)
Return after operating charges*	(0.0184)	0.0235	0.0453
Distributions on income shares	(0.0145)	(0.0281)	(0.0423)
Closing net asset value per share	0.9781	1.0110	1.0156
*Return is stated after direct transaction costs of:	0.0004	0.0372	0.0362
PERFORMANCE			
Return after charges on NAV per share	(1.82%)	2.32%	4.47%
Return after charges on price per share	(2.55%)	2.97%	3.43%
OTHER INFORMATION			
Closing net asset value (£'000)	650	672	131
Closing number of shares	664,771.49	664,771.49	128,951.51
Operating charges	0.76%	1.53%	1.54%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0705	1.0808	1.0822
Lowest share price	1.0319	1.0670	1.0614

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class M Gross Accumulation	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.2979	1.2537	1.1840
Return before operating charges*	(0.0104)	0.0574	0.0823
Operating charges	(0.0065)	(0.0132)	(0.0126)
Return after operating charges*	(0.0169)	0.0442	0.0697
Closing net asset value per share	1.2810	1.2979	1.2537
Retained distributions on accumulation shares	0.0221	0.0435	0.0622
*Return is stated after direct transaction costs of:	0.0005	0.0471	0.0441
PERFORMANCE			
Return after charges on NAV per share	(1.30%)	3.53%	5.89%
Return after charges on price per share	(1.97%)	4.37%	5.06%
OTHER INFORMATION			
Closing net asset value (£'000)	18,042	18,280	27,084
Closing number of shares	14,084,332.79	14,084,332.79	21,603,055.74
Operating charges	0.51%	1.03%	1.04%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.3872	1.3872	1.3262
Lowest share price	1.3492	1.3264	1.2634

Class N Net Accumulation	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.2415	1.2070	1.1476
Return before operating charges*	(0.0136)	0.0472	0.0716
Operating charges	(0.0062)	(0.0127)	(0.0122)
Return after operating charges*	(0.0198)	0.0345	0.0594
Closing net asset value per share	1.2217	1.2415	1.2070
Retained distributions on accumulation shares	0.0178	0.0338	0.0488
*Returns are stated after direct transaction costs of:	0.0005	0.0452	0.0427
PERFORMANCE			
Return after charges on NAV per share	(1.59%)	2.86%	5.18%
Return after charges on price per share	(2.25%)	3.69%	4.36%
OTHER INFORMATION			
Closing net asset value (£'000)	42,202	42,887	18,351
Closing number of shares	34,542,406.64	34,542,406.64	15,203,692.28
Operating charges	0.51%	1.03%	1.04%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.3262	1.3270	1.2768
Lowest share price	1.2879	1.2770	1.2243

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class O Gross Income	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0365	1.0363	1.0307
Return before operating charges*	(0.0083)	0.0464	0.0692
Operating charges	(0.0051)	(0.0107)	(0.0104)
Return after operating charges*	(0.0134)	0.0357	0.0588
Distributions on income shares	(0.0176)	(0.0355)	(0.0532)
Closing net asset value per share	1.0055	1.0365	1.0363
*Return is stated after direct transaction costs of:	0.0004	0.0381	0.0363
PERFORMANCE			
Return after charges on NAV per share	(1.29%)	3.44%	5.70%
Return after charges on price per share	(2.04%)	4.07%	4.61%
OTHER INFORMATION			
Closing net asset value (£'000)	6,324	6,519	3,605
Closing number of shares	6,289,561.24	6,289,561.24	3,479,182.28
Operating charges	0.51%	1.03%	1.04%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0972	1.1079	1.1040
Lowest share price	1.0591	1.0871	1.0758

Class P Net Income	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0346	1.0340	1.0262
Return before operating charges*	(0.0113)	0.0399	0.0615
Operating charges	(0.0051)	(0.0107)	(0.0105)
Return after operating charges*	(0.0164)	0.0292	0.0510
Distributions on income shares	(0.0148)	(0.0286)	(0.0432)
Closing net asset value per share	1.0034	1.0346	1.0340
*Return is stated after direct transaction costs of:	0.0004	0.0380	0.0368
PERFORMANCE			
Return after charges on NAV per share	(1.59%)	2.82%	4.97%
Return after charges on price per share	(2.32%)	3.48%	3.93%
OTHER INFORMATION			
Closing net asset value (£'000)	13,305	13,718	7,052
Closing number of shares	13,260,011.14	13,260,011.14	6,820,106.34
Operating charges	0.51%	1.03%	1.04%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0959	1.1058	1.0993
Lowest share price	1.0578	1.0863	1.0756

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Performance Record (continued)

Class T Net Income	Period ended 30 September 2020	Year ended 31 March 2020	Year ended 31 March 2019**
CHANGE IN NET ASSETS PER SHARE			
Opening net asset value per share	1.0229	1.0250	1.0195
Return before operating charges*	(0.0112)	0.0394	0.0612
Operating charges	(0.0062)	(0.0131)	(0.0130)
Return after operating charges*	(0.0174)	0.0263	0.0482
Distributions on income shares	(0.0146)	(0.0284)	(0.0427)
Closing net asset value per share	0.9909	1.0229	1.0250
*Return is stated after direct transaction costs of:	0.0004	0.0377	0.0367
PERFORMANCE			
Return after charges on NAV per share	(1.70%)	2.57%	4.73%
Return after charges on price per share	(2.44%)	3.22%	3.69%
OTHER INFORMATION			
Closing net asset value (£'000)	14,120	14,576	14,606
Closing number of shares	14,249,485.01	14,249,485.01	14,249,485.01
Operating charges	0.63%	1.28%	1.29%
Direct transaction cost	0.04%	3.68%	3.63%
PRICES			
Highest share price	1.0834	1.0934	1.0909
Lowest share price	1.0450	1.0768	1.0685

All Share Classes were launched on 1 April 2019. Amounts shown are in Sterling (£) unless otherwise stated.

TIME:Commercial Long Income has been operating since 1 April 2019 following the Exchange Offer and Merger with TIME:Commercial Freehold.

** Performance information prior to 1 April 2019, included in this report, is in relation to TIME:Commercial Freehold.

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

Ongoing Charge (OC)

	30 September 2020	31 March 2020
	%	%
Class A - D & S - T	1.35	1.35
Class F & H shares	1.60	1.60
Class M - P shares	1.10	1.10

The Ongoing Charge (OC) represents the total annualised expenses of TIME:Commercial Long Income, excluding transaction costs, interest and other finance costs and property related expenses expressed as a percentage of the net assets at the end of the accounting period.

The OC stated for 30 September 2020 and 31 March 2020 are based on the NAV as at 31 December 2019 in line with what is stated in the Key Investor Information Document at the respective dates.

Risk warning

Shareholders should be aware that there are risks inherent in the holding of investments.

An investment in an open-ended investment company should be regarded as a medium to long term investment.

Shareholders should be aware that the price of shares and the income from them can fall as well as rise and shareholders may not receive back the full amount invested.

Past performance is not a guide to future performance.

For further risk information please see the Prospectus.

By the nature of real property and the time and other factors involved in arranging sales and realising the proceeds therefrom, it should be appreciated that the underlying assets are primarily relatively illiquid assets when compared with other asset classes such as listed equities or bonds. Whilst the ACD will pursue a cautious liquidity policy, the Fund is intended for investors who can accept the risks associated with making potentially illiquid investments in real property.

Following the Referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the Referendum date it has not been possible to gauge the effect of this decision by reference to transactions in the market place.

The probability of the valuer's opinion of value exactly coinciding with the price achieved, were there to be a sale, has reduced.

Brexit risk assessment

The Fund has mitigated the cross-border risk of Brexit as all of the Fund's property is located within the UK. Additionally the Fund's cash reserves are held only in pounds sterling.

While the cross-border risks of Brexit have been mitigated the Fund is still exposed to the effect of a downturn or a recession in the property market or the wider economy caused by any adverse effects of Brexit. This cannot be measured with any certainty. However, it is expected that the property portfolio of the Fund would, as long income

property, provide greater defensive characteristics to mitigate the effect on TIME:Commercial Long Income of any Brexit related downturn in the property market or in the wider economy, when compared against conventional property funds with shorter lease lengths.

Dealing Suspension and COVID-19

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 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.

From discussions with our existing investors and having reviewed recent activity in comparable funds, we believe the Fund may require a cash reserve of at least 20% of NAV before it will be in a position to reopen. TIME:Commercial Long Income is currently holding cash of around 7% of NAV. 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. The Fund is looking to create additional liquidity through appropriate asset sales and depending on how these progress we expect to be in a position to reopen the Fund in early 2021, once sufficient sales have been completed. As we go through this process, all decisions will continue to be taken in the best interests of shareholders.

The Fund will continue to be managed in accordance with its investment objective and will pay its quarterly distributions in the normal manner, with the last quarterly distribution for the period to 30 September 2020 paid on 30 November 2020. We will also continue to publish daily prices, which can be viewed at www.time-investments.com so investors can value their investment.

The decision whether to remain suspended has been under continuous review and is reported to the FCA at least every 28 days (most recently reviewed and reported on 24 November 2020).

Net Asset Value per share, Performance Record, Ongoing Charge (continued)

FCA consultation on open ended property funds

The FCA has proposed a consultation on open-ended property funds <https://www.fca.org.uk/news/press-releases/fca-consults-new-rules-improve-open-ended-property-fund-structures>. The FCA has proposed longer redemption notice periods for daily-dealt funds. The consultation process was open until 3 November 2020. Following the consultation the FCA intends to publish its findings in 2021.

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 in 2021.

Portfolio Statement

As at 30 September 2020

	Market valuation £'000	Total net assets %
Temple Quay House, Bristol	73,350	16.39%
PGL, Liddington	43,720	9.77%
Morrisons, Birtley	17,468	3.91%
DHL, Manton Wood, Worksop	15,480	3.46%
DPD, Vaughan Park, Tipton	14,700	3.28%
Holiday Inn, Southend	14,144	3.16%
Thorne Retail Park, Thorne	12,870	2.87%
Asda Store, Gillingham, Dorset	11,103	2.48%
Travelodge, Kingston	10,316	2.30%
Premier Inn, North River Road, Great Yarmouth	9,395	2.10%
Waitrose, Market Harborough	8,653	1.93%
Sytner, Maidenhead	7,103	1.59%
Travelodge, Sheffield Meadowhall Hotel, Sheffield	7,038	1.57%
Travelodge, Speke, Liverpool	6,452	1.44%
David Lloyd, Thorpe Wood, Peterborough	6,216	1.39%
Aldi Store, Yeovil, Somerset	6,063	1.35%
Aldi Store, Vulcan Park Way, Newton-le-Willows	5,815	1.30%
Trevelgue Holiday Park, Newquay	4,903	1.09%
HR Owen Motor Show Room, St Mary's Way, Stockport	4,533	1.01%
Doubletree by Hilton Hotel, Chesterfield Road, Sheffield	4,436	0.99%
The Arboretum, Paignton, Devon	4,218	0.94%
M&S Simply Food, Cowes, Isle of Wight	3,999	0.89%
Woodside Grange Care Home, Stockton-on-Tees	3,727	0.83%
Travelodge, Brickhill Drive, Bedford	3,475	0.78%
Cranton Harbour, Edinburgh	3,300	0.74%
Bude Holiday Park, Bude	3,122	0.70%
Washington Manor Care Home, Washington	3,094	0.69%
Moffat Manor Country Park, Moffat	2,531	0.57%
Park View Care Home, Newcastle upon Tyne	2,300	0.51%
The Mercure Dolphin Hotel, High Street, Southampton	2,269	0.51%
The Dragon Hotel, Swansea	2,241	0.50%
Bright Horizons, Hertford	2,123	0.47%
Samlesbury Hotel, Samlesbury, Preston	1,935	0.43%
Etrop Grange Hotel, Manchester	1,916	0.43%
Struan Lodge Care Home, Edinburgh	1,889	0.42%
Oddfellows Hotel, Chester	1,712	0.38%
Park Farm Holiday Park, Bude	1,630	0.36%
65 West Harbour Road, Edinburgh	1,620	0.36%
Ashgrove Care Home, Dunoon	1,391	0.31%
Riverview Country Park, Mundole, Forres, Moray	1,333	0.30%
Windyhall Care Home, Ayr	1,295	0.29%
Marchmont Care Home, Port Glasgow	1,273	0.28%
Crosslaw House Care Home, Lanark	1,204	0.27%
Glebe House Care House, Dalmellington	1,135	0.25%
Glendevon Country Park, Gleneagles, Perthshire	1,064	0.24%
Stadium Court, Barbot Hall Industrial Estate, Rotherham	1,030	0.23%
The Stack, 33-35 Upper George Street, Luton	1,017	0.23%
Hutton Park Care Home, Largs	998	0.22%
Ashwood Place Care Home, Hitchin	945	0.21%
Grosvenor Court Care Home, Folkestone	945	0.21%
Willow Tree Day Nursery, Chingford Avenue, Clacton-on-Sea	833	0.19%

Portfolio Statement (continued)

As at 30 September 2020

	Market valuation	Total net assets
	£'000	%
Ailsa Lodge Care Home, Bishopton	813	0.18%
Burnfoot Care Home, Patna	801	0.18%
Sherwood Court Care Home, Hatfield	785	0.18%
Tiggywinkles Day Nursery, Orford Lane, Warrington	761	0.17%
Watford House Care Home, New Mills	735	0.16%
Binder Industrial Park, Eland Road, Denaby Main	694	0.15%
Rocking Horse Day Nursery, Manchester Road, Audenshaw	674	0.15%
Woodville Day Nursery, Blacksmiths Lane, Derbyshire	674	0.15%
Old Crofts Bank Day Nursery, Old Crofts Bank, Urmston	674	0.15%
Cathay Nursing Home, Care Home, Forres	650	0.15%
Ardenlee Care Home, Dunoon	649	0.14%
The Lavenders Care Home, 145a Friern Park, London	645	0.14%
Tiny Tots Day Nursery, Down Grange Farmhouse, Basingstoke	645	0.14%
Addington House Care Home, 62 Addington Road, Sandstead, London	615	0.14%
Honey Tree Day Nursery, Stoke Road, Portishead	615	0.14%
Lower Ground Floor, 58 Westover Road, Bournemouth	600	0.13%
Oakland Care Home Care Home, 183 Faversham Road, Kennington, Ashford	580	0.13%
Leigham Lodge Care Home, 64 Leigham Court Road, Streatham, London	540	0.12%
Doonbank Care Home, Patna	537	0.12%
Wilmere Lane Day Nursery, Wilmere Lane, Widnes	528	0.12%
1 & 3 Albion Way, East Kilbride	180	0.04%
9 Colvilles Place, East Kilbride	86	0.02%
41 Fairfield Place, East Kilbride	83	0.02%
89 Carron Place, East Kilbride	80	0.02%
8 Lithgow Place, East Kilbride	79	0.02%
33 Fairfield Place, East Kilbride	75	0.02%
20-22 Carron Place, East Kilbride	49	0.01%
26-28 Singer Road, East Kilbride	45	0.01%
8 Carron Place, East Kilbride	27	0.01%
83 Carron Place, East Kilbride	26	0.01%
61 Carron Place, East Kilbride	24	0.01%
38 Singer Road, East Kilbride	23	0.01%
51 Carron Place, East Kilbride	22	0.00%
16 Whin Place, East Kilbride	21	0.00%
14 Westgarth Place, East Kilbride	19	0.00%
44 Arrotshole Road, East Kilbride	19	0.00%
Total value of property	359,395	80.26%
Investment in ARC TIME Social Long Income PAIF (8,611,039.35 shares)	10,189	2.28%
Net other assets	78,201	17.46%
Total net assets as at 30 September 2020	447,785	100.00%

Portfolio Statement

As at 31 March 2020

	Market valuation £'000	Total net assets %
Temple Quay House, Bristol	73,350	16.04%
PGL, Liddington	44,922	9.82%
Sainsbury's, Sudbury	35,918	7.85%
Morrisons, Birtley	17,315	3.78%
Holiday Inn, Southend	15,635	3.42%
DHL, Manton Wood, Worksop	15,480	3.39%
DPD, Vaughan Park, Tipton	14,700	3.22%
Travelodge, Kingston	13,312	2.91%
Thorne Retail Park, Thorne	13,120	2.87%
Asda Store, Gillingham, Dorset	10,880	2.38%
Premier Inn, North River Road, Great Yarmouth	9,950	2.18%
Travelodge, Sheffield Meadowhall Hotel, Sheffield	8,997	1.97%
Waitrose, Market Harborough	8,597	1.88%
Travelodge, Speke, Liverpool	7,989	1.75%
Sytner, Maidenhead	7,531	1.65%
David Lloyd, Thorpe Wood, Peterborough	6,378	1.40%
Aldi Store, Vulcan Park Way, Newton-le-Willows	5,745	1.26%
Unit 4, Icon Manchester Airport, Manchester	5,500	1.20%
Aldi Store, Yeovil, Somerset	5,336	1.17%
Trevelgue Holiday Park, Newquay	4,890	1.07%
HR Owen Motor Show Room, St Mary's Way, Stockport	4,776	1.04%
Travelodge, Brickhill Drive, Bedford	4,674	1.02%
Doubletree by Hilton Hotel, Chesterfield Road, Sheffield	4,436	0.97%
The Arboretum, Paignton, Devon	4,218	0.92%
M&S Simply Food, Cowes, Isle of Wight	3,982	0.87%
Woodside Grange Care Home, Stockton-on-Tees	3,707	0.81%
Granton Harbour, Edinburgh	3,300	0.72%
Bude Holiday Park, Bude	3,112	0.68%
Washington Manor Care Home, Washington	3,074	0.67%
Moffat Manor Country Park, Moffat	2,525	0.55%
Park View Care Home, Newcastle upon Tyne	2,285	0.50%
The Mercure Dolphin Hotel, High Street, Southampton	2,269	0.50%
Bright Horizons, Hertford	2,242	0.49%
The Dragon Hotel, Swansea	2,241	0.49%
Samlesbury Hotel, Samlesbury, Preston	1,935	0.42%
Etrop Grange Hotel, Manchester	1,916	0.42%
Struan Lodge Care Home, Edinburgh	1,860	0.41%
Oddfellows Hotel, Chester	1,712	0.37%
65 West Harbour Road, Edinburgh	1,620	0.35%
Park Farm Holiday Park, Bude	1,620	0.35%
Ashgrove Care Home, Dunoon	1,370	0.30%
Riverview Country Park, Mundole, Forres, Moray	1,330	0.29%
Windyhall Care Home, Ayr	1,275	0.28%
Marchmont Care Home, Port Glasgow	1,255	0.27%
Crosslaw House Care Home, Lanark	1,185	0.26%
Glebe House Care House, Dalmellington	1,120	0.24%
The Stack, 33-35 Upper George Street, Luton	1,075	0.24%
Glendevon Country Park, Gleneagles, Perthshire	1,062	0.23%
Stadium Court, Barbot Hall Industrial Estate, Rotherham	1,030	0.23%
Hutton Park Care Home, Largs	985	0.22%
Ashwood Place Care Home, Hitchin	925	0.20%

Portfolio Statement (continued)

As at 31 March 2020

	Market valuation	Total net assets
	£'000	%
Grosvenor Court Care Home, Folkestone	925	0.20%
Willow Tree Day Nursery, Chingford Avenue, Clacton-on-Sea	831	0.18%
Ailsa Lodge Care Home, Bishopton	800	0.17%
Burnfoot Care Home, Patna	790	0.17%
Sherwood Court Care Home, Hatfield	770	0.17%
Tiggywinkles Day Nursery, Orford Lane, Warrington	759	0.17%
Watford House Care Home, New Mills	725	0.16%
Binder Industrial Park, Eland Road, Denaby Main	683	0.15%
Rocking Horse Day Nursery, Manchester Road, Audenshaw	672	0.15%
Woodville Day Nursery, Blacksmiths Lane, Swadlincote	672	0.15%
Old Crofts Bank Day Nursery, Old Crofts Bank, Urmston	672	0.15%
Tiny Tots Day Nursery, Down Grange Farmhouse, Basingstoke	643	0.14%
Ardenlee Care Home, Dunoon	640	0.14%
Cathay Nursing Home, Care Home, Forres	640	0.14%
The Lavenders Care Home, 145a Friern Park, London	635	0.14%
Lower Ground Floor, 58 Westover Road, Bournemouth	625	0.14%
Honey Tree Day Nursery, Stoke Road, Portishead	613	0.13%
Addington House Care Home, 62 Addington Road, Sandstead, London	605	0.13%
Oakland Care Home Care Home, 183 Faversham Road, Kennington, Ashford	570	0.12%
Leigham Lodge Care Home, 64 Leigham Court Road, Streatham, London	530	0.12%
Doonbank Care Home, Patna	530	0.12%
Wilmere Lane Day Nursery, Wilmere Lane, Widnes	526	0.12%
1 & 3 Albion Way, East Kilbride	170	0.04%
9 Colvilles Place, East Kilbride	86	0.02%
41 Fairfield Place, East Kilbride	83	0.02%
89 Carron Place, East Kilbride	80	0.02%
8 Lithgow Place, East Kilbride	79	0.02%
33 Fairfield Place, East Kilbride	75	0.02%
20-22 Carron Place, East Kilbride	49	0.01%
26-28 Singer Road, East Kilbride	45	0.01%
83 Carron Place, East Kilbride	27	0.01%
61 Carron Place, East Kilbride	26	0.01%
8 Carron Place, East Kilbride	24	0.01%
38 Singer Road, East Kilbride	23	0.01%
51 Carron Place, East Kilbride	22	0.00%
16 Whin Place, East Kilbride	21	0.00%
14 Westgarth Place, East Kilbride	19	0.00%
44 Arrotshole Road, East Kilbride	19	0.00%
Total value of property	411,365	89.98%
Investment in ARC TIME Social Long Income PAIF (8,611,039.35 shares)	10,012	2.19%
Net other assets	35,779	7.83%
Total net assets as at 31 March 2020	457,156	100.00%

Statement of total return

For the period ended 30 September 2020

	Period ended 30 September 2020 £'000	Period ended 30 September 2020 £'000	Period ended 30 September 2019 £'000	Period ended 30 September 2019 £'000
INCOME				
Net capital loss		(10,365)		(6,663)
Revenue	8,319		5,756	
Expenses	(4,380)		(2,363)	
Net revenue before taxation	3,939		3,393	
Taxation	-		-	
Net revenue after taxation		3,939		3,393
Total return before distributions		(6,426)		(3,270)
Distributions		(7,007)		(5,673)
Change in net assets attributable to shareholders from investment activities		(13,433)		(8,943)

There are no recognised gains or losses other than those declared in the Statement of Total Return.

Statement of change in net assets attributable to shareholders

For the period ended 30 September 2020

	Period ended 30 September 2020 £'000	Period ended 30 September 2020 £'000	Year ended 31 March 2020 £'000	Year ended 31 March 2020 £'000
Opening net assets attributable to shareholders		457,156		-
Amounts receivable on creation of shares	-		615,010	
Amounts payable on cancellation of shares	-		(165,345)	
		-		449,665
Income accumulated into capital		4,062		9,745
Dilution adjustment		-		10,597
Change in net assets attributable to shareholders from investment activities		(13,433)		(12,851)
Closing net assets attributable to shareholders		447,785		457,156

Balance sheet

As at 30 September 2020

	30 September 2020	30 September 2020	31 March 2020	31 March 2020
	£'000	£'000	£'000	£'000
ASSETS				
Investment properties		359,395		411,365
Investments		10,189		10,012
		369,584		421,377
Debtors	6,626		4,502	
Cash at bank	80,271		40,442	
Total other assets		86,897		44,944
Total assets		456,481		466,321
LIABILITIES				
Creditors	(7,658)		(7,818)	
Distribution payable to shareholders	(1,038)		(1,347)	
Total liabilities		(8,696)		(9,165)
Net assets attributable to shareholders		447,785		457,156

Authorised for issue and signed on behalf of the Authorised Corporate Director on 18 December 2020.

Alpha Real Capital LLP

Statement of cash flows

For the period ended 30 September 2020

	Period ended 30 September 2020 £'000	Year ended 31 March 2020 £'000
CASH FLOW FROM OPERATING ACTIVITIES		
Total return	(6,426)	1,325
Adjustments for:		
Net capital loss	10,365	7,499
(Increase)/decrease in debtors	(1,646)	3,611
(Decrease)/increase in creditors	(116)	3,039
Cash from operations	2,177	15,474
Tax paid	(958)	(744)
Net cash flow from operating activities	1,219	14,730
CASH FLOW FROM INVESTING ACTIVITIES		
Cash transferred from merger with TIME:Commercial Freehold	-	54,211
Disposal proceeds of tangible investment properties	51,450	1,629
Purchase of tangible investment properties	(10,325)	(205,421)
Purchase of investments	-	(10,000)
Transaction costs on purchase of tangible investment properties	(176)	(14,607)
Net cash flow from investing activities	40,949	(174,188)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	-	356,031
Redemption of shares	-	(165,345)
Dilution adjustment	-	10,597
Distributions paid	(2,339)	(1,383)
Net cash flow from financing activities	(2,339)	199,900
Net increase in cash	39,829	40,442
Cash at the beginning of the period/year	40,442	-
Cash at the end of the period/year	80,271	40,442

Following the Exchange Offer and Merger with TIME:Commercial Freehold on 1 April 2019, tangible investment properties of £200,477,000 and issue of shares of £258,978,914 were transferred over to TIME:Commercial Long Income. These are represented under 'Cash transferred from merger with TIME:Commercial Freehold' in the comparative period, and as a result these are excluded from purchase of tangible investment properties and issue of shares.

Notes to the financial statements

For the period ended 30 September 2020

1. Accounting policies

The principal accounting policies are summarised below.

(a) General Information

The principal activity of ARC TIME Commercial Long Income PAIF is to acquire ground rents and long leases which offer a consistent income stream and capital growth prospects. The Fund is a sub-fund of an umbrella OEIC, ARC TIME:Funds II, which was incorporated in the United Kingdom on 1 April 2019. The Company is authorised by the FCA as a NURS. The principal place of business is the office of the ACD.

On 22 March 2019 shareholder consent to exchange shares in TIME:Commercial Freehold for equivalent shares in a new FCA authorised fund ARC Time Commercial Long Income PAIF, was overwhelmingly given by over 97% of shareholders who returned a Form of Election. The date of the change was 1 April 2019.

Proposals were also unanimously approved by unitholders in TIME:Commercial Freehold's dedicated feeder trust, Commercial Freehold Feeder Trust ("CFFT") and therefore Units in CFFT were transferred to TIME:Commercial Long Income's new dedicated feeder trust, ARC TIME Commercial Long Income Feeder Trust ("CLIFT") on 1 April 2019.

This change was approved by the FCA and became effective on 1 April 2019. The new funds are materially similar to the old funds and all shares were transferred at the same value on a 1 for 1 basis.

(b) Functional and presentational currency

These financial statements have been presented in Sterling as this is TIME:Commercial Long Income's functional currency, being the primary currency in which the Fund operates. The amounts presented in these financial statements have been rounded to the nearest thousand.

(c) Basis of Preparation

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Association in May 2014, and the Financial Conduct Authority's Collective Investment Scheme Source Book (COLL). These financial statements have been prepared under the historical costs convention, as modified for the fair value of investment properties and certain financial instruments.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the ACD to exercise judgment in applying the accounting policies (see note 4).

The financial statements have been prepared on a going concern basis. Please refer to note 1 (d) for details of going concern.

(d) Going Concern

The ACD has assessed the Fund to be a going concern. In arriving at this assessment the ACD has taken account of the cash reserves of the Fund, its undrawn loan facility, its capital commitments, its quarterly distributions and ongoing operating costs and its reasonable expectation of the Fund's subscriptions and redemptions (once the Fund's suspension on dealing in its shares is lifted), over the period for at least 12 months from the date of this report. The ACD has also considered the marketability of the Fund's property assets and their potential performance. The ACD has considered the powers available under the Prospectus (please refer to liquidity management clause 25 of the Prospectus for details) that are available to take action to ensure the Fund continues as a going concern. These powers are designed to ensure that at any time all investors benefit equally from an orderly management of the underlying portfolio. On this basis, the Fund is expected to be able to continue to operate and meet its outgoings as they fall due, for at least the next 12 months from the date of this report.

(e) Recognition of revenue

Operating leases as a lessor

Rental income from ground rent leases and long leases is credited to income on a straight-line basis over the terms of the leases.

(f) Interest receivable

Interest income is accounted for on a receivable basis.

(g) Investment properties

Investment properties comprise commercial freehold interests in properties providing ground rents and property which benefit from long leases. They are included in the financial statements each period on the basis of a "Fair Value" provided by an independent valuer. Direct expenses incurred in the acquisition of a freehold interest in a property, or the acquisition of the structure which owns the freehold interest, are treated as part of the cost of the property. No depreciation is provided in respect of investment properties.

Realised and unrealised gains and losses on investment properties are included in the Statement of Total Return.

Notes to the financial statements (continued)

For the period ended 30 September 2020

1. Accounting policies (continued)

(h) Financial instruments

Investments in Collective Investments Schemes ("CIS") are initially measured at cost (which is equal to fair value at inception). Investments are subsequently measured at the quoted bid prices for dual priced funds, the quoted prices for single price funds, the net asset value of the CIS or at fair value as permitted by the Prospectus under Fair Value Pricing. Fair value gains and losses from revaluation and/or sale are recorded in the Statement of Total Return as capital income. CIS investments are valued at their fair value as at 30 September 2020.

Financial assets, being cash and debtors, which are receivable within one year are recorded at transaction price. Any losses arising from impairments are recognised in the statement of total return.

Financial liabilities, being distributions payable to investors, which are payable within one year are recorded at transaction price. Any losses arising from impairments are recognised in the statement of total return.

(i) Taxation

Withholding tax has been provided at an appropriate rate to the relevant income stream of the distributions made to shareholders holding net shares. The calculation of the share prices for the net share classes is net of withholding tax.

(j) Incentive Fees

The Property Manager is entitled to an incentive fee of 10% of any increase in value over book cost achieved on an increase in value of an asset following the renegotiation of a lease or other arrangement affecting immovable property.

(k) Treatment of expenses

Expenses are recognised on an accruals basis.

2. Distribution policy

(a) Basis of distribution

Income is generated by TIME:Commercial Long Income's investments during each accounting period. Distributions of income are made in respect of the income available for distribution in each accounting period. Distributions which have remained unclaimed for a period of six years after they have become due will be forfeited and will revert to the Fund. Distributions are based on each sub-fund's individual net revenue after taxation.

(b) Apportionment to multiple share classes

The allocation of revenue and expenses to each share class is based on the proportion of the Fund's assets attributable to each share class on the day the revenue is earned or the expense is suffered.

(c) Expenses

In determining the amount available for distribution in any accounting period, the aggregate of the income received or receivable by the Fund for the accounting period is taken and any charges and expenses paid or payable out of income in respect of that accounting period are deducted.

The ACD then makes such other adjustments as it considers appropriate in relation to taxation, income equalisation, and income unlikely to be received within twelve months following the relevant income allocation date, transfers between the income and capital account and any other adjustments which the ACD considers appropriate after consulting the auditors and the Depositary. This treatment will increase the amount of income (which may be taxable) available for distribution to shareholders in the Fund but may constrain capital growth.

3. Equalisation

Equalisation applies to shares subscribed or redeemed during the period. It is the amount of revenue included in the price of shares subscribed or redeemed.

Equalisation may be refunded on distribution or accumulated at the time of distribution. Shareholders are not liable to income tax on equalisation distributed as it is a return of capital and therefore must be deducted from the cost of shares for capital gains tax purposes.

Notes to the financial statements (continued)

For the period ended 30 September 2020

4. Judgements in applying accounting policies and key estimation uncertainty

In applying TIME:Commercial Long Income's accounting policies, the ACD is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The ACD's judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Fund's accounting policies

The critical judgements that the ACD has made in the process of applying TIME:Commercial Long Income's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment of assets, the ACD has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial period.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a risk of causing an adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Determining fair values of investment properties

Investment properties are valued by professional external valuers based on the current active market of similar properties. These valuations are believed to be appropriate and carried out with a high level of proficiency but estimates and assumptions are made leading to a level of uncertainty regarding the valuations.

(ii) Valuation of investment holdings

The Fund's investments are held at market value or fair value. The value of these investments may fluctuate depending on market conditions. The value of the holdings could vary within the next financial year, making this an area of estimation uncertainty.

(iii) Recoverability of receivables

The Fund establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the ACD considers factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of customers.

5. Risk management policies

(a) Market risk and valuations of property

The exposure to market risk arising from the prevailing general economic conditions and market sentiment, may affect the balance sheet and total return of TIME:Commercial Long Income.

The Fund's exposure to market price risk is comprised mainly of movements in the value of the Fund's investments in properties. The Fund invests in commercial ground rents and long income properties. This concentrates the risk to the Fund in one asset class. However the Fund is restricted to not acquiring any one single property representing more than 15% of the Scheme Property (or 25% once included within the Scheme Property).

Property investments are inherently difficult to value and difficult to transform into cash due to the individual nature of each property. As a result, valuations are subject to uncertainty. There is no assurance that the actual sale price will reflect the estimates resulting from the valuation process even where such sales occur shortly after the valuation date. Where it is necessary for the Fund to sell properties in order to meet redemptions, the amount realised from the sales may be materially less than the current valuation.

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.

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 has been under continuous review and is reported to the FCA at least every 28 Days (most recently reviewed and reported on 24 November 2020).

Notes to the financial statements (continued)

For the period ended 30 September 2020

5. Risk management policies (continued)

(b) Credit and liquidity risk

TIME:Commercial Long Income's liquidity is reviewed on a periodic basis, not less than weekly and more frequently in the event of major transactions or a trend of transactions e.g. in a period of high acquisitions. This review will encompass a detailed forecast of imminent liquidity requirements and a broad projection of cash requirements for the next twelve month period.

The Fund invests in illiquid assets and will encounter liquidity risk when attempting to realise assets or otherwise raise funds to meet financial commitments. Investments in immovable property are relatively illiquid and more difficult to realise than most equities or bonds. If an asset cannot be liquidated in a timely manner then it may be harder to attain a reasonable price. The Fund's liquidity can be affected by unexpected or high levels of share redemptions. Cash is held to address liquidity risk but the spread of shareholders and the deferred redemption provision mitigate this risk. However, under certain market conditions where liquidity risk may be deemed to be elevated, the level of cash held by the Fund may be higher.

The ACD may, acting in the best interests of all shareholders, effect instructions for subscriptions or redemptions of Shares on a different pricing basis where a dealing request (or series of requests) for a particular dealing day exceeds £50,000 for the Fund. Shareholders affected by this provision may at the discretion of the ACD have such large deals refused until such time as the ACD is satisfied there is no prejudicial impact to the best interests of shareholders as a whole.

The Administrator, on behalf of the ACD, may make a charge on the redemption of Shares where a redemption application is in excess of £250,000 on any Dealing day. The Administrator may make a charge on the redemption of such Shares of up to 5% of the total amount redeemed.

The ACD may make a charge on the redemption of Shares where a Shareholder is deemed to have conducted short term trading based on a market timing strategy. Specifically, at the ACD's discretion, a charge of up to 3% may be levied if redemption of Shares is notified within 180 days of settlement of the original subscription for Shares. The proceeds of this charge shall be paid into the Scheme Property of the Fund.

(c) Currency risk

All financial assets and liabilities of the Fund are in Sterling, and the Fund has no exposure to currency risk at the balance sheet date.

(d) Interest rate risk

The Fund held £80.3 million of cash at the end of the period and this cash is exposed to interest rate risk. The ACD considers the impact of a change in interest rate as immaterial.

6. Taxation

TIME:Commercial Long Income qualifies as a PAIF for tax purposes. Accordingly, the income generated by its property investment business is exempt from tax. Any dividend income received from United Kingdom companies or, in general, from non-United Kingdom companies will also be exempt from tax. Under the PAIF regulations, TIME:Commercial Long Income made distributions to Net Share Class, non-exempt investors, net of the basic rate of income tax for the relevant income streams.

7. Post balance sheet events

On 30 November 2020, TIME:Commercial Long Income paid its second interim distribution for the year to 31 March 2021, which covered the period 1 June 2020 to 30 September 2020.

On 1 October 2020, the Fund completed the acquisition of a purpose built logistics asset in Manton Wood, Workshop, leased to DHL for 20 years, for £51.5 million.

Company information and key service providers

Company

ARC TIME:Funds II (the "Company")
Registered in England with Company Number IC001106

Sub-funds

ARC TIME Commercial Long Income PAIF
ARC TIME Social Long Income PAIF

Registered Office

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Authorised Corporate Director and Alternative Investment Fund Manager

Alpha Real Capital LLP
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London NW1 3BG

Authorised and regulated by the
Financial Conduct Authority.

The register of TIME:Commercial Long Income
may be inspected at this address above.

Investment Manager, Administrator and Transfer Agent

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Financial Conduct Authority.

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Authorised and regulated by the
Financial Conduct Authority.

Custodian

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Authorised and regulated by the
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Standing Independent Valuer

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Taxation Advisers

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Alpha Real Capital LLP

TIME Investments is the trading name of Alpha Real Property Investment Advisers LLP which is registered in England and Wales with company number OC355196. It is a subsidiary of Alpha Real Capital LLP with company number OC312705. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. FCA registration number 534723 and 436048 respectively. December 2020.

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