IMPORTANT: IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS PROSPECTUS YOU SHOULD CONSULT A PROFESSIONAL ADVISER.

ARC TIME:Funds

AN OPEN ENDED INVESTMENT COMPANY

(a NURS Scheme)

PROSPECTUS

valid as at 12 March 2021

CONTENTS

PROSPECTUS

OF

ARC TIME:Funds

This document constitutes the Prospectus for the ARC TIME:Funds (the “Company”) which has been prepared in accordance with the terms of the rules contained in the Collective Investment Schemes Sourcebook (the “FCA Regulations”) published by the FCA as part of their Handbook of rules made under the Financial Services and Markets Act 2000 (the “Act”).

The Prospectus is dated and is valid as at 12 March 2021.

This Prospectus has been issued for the purpose of section 21 of the Financial Services and Markets Act 2000 by Alpha Real Capital LLP.

Copies of this Prospectus have been sent to the FCA and the Depositary.

If you are in any doubt about the contents of this Prospectus you should consult your professional adviser.

The Prospectus is based on information, law and practice at the date hereof. The Company is not bound by any out of date prospectus when it has issued a new prospectus and potential investors should check that they have the most recently published Prospectus.

Alpha Real Capital LLP, the authorised corporate director of the Company, is the person responsible for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained herein does not contain any untrue or misleading statement or omit any matters required by the FCA Regulations to be included in it.

The Depositary is not a person responsible for the information contained in this Prospectus and accordingly does not accept any responsibility therefore under the FCA Regulations or otherwise.

The provisions of the Instrument of Incorporation are binding on each of the Shareholders and a copy of the Instrument of Incorporation is available on request.

The distribution of this Prospectus in certain jurisdictions may require that this Prospectus is translated into the official language of those countries. Should any inconsistency arise between the translated version and the English version, the English version shall prevail.

Kingdom of Saudi Arabia (the “Kingdom”)

This document may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document you should consult an authorised financial adviser.

All communications in relation to this Prospectus shall be English.

Shareholders are entitled to participate in the Company on the basis set out in this Prospectus (as amended from time to time). Shareholders should in particular note the following:

- The section on complaints, Shareholder meetings and voting rights, annual reports and documents relating to the Company set out important rights about Shareholders' participation in the Company.

- Shareholders may have no direct rights against the ACD, the Depositary, the Investment Manager Transfer Agent, the Administrator or the Collection Agent.

- Shareholders may be able to take action if the contents of this document are inaccurate or incomplete.

- Shareholders have statutory and other legal rights which include the right to complain and may include the right to cancel an order or seek compensation.

- Shareholders who are concerned about their rights in respect of the Company (or any Fund) should seek legal advice.

DEFINITIONS

"Accumulation Shares"	Shares in respect of which income is automatically rolled up into the price of the Share, thereby usually enhancing the value of these Shares;
"ACD"	Alpha Real Capital LLP, the authorised corporate director of the Company;
"Act"	the Financial Services and Markets Act 2000, as amended from time to time;
"Administrator"	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP;
"AIFM"	the legal person appointed on behalf of the Funds and which (through this appointment) is responsible for managing the Funds in accordance with the AIFM Directive and The Alternative Investment Fund Managers Regulations 2013, which at the date of this Prospectus is the ACD;
"AIFM Directive"	Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and Council of 8 June 2011 as amended from time to time;
"Application Form"	the relevant application form for Shares;
"Approved Bank"	as defined in the FCA Rules, generally an approved bank is the Bank of England or other OECD member state central bank, a bank with Part IV authorisation to accept deposits, a building society, or a bank supervised by the central bank or regulator in a member state of the OECD;
"Body Corporate" or "Bodies Corporate"	a body corporate incorporated in any jurisdiction (including within the UK) or any entity treated as a body corporate for tax purposes in any jurisdiction with which the UK has any form of double tax treaty or other agreement to relieve double tax which has effect under the UK's tax legislation by Order in Council or under such a double tax treaty or other agreement;
"Business Day"	a day other than a Saturday or a Sunday or a bank or public holiday in England;
"Class" or "Classes"	in relation to Shares, means (according to the context) all of the Shares or a particular class or classes of Share relating to a Fund;
"COLL Sourcebook" or "COLL"	refers to the appropriate chapter or rule in the Collective Investment Schemes Sourcebook which forms part of the FCA Rules;
"Collection Agent"	the relevant client money collection agent as appointed from time to time and as set out in the relevant Fund Application Form;
"Company"	ARC TIME:Funds;
"Conversion"	the conversion of Shares in one Class to Shares of another Class in the same Fund of the Company and "convert" shall be construed accordingly;
"Custodian"	The Northern Trust Company, as appointed by the Depositary;

"Cut Off Point for Redemptions"	in the case of each Share Class, as set out in Appendix A;
"Cut Off Point for Subscriptions"	in the case of each Share Class, as set out in Appendix A;
"Dealing Day"	the dealing day for a Class, details of which are set out in the specific information for relevant Fund in Appendix A;
"Depositary"	NatWest Trustee and Depositary Services Limited;
"Exchange"	the exchange of units in a Feeder Fund for Shares in a relevant Fund of the Company and vice versa, with the agreement of the ACD, by way of a redemption and issue of Shares and units as appropriate;
"Exempt Investor"	an investor entitled to receive distributions without the deduction of tax from a Fund as defined within Regulation 69Z24 Authorised Investment Funds (Tax) Regulations 2006;
"FATCA"	provisions commonly known as the US Foreign Account Tax Compliance provisions enacted by the US Hiring Incentives to Restore Employment (HIRE) Act of 18 March 2010 (as amended, consolidated or supplemented from time to time), including any laws and regulations issued pursuant thereto including, where relevant, in the UK;
"FCA"	the Financial Conduct Authority or any successor body which may assume its regulatory responsibilities from time to time;
"FCA Regulations"	the rules contained in the COLL Sourcebook or FUND Sourcebook as part of the FCA Rules;
"FCA Rules"	the FCA handbook of rules and guidance made under the Act;
"Feeder Fund(s)"	ARC TIME Freehold Income Authorised Feeder Trust, a sub-fund of ARC TIME:Feeder Trusts, which is the feeder fund for FIAF, further details of which are set out in Section 19;
"FIAF"	ARC TIME Freehold Income Authorised Fund, a sub-fund of the Company which qualifies as a PAIF;
"Fund" or "Funds"	a sub-fund of the Company (being part of the Scheme Property of the Company which is pooled separately) to which specific assets and liabilities of the Company may be allocated and which is invested in accordance with the investment objective and policy applicable to that sub-fund;
"FUND Sourcebook"	the Investment Funds sourcebook which forms part of the FCA Handbook. FUND accordingly refers to the appropriate chapter or rule in the FUND Sourcebook;
"Gross Shares"	Shares (of whatever Class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of Accumulation Shares) or distributed periodically to their holders (in the case of Income Shares) in either case in accordance with relevant tax law without any tax being deducted or accounted for by the Company;
"HMRC"	HM Revenue & Customs;

"Income Shares"	Shares in respect of which Income is distributed every six months at the relevant distribution date;
"Instrument of Incorporation"	the constitutive legal document of the Company;
"Investment Manager"	the investment manager to a Fund, appointed by the ACD, to be responsible generally for portfolio management. Appendix G sets out the investment manager appointed for each Fund;
"ISA"	an individual savings account under The Individual Savings Account Regulations 1998 (as amended);
"Net Asset Value" or "NAV"	the valuation of Scheme Property of the Company or any Fund (as the context requires), which is ascertained in accordance with the provisions of the Instrument of Incorporation;
"Net Shares"	Shares (of whatever Class) in the Company as may be in issue from time to time and in respect of which income allocated thereto is credited periodically to capital (in the case of Accumulation Shares) or distributed periodically to the holders (in the case of Income Shares) in either case in accordance with relevant tax law net of any tax deducted or accounted for by the Company;
"NURS"	a non-UCITS retail scheme, a type of collective investment scheme which is authorised and regulated by the FCA;
"NURS KII"	means the Key Investor Information Document;
"OEIC Regulations"	the Open-Ended Investment Companies Regulations 2001 as amended or re-enacted from time to time;
"PAIF" or "Property Authorised Investment Fund"	Property Authorised Investment Fund as set out in Part 4A of the Tax Regulations and the Glossary to the FCA Rules;
"PAIF Funds"	Funds elected for tax as a PAIF, from time to time;
"Property Investment Business"	property investment business as defined in the Tax Regulations;
"Property Manager"	the property manager for a Fund as appointed by the Investment Manager or ACD to a Fund, as set out in Appendix A;
"Scheme Property"	the property of the Company or a Fund to be given to the Depositary for safe-keeping, as required by the FCA Regulations;
"Shares"	shares in the Company, which may be either Income Shares or Accumulation Shares;
"Shareholder"	a holder of registered Shares;
"SIPPs"	self-invested personal pension schemes;
"Specified US Person"	a Shareholder who falls within the definition of "Specified U.S. Person" for the purposes of FATCA;
"SSASs"	small self-administered schemes;

"Standing Independent Valuer"	a Standing Independent Valuer as set out in the FCA Regulations as appointed by the ACD for a Fund, with the approval of the Depositary, from time to time;
"Switching"	the exchange where permissible of Shares of one Class in a Fund for Shares of another Fund and "switch" shall be construed accordingly;
"Tax Regulations"	the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964), as amended from time to time;
"Transfer"	the transfer of Shares from an existing Shareholder to a prospective shareholder, as agreed between those persons, with the consent of the ACD;
"Transfer Agent"	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP;
"Transfer Instruction Form"	a form required for any Shareholder to effect an Exchange; and
"Valuation Point"	10am on each Dealing Day.
"UKIIF"	ARC TIME UK Infrastructure Income Fund, a sub-fund of the Company

1 **The Company**

1.1 ARC TIME:Funds is an open-ended investment company with registered number IC000958, whose effective date of authorisation by the FCA was 2 April 2013.

1.2 The registered and head office of the Company is at C/o Alpha Real Capital LLP, 338 Euston Road, London, NW1 3BG which is also the address of the place in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

1.3 The base currency of the Company is pounds sterling.

1.4 Shareholders are not liable for the debts of the Company.

2 **Structure of the Company and the Funds**

2.1 The Company is structured as an umbrella company, in that different Funds may be established from time to time by the ACD with the approval of the FCA, the agreement of the Depositary and in accordance with the Instrument of Incorporation. On the introduction of any new Fund, a revised Prospectus will be prepared setting out the relevant details of each new Fund.

2.2 At the date of the Prospectus, the Company has two Funds: ARC TIME Freehold Income Authorised Fund ("**FIAF**") and ARC TIME UK Infrastructure Income Fund ("**UKIIF**").

The FCA product reference numbers are as follows:

Umbrella scheme or sub-fund name	**FCA product reference number**
ARC TIME:Funds	586042
ARC TIME Freehold Income Authorised Fund	640748
ARC TIME UK Infrastructure Income Fund	805713

2.3 The Company and each Fund are Non-UCITS Retail Schemes for the purposes of the FCA Rules. It is intended that the PAIF Funds, being FIAF as at the date of this Prospectus, will retain PAIF status at all times and will be managed so that they continue to qualify as PAIFs.

2.4 Details of the Funds, including their investment objective and policy are set out in Appendix A. Details of the investment and borrowing powers of each Fund are set out in Appendix B.

2.5 The minimum capital of the Company shall be £100,000 and the maximum capital shall be £100,000,000,000 as stated in the Instrument of Incorporation.

3 **Shares**

3.1 The Funds issue various Classes of Share, details of which are set out in the Fund specific information in Appendix A. Further Share Classes may be made available in due course, as the ACD may decide. The nature of the right represented by a Share is that of a right to a specified amount of the share capital of the Company.

3.2 The Instrument of Incorporation allows for Income Shares, Accumulation Shares, Gross Shares as well as Net Shares to be issued. Net Shares are shares in respect of which income allocated to them is distributed periodically to the relevant Shareholders (in the case of Income Shares) or credited periodically to capital (in the case of Accumulation Shares), in either case in accordance with relevant tax law net of any tax deducted or accounted for by a Fund. Gross Shares are Income Shares or Accumulation Shares where, in accordance with relevant tax law, distribution or allocation of income is made without any tax being deducted or accounted for by a Fund.

3.3 Holders of Income Shares are entitled to be paid the distributable income attributed to such Shares on any relevant interim and annual allocation dates.

3.4 Holders of Accumulation Shares are not entitled to be paid the income attributed to such Shares, but that income is automatically transferred to (and retained as part of) the capital assets of the relevant Fund on the relevant interim and/or annual accounting dates. This is reflected in the price of an Accumulation Share.

3.5 The minimum initial investment, on-going holding and redemption terms for each Share Class is set out for the relevant Fund in Appendix A.

3.6 Shares in the Company are not currently listed on any investment exchange.

3.7 Shares will be issued in larger and smaller denominations. There are ten thousand smaller denomination Shares to each larger Share. Smaller denomination Shares represent what in other terms might be called fractions of a larger Share and have proportionate rights.

4 Management and Administration

4.1 Authorised corporate director

4.1.1 The authorised corporate director of the Company is Alpha Real Capital LLP which is a co-investing international real estate funds manager focussed on value-added investing in global real estate markets. The ACD was incorporated as a limited liability partnership in England on 11 April 2005 and is owned by its members, including members of its management team.

4.1.2 The ACD is the AIFM for the purposes of the AIFM Directive.

4.1.3 Registered office and head office:

6th Floor
338 Euston Road
London
NW1 3BG

4.1.4 Partnership Capital: Members' capital (classified as equity) as at 31 March 2020 was £29.0 million.

4.1.5 The ACD is responsible for managing and administering the Company's affairs in compliance with the FCA Regulations including portfolio management and risk management.

4.1.6 For all Funds, the ACD has delegated portfolio management services to the Investment Manager. All appointments of the delegates for the delegated functions are engaged formally within service agreements on commercial arm's length terms. It has also delegated to the Administrator certain functions relating to administration and the register of each Fund.

4.1.7 The ACD is also authorised fund manager of the Feeder Fund, an authorised unit trust.

4.2 Terms of Appointment

4.2.1 The ACD's appointment is governed by the Instrument of Incorporation and the ACD Agreement dated 2 April 2013 (as amended) between the Company and the ACD, as amended from time to time.

4.2.2 The ACD is entitled to fees and expenses pro-rated to the date of termination and any additional expenses necessarily realised in settling or realising any outstanding obligations.

4.2.3 The ACD is under no obligation to account to the Depositary or the Shareholders for any profit it makes on the issue or re-issue of Shares or cancellation of Shares which it has redeemed. The fees to which the ACD is entitled are set out later in this document.

4.2.4 The main business activities of the ACD are (i) acting as authorised corporate director; (ii) investment management services (iii) providing investment advice to the Funds; and (iv) fund administration including fund accounting and transfer agency services. Certain of these services have been delegated.

4.2.5 The relevant members of the ACD who are members of the ACD Board are:

- Phillip Rose
- Mark Rattigan
- Karl Devon-Lowe
- Richard Gray [independent director under the terms of COLL 6.6.25R]
- Gerald Parkes [independent director under the terms of COLL 6.6.25R]

4.2.6 None of them have any business activities (other than those connected with the business of the Company) that are significant to Company.

4.2.7 The Company may terminate the ACD's appointment as set out in the Instrument of Incorporation. The Instrument of Incorporation states that the Company may, by ordinary resolution, remove the ACD before the expiration of his period of office notwithstanding anything in the Instrument of Incorporation or in any agreement between the Company and the ACD. Such removal takes effect only upon the satisfaction of either of the conditions appearing in Regulation 21(3) of the OEIC Regulations and shall be without prejudice to any claim the ACD may have for damages for breach of any such agreement. The ACD Agreement may also be terminated if certain other circumstances such as the insolvency of a party or the winding up of the Company. The ACD may terminate the ACD Agreement after the expiry of two years from the date of incorporation of the Company on giving not less than 6 months' notice. If the ACD's appointment is terminated in accordance with the Instrument, a compensation payment shall be due to the ACD under the terms of the AIFM Agreement. If the appointment of the ACD is terminated on any other basis, no compensation payment on termination is payable and the ACD shall be due pro-rata fees and expenses until the date it stops providing services plus the additional expenses incurred by the ACD in arranging for the transfer of the operation of the Company to a new authorised corporate director.

4.2.8 The Company indemnifies the ACD against all liabilities, brought or made against or incurred by the ACD by reason of any act or thing done by the ACD as a result of any negligent or wrongful direction or requirement of the Company given or made under the terms of the ACD Agreement. The Company further undertakes to indemnify the ACD against any actions, claims, costs, damages and expenses arising out of its role as ACD and any indemnity given with the approval of the Company by the ACD to the appointed Depositary of the Company or any delegated service provider appointed by the ACD. The ACD cannot be indemnified by the Company beyond the extent permitted by the Act, the FCA Regulations or the FCA Rules.

5 The Depositary

The depositary of the Fund is the NatWest Trustee and Depositary Services Limited, which is a private limited company incorporated in England and Wales. Its registered and head office is at 250 Bishopsgate, London EC2M 4AA. The ultimate holding company of the Depositary is NatWest Group Plc, a public limited company incorporated in Scotland.

Subject to the FCA Regulations, the Depositary is responsible for the safekeeping of the property of the Fund entrusted to it and has a duty to take reasonable care to ensure that the Fund is managed in accordance with the provisions of the FCA Regulations relating to the pricing of, and dealing in, Shares of the Fund and the income of the Fund.

The Depositary has delegated its custody obligations (other than in relation to the immovable property) to The Northern Trust Company.

5.1 Principal Business Activity

The principal activity of the Depositary is banking. The Depositary is authorised by and regulated by the Financial Conduct Authority.

5.2 Terms of Appointment

5.2.1 The Depositary's appointment is governed by the Depositary Agreement dated 31 October 2018 between the Company, the ACD and the Depositary. Subject to the FCA Regulations, the Depositary has full power to delegate (and authorise its delegate to sub-delegate) all or any part of its duties as Depositary.

5.2.2 The Depositary may not retire voluntarily except upon the appointment of a new depositary.

5.2.3 The fees to which the Depositary is entitled are set out later in this document.

5.2.4 Either the Company or the Depositary is entitled to terminate the Depositary's appointment at any time by at least 3 months' written notice subject to paragraph 5.2.2 above or immediately in certain circumstances such as the Company being wound up or on the insolvency of either party.

5.2.5 The Company indemnifies the Depositary against all losses suffered or incurred by the Depositary in the proper execution or exercise, or in the purported execution or exercise reasonably and in good faith, of the Depositary's duties, powers, authorities and discretions under the Depositary Agreement save to the extent that the Depositary has failed to exercise due care and diligence in the discharge of the functions of the Depositary in respect of the Company or any loss has arisen as a result of the fraud, negligence, bad faith or wilful default of the Depositary or any loss actually been recovered by the Depositary.

5.2.6 The Depositary indemnifies the Company against all losses suffered or incurred by the Company arising out of a claim against the Company brought by a third party as a direct result of the Depositary's failure to exercise its standard of care required by the Agreement, or as a direct result of the Depositary's negligence, bad faith, fraud or wilful misconduct whilst discharging its functions under the Depositary Agreement, save that this indemnity does not apply where the loss is the result of the failure by the Company to exercise due care and diligence in the discharge of the functions of the Company in respect of the Depositary, or has arisen as a result of the fraud, negligence, bad faith or wilful default of the Company or any loss has actually been recovered by the Company.

Re-use of Company assets by the Depositary

Under the Depositary Agreement, the Depositary has agreed that it and any person to whom it delegates custody functions may not re-use any of the Company's assets with which it has been entrusted.

6 The Investment Manager

6.1 The ACD has delegated certain services as set out below and has appointed TIME Investments, a trading name of Alpha Real Property Investment Advisers LLP, 338 Euston Road, London, NW1 3BG to provide portfolio management and related advisory services to the ACD pursuant to a delegation agreement (the "Investment Management Agreement").

6.2 The Investment Manager is part of the same corporate group as the ACD and the appointment of the Investment Manager under the Investment Management Agreement is on commercial terms on an arm's length basis.

6.3 The principal activity of the Investment Manager is providing property investment management services and related administration functions.

6.4 The Investment Manager has the authority to make investment decisions on behalf of the ACD with respect to the Funds. The Investment Manager is further responsible for the promotion and marketing of the Funds, transfer agency services (including acting as registrar for the Funds), fund accounting and fund administration. The Investment Manager has appointed a Property Manager by way of a service agreement, to provide delegated services of property management of the relevant immovable property. The Investment Manager remains responsible for these services.

6.5 The Investment Management Agreement may be terminated on one month's written notice by the ACD or the Investment Manager. Notwithstanding this, the ACD may terminate the Investment Management Agreement with immediate effect if it is in the interests of the Shareholders and in certain other circumstances such as insolvency of either party.

6.6 The ACD has the ability to appoint further Investment Managers if it judges this to be in the interest of the Shareholders.

6.7 Under the Investment Management Agreements, the Depositary provides indemnities to the Investment Manager, (except in the case of any matter arising as a direct result of the Investment Manager's fraud, negligence, default or bad faith). The aggregate liability of the Investment Manager under each of the Agreements is capped at £5 million.

6.8 The fees and expenses of the Investment Manager (including those of the Property Manager) will be paid out of the property of the Company or each Fund (as the case may be) as set out later in this document.

Should the Investment Management Agreement be terminated for other than "Cause", as set out in the Investment Management Agreement, a compensation payment shall be due to the Investment Manager equivalent to the payment of 12 months' investment management fees (including those for transfer agency as set out in Section 38 ('Fees and Expenses') and Appendix A).

7 The Property Manager

In relation to the immovable property held by a Fund, the Investment Manager may appoint a property manager. Details of any Property Manager appointed for a Fund can be found in the Fund specific details in Appendix A.

8 The Auditors

The Auditors of the Company are Mazars LLP, whose address is The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF.

They are responsible for auditing the annual accounts of the Funds and expressing an opinion on certain matters relating to the Funds in the annual report including whether their accounts have been prepared in accordance with applicable accounting standards, the FCA Regulations and the Instrument of Incorporation.

9 The Administrator

The ACD has appointed TIME Investments, a trading name of Alpha Real Property Investment Advisers LLP, 338 Euston Road, London, NW1 3BG to provide fund administration services, including fund accounting, to the Funds and the Company.

10 Register of Shareholders

The register of Shareholders of each Fund is maintained by the ACD at its office at 338 Euston Road, London, NW1 3BG, and may be inspected at that address during normal business hours by any Shareholder or any Shareholder's duly authorised agent, solely in accordance with COLL.

11 Standing Independent Valuer

A Standing Independent Valuer is appointed for any Fund which invests in real property. Details of the Standing Independent Valuer appointed for each Fund can be found in the Fund specific details in the Directory in Appendix G.

The Standing Independent Valuer is responsible for valuing the immovables (the real property) of the relevant Funds on the basis of a full valuation with physical inspection (including where the immovable is or includes a building, internal inspection) at least once a year. The Standing Independent Valuer also values each immovable on the basis of a review of the last full valuation at least once a month, usually at the end of the month. The figure arrived at under that valuation is used as part of the valuation of the Fund calculated on each Dealing Day for the following month. Any valuation by the Standing Independent Valuer shall be prepared in accordance with UKVPS 3 and 2.3 of UKVPGA of the RICS Valuation – Global Standards 2017, UK national supplement 2018 (the RICS Red Book) (the "Red Book"). Where the appointed Standing Independent Valuer is acting as a connected party to a purchase transaction being carried out by a Fund, the Fund will, as required, appoint an alternative Standing Independent Valuer to act on its behalf in relation to that particular transaction only.

Subject to COLL and in the absence of bad faith, negligence or manifest error, all valuations of the property of a Fund by the ACD and the Standing Independent Valuer shall be definitive.

The ACD and/or the Standing Independent Valuer may carry out additional valuations of the property of the relevant Fund(s) if this is considered desirable or is required by COLL.

12 Conflicts of Interest

The ACD, the Depositary and the Investment Manager are or may be involved in other financial, investment and professional activities which may, on occasion, cause potential conflicts of interest with the management of the Funds. In addition, the Company may enter into transactions at arm's length with companies in the same group as the ACD or the Investment Manager.

The Depositary may, from time to time, act as trustee or depositary of other companies or funds.

12.1 The ACD and other companies within the ACD's group may from time to time act as managers to other funds or sub-funds which follow similar investment objectives to those of the Funds. It is therefore possible that the ACD may in the course of its business have potential conflicts of interest with the Company or a particular Fund or between the Company and the other funds managed by the ACD. The ACD will take all appropriate steps to identify and prevent or manage such conflicts and will have regard in any event of this kind to its obligations under the ACD Agreement and in particular to its obligation to act in the best interests of the Company and the Shareholders so far as practicable, having regard to its obligations to other collective investment schemes, when undertaking any investment business where potential conflicts of interest may arise. Where a conflict of interest cannot be avoided, the ACD will ensure that the Company and the Shareholders and any other collective investment schemes it manages are fairly treated. The ACD maintains a written conflicts of interest policy.

12.2 The ACD acknowledges that there may be some situations where the organisational or administrative arrangements in place for the management of conflicts of interest are not sufficient to ensure with reasonable confidence that risk of damage to the interests of the Company and Shareholders will be prevented. Should such situations arise the ACD will, as a last resort if the conflict cannot be avoided, disclose these to Shareholders in an appropriate format.

13 Buying, Selling, Switching, Converting, Transferring and Exchanging Shares

13.1 The dealing office of the Administrator, on behalf of the ACD, is open from 9.00 am until 5.00 pm on each Business Day to receive requests for information about the Company and the Funds from existing and prospective Shareholders and for the sale or purchase, redemption, conversion, exchange, transfer and switching of Shares.

13.2 In respect of some Funds, deals must be received before the relevant cut off point in order to be dealt with at the next Valuation Point. Requests for subscriptions received after the Cut Off Point for Subscriptions, and requests for redemptions received after the Cut Off Point for Redemptions, will be dealt with at the Valuation Point at the discretion of the Administrator or the next following Dealing Day. However, dealing requests received from a Feeder Fund on a Dealing Day after the 12 noon Valuation Point but before 5 pm on that Dealing Day may still be accepted by the ACD and dealt with at the price calculated on that Dealing Day.

13.3 For details of the Valuation Point and, where relevant, the Cut Off Point for Subscriptions and Cut Off Point for Redemptions of a Fund, please see Appendix A.

13.4 The Administrator, on behalf of the ACD, will not accept instructions to buy, sell, convert, exchange or switch or to transfer title to Shares by electronic communication, other than email communication with a validly executed attached file at the discretion of the Administrator. Fax communication may be accepted at the discretion of the Administrator.

13.5 Telephone calls made to the Administrator may be recorded and recordings may be used for training purposes. Any data provided during the call will be used and held in accordance with the relevant data protection requirements.

13.6 Genuine Diversity of Ownership

Shares in the Funds are and will continue to be widely available. The intended categories of investors are retail investors and institutional investors. Certain Share Classes are restricted to specific categories of investor details are set out in the Fund specific details in Appendix A.

Shares in the Funds are and will continue to be marketed and made available sufficiently widely to reach the intended categories of investors for each Share Class, and in a manner appropriate to attract those categories of investors.

13.7 **Liquidity Management**

The ACD has a liquidity management policy and maintains tools and methods of monitoring the liquidity of the Funds and to ensure that the ACD can carry out investment requests. The liquidity risk management policies and procedures include the management, implementation and maintaining of appropriate liquidity limits for each Fund and periodic stress testing of the liquidity risk of each Fund under both normal and exceptional liquidity conditions to ensure that anticipated redemption requests can be met. In normal circumstances, dealing requests will be processed as set out above. In exceptional circumstances, other procedures, such as suspending dealings in a Fund, borrowing cash, deferring the redemption of units, or applying in-specie redemptions may be used. If the ACD's policy for managing liquidity should change, this will be set out in the annual report.

14 **Buying Shares**

14.1 **Procedure**

14.1.1 Shares may be bought directly from the Administrator, on behalf of the ACD or indirectly through a professional adviser or other relevant intermediary. Any non-UK intermediary who recommends an investment in the Company to Shareholders may be entitled to receive commission from the Administrator, on behalf of the ACD. An ongoing commission, based on the value of Shares held may also be paid to qualifying non-UK intermediaries.

14.1.2 Requests to purchase Shares must be made by completing an Application Form and sending this to the Administrator together with payment either in electronic form or by cheque at the address set out in the relevant Fund's Application Form. A purchase of Shares via Application Form or any other means is a legally binding contract. Application Forms can be obtained from the Administrator. Payment made electronically should be directed to the nominated bank account of the Collection Agent, as advised from time to time. Requests to purchase Shares are required to be delivered no later than the Cut Off Point for Subscriptions in respect of the relevant Share Class for the relevant Dealing Day. The Administrator has the right to waive this notice period at its sole discretion. Should a Shareholder wish to withdraw their application of Subscription at any time before Dealing Day, the Administrator may agree to accept the withdrawal notice, at its sole discretion.

14.1.3 Investors wishing to purchase Gross Shares (where applicable) must complete the relevant section of the Application Form, which may be obtained from the ACD and agree to indemnify the ACD on the terms set out in the Application Form.

14.1.4 The ACD reserves the right to refuse to issue Shares in its sole discretion and it is under no obligation to account for its reasons for doing so. The Administrator, on behalf of the ACD, has the right, subject to its obligations under the FCA Regulations, to reject any application for Shares in whole or part, on reasonable grounds relating to the circumstances of the applicant, and in this event the Administrator will return any money sent, or the balance of such monies, at the risk of the applicant. In addition, the Administrator, on behalf of the ACD, has the right to reject any application for Shares where:

14.1.4.1 the application does not, in the sole opinion of the ACD, meet the investor profile of the relevant Fund or a particular Class (please see Appendix A for further details);

14.1.4.2 the ACD reasonably believes that the acquisition of Shares may have a prejudicial effect on the Company, the Fund, the Scheme Property of any Fund or any service provider to the Company or Shareholders;

14.1.4.3 the amount of the application for Shares is such that the ACD believes accepting the application may impact the performance of the Fund or could introduce real or perceived liquidity risk or more generally could potentially diminish the attractiveness of the Shares or the Fund for prospective or existing Shareholders;

14.1.4.4 the application has previously been accepted and the applicant has paid by cheque and that cheque subsequently failed to be cleared.

14.1.5 All Funds of the Company are designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of the Fund may harm performance by disrupting the investment management strategy of the relevant Fund and by increasing expenses of the relevant Fund. The ACD may at its sole discretion refuse to accept applications for Shares, especially where transactions are deemed disruptive, and particularly from possible market-timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Fund. For these purposes, the ACD may consider an investor's trading history in the Fund or other funds managed by the ACD or the Administrator and accounts under common ownership or control.

14.1.6 Any subscription monies remaining after a whole number of Shares has been issued will not be returned to the applicant. Instead, fractions of Shares will be issued in such circumstances.

14.1.7 Client money will be held in an account with the Collection Agent. No interest payment is currently made on client money held by the Collection Agent. In the event that interest becomes payable, this shall be payable to the Collection Agent and/or Administrator, as agreed between the parties.

14.1.8 Applicants may have the right to cancel their application to buy Shares at any time during the 14 days following the settlement date. If an applicant decides to cancel the contract they must inform the ACD by returning a cancellation notice available from the ACD or the Administrator. If the value of the investment has fallen at the time the ACD receives the completed cancellation notice, the Shareholder will not receive a full refund as an amount equal to any fall in value will be deducted from the sum originally invested. The ACD may extend cancellation rights to other investors but is under no obligation to do so. All fees, levies or other expenses charged by the Fund or any relevant party shall also be refunded. If an applicant has made arrangements with an intermediary with regards to certain advisory charges, upon cancellation this matter should be remedied between the parties and neither the Fund nor its agents have any responsibility in these matters.

14.2 **After purchasing Shares**

14.2.1 A contract note giving details of the Shares purchased and the price used, including any equalisation paid, will usually be issued the next Business Day after the Dealing Day but no later than four Business Days after the Dealing Day with reference to the purchase price at the Valuation Point.

14.2.2 Settlement is due by 5pm on the third Business Day after the relevant Dealing Day. Funds are transferred to the relevant Fund within one Business Day after this deadline. The ACD, at its discretion, has the right to cancel a purchase deal if settlement is materially overdue and any loss arising on such cancellation shall be the liability of the applicant. In the event the ACD is unable to enforce recovery of the liability arising in this context, the ACD shall be entitled to recover any associated loss arising from the Company or Fund.

14.2.3 Share certificates will not be issued in respect of Shares. Ownership of Shares will be evidenced by an entry on the Company's register of Shareholders. Statements in respect of half yearly distributions of income will show the number of Shares held by the recipient in respect of which the distribution is made. Individual statements of a Shareholder's (or, when Shares are jointly held, the first named holder's) Shares will also be issued at any time on request by the registered holder.

14.3 **Minimum subscriptions and holdings**

14.3.1 The minimum initial and subsequent subscription levels, and minimum holdings, are set out in Appendix A. The Administrator, on behalf of the ACD, may at its discretion accept subscriptions lower than the minimum amount.

14.3.2 If a holding is below the minimum holding the Administrator, on behalf of the ACD, has discretion to require redemption of the entire holding.

14.4 **Limited Issue Arrangements**

14.4.1 The ACD reserves the right to limit the issue of any Shares in circumstances where the liquidity within a Fund is deemed to be detrimental to the Fund's performance.

14.4.2 In such circumstances, the ACD may still issue Shares where the proceeds of that issue can be invested without compromising the Fund's objective or materially prejudicing existing Shareholders, such as on the reinvestment of distribution income, or the investment of regular contributions received by the ACD or the Administrator.

14.4.3 The Administrator will return any cheques and application forms received whilst the limited issue provision is in force.

14.4.4 Where the ACD proposes to limit the issue of Shares in any Fund, Shareholders shall be notified of this limitation and the date of its implementation.

14.5 **In Specie Issue**

The ACD may, in its sole discretion, arrange for the Company to issue Shares at a price no greater than the price at the relevant Valuation Point in exchange for assets other than cash, but will only do so where the Depositary has taken reasonable care to determine that the Company's acquisition of those assets in exchange for the issued Shares is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders in the relevant Fund.

The ACD will ensure that the beneficial interest in the assets is transferred to the Fund with effect from the issue of the Shares.

The ACD will not issue Shares in any Class in exchange for assets the holding of which would be inconsistent with its investment objective.

14.6 **Bodies Corporate in the PAIF Funds**

14.6.1 The ACD permits investment in the PAIF Funds by Bodies Corporate investing on their own account but only in accordance with the following conditions. Bodies Corporate which do not meet the following conditions can only invest indirectly through the relevant Feeder Fund:

Certificate required whenever Shares are registered in a corporate name

14.6.2 No Body Corporate may acquire Shares (whether as beneficial owner or otherwise) unless it certifies that:

a) it holds all the Shares as beneficial owner; or

b) it holds some or all of the Shares on behalf of one or more other bodies corporate, in which case it further certifies that:

(i) its own interest (if any) is less than 10% of the NAV of the relevant PAIF Fund;

(ii) the interest of each beneficial owner for which it holds Shares is less than 10% of the NAV of the relevant PAIF Fund; and

(iii) each of the other bodies corporate has given the undertakings described in (c) or (d) (as appropriate);

c) if it acquires Shares and holds Shares otherwise than as beneficial owner it will undertake to disclose to the ACD the names and shareholding of each Body Corporate on whose behalf it is holding Shares; and

d) if it acquires Shares as beneficial owner (whether the Shares are registered in its name or the name of a nominee or other person) that it will:

(i) not acquire 10% or more of the relevant PAIF Fund's NAV; and

(ii) on becoming aware that it has acquired or holds 10% or more of the relevant PAIF Fund, it shall immediately reduce its holding to below 10% of the NAV.

Undertaking required from every corporate nominee

14.6.3 Any Body Corporate that acquires Shares in a PAIF Fund and holds them otherwise than as beneficial owner must undertake to disclose to the ACD the names and Shareholding of each Body Corporate on whose behalf it is holding Shares (if any).

Undertaking regarding size of holding required from any corporate owner

14.6.4 Any Body Corporate that acquires Shares as beneficial owner or as a trustee of a trust (which is not a registered pension scheme) or a personal representative (whether the Shares are registered in its name or the name of a nominee or other person) must give the following undertakings:

a) not to acquire 10% or more of the NAV of the relevant PAIF Fund; and

b) on becoming aware that it has acquired 10% or more of the NAV of the relevant PAIF Fund, to reduce its holding of that NAV below 10%.

9% tolerance limit

14.6.5 The ACD's policy, in order to protect investors, is to work with a 9% tolerance limit as set out below. In the event that a Body Corporate exceeds 9% of the NAV of the relevant PAIF Fund, the ACD intends to contact that Body Corporate with a view to exchanging some or all of its Shares in the PAIF Fund for units in the relevant Feeder Fund if the investor wishes to remain invested in the PAIF Fund. In the event that a Body Corporate reaches approximately 9% of the NAV of the relevant PAIF Fund, the ACD may, in its absolute discretion, exchange the excess of their Shareholding for units in the Feeder Fund or compulsorily redeem the excess in each case as described below. Typically, the ACD will reduce the Body Corporate's holdings in the relevant PAIF Fund to 7.5% of the NAV of the relevant Fund.

14.7 **Bodies Corporate with significant holdings in a PAIF Fund**

14.7.1 Should a Body Corporate acquire or become holder of 10% or more of the NAV of the relevant PAIF Fund, and the ACD becomes aware that a Body Corporate holds more than the maximum allowable, the ACD shall:

a) notify the Body Corporate of that event;

b) not pay any (or accumulate as the case may be) income distribution to the Body Corporate; and

c) exchange that Body Corporate's Shares for units in the relevant Feeder Fund reducing the Body Corporate holding down to 9% within a reasonable time frame with a further adjustment down to 7.5% in accordance with 14.6.5.

14.7.2 For the purpose of 14.7.1(c) a reasonable time-frame means the time-frame which the ACD reasonably considers to be appropriate having regard to the interests of the Shareholders as a whole, but would usually be the next Dealing Day of the relevant Shares.

14.7.3 If for any reason the ACD is unable to exchange the Shares for units as described in the preceding paragraph, then the Body Corporate shall be deemed to have given a written request for the redemption or cancellation (at the discretion of the ACD) of the proportion of the Shares in the PAIF Fund representing the excessive holding (or the proportion the ACD reasonably believes to be an excessive holding). Where a request in writing is given or deemed to be given for the redemption or cancellation of affected Shares, such redemption will (if effected) be effected in the same manner as provided for in the COLL Sourcebook. This would normally be at the next Dealing Day for relevant Shares.

14.7.4 In the event that a Body Corporate is close to reaching the ACD's 9% limit, the ACD intends to contact the Body Corporate to inform it that it is reaching this limit. The ACD will request that the Body Corporate moves the balance over 7.5% of the NAV of the relevant PAIF Fund into the relevant Feeder Fund (by a redemption of Shares and issue of units) or redeem Shares representing the excess above 7.5% with a view to reducing the holding to 7.5% of NAV.

14.8 **Disclosures for FATCA**

14.8.1 As part of the process of buying Shares, and at various points throughout ownership of Shares, investors in the Company will be required to provide the ACD (or its delegate) with any information that the Company considers necessary to enable it to comply with its domestic (and any overseas) obligations relating to FATCA. This may be addition to information required for anti-money laundering purposes (see Section 22).

14.8.2 FATCA aims to prevent US tax evasion by requiring foreign financial institutions (such as the Company) to report certain information in relation to any Shareholder who is a Specified US Person to the Internal Revenue Service of the US ("IRS"). As a result of an intergovernmental agreement entered into between the US and UK governments, the ACD may be required to disclose information relating to Shareholders who fall within the definition of Specified US Person (and their investments in the Company) to HM Revenue & Customs, who will in turn exchange this information with the IRS.

14.8.3 By signing the Application Form to subscribe for Shares in the Company, each Shareholder is agreeing to provide such information upon request from the Company or its delegate.

14.8.4 **Please note that the Company may treat Shareholders as a Specified US Person where the Company is unable to establish that this is not the case.**

14.8.5 It is the responsibility of the Shareholder to notify the Administrator of the Fund if their status under FATCA changes. For example, if a Shareholder subsequently becomes a Specified US Person, Non-Participating Financial Institution or Passive Non-Financial Foreign Entity with one or more substantial US owners. Shareholders who are concerned about their position are encouraged to consult with their own tax advisers regarding the possible implications of FATCA on their interest in the Company.

15 **Selling Shares**

15.1 **Procedure**

15.1.1 Every Shareholder has the right to request that the Company redeem its Shares on any Dealing Day, subject to the Cut Off Point for Redemptions, unless the value of Shares which a Shareholder wishes to redeem will mean that the Shareholder will hold Shares with a value less than the relevant required minimum holding, in which case the Shareholder may be required to redeem his entire holding in the Fund(s).

15.1.2 Requests to redeem Shares may be made to the Administrator by writing to the Administrator at the address set out in Appendix H. Please note that telephone dealing is not permitted. The Administrator, on behalf of the ACD, will not accept instructions to sell Shares by electronic communication, other than email communication or fax communication which may only be accepted at the discretion of the Administrator. Requests to redeem Shares are required to be delivered no later than the Cut Off Point for Redemptions in respect of the relevant Share Class for the relevant Dealing Day.

The Administrator has the right to waive this notice period at its sole discretion. Should a Shareholder wish to withdraw their notice of redemption at any time before Dealing Day, the Administrator may agree to accept the withdrawal notice, at its sole discretion.

15.2 **Documents the seller will receive**

A contract note giving details of the number and price of Shares sold will be sent to the selling Shareholder (the first named, in the case of joint Shareholders) or their duly authorised agents together (if sufficient written instructions have not already been given) usually by the end of the Business Day following the Valuation Point by reference to which the redemption price is determined. BACS or CHAPS transfers will usually be made in satisfaction of the redemption monies within four Business Days of the relevant Dealing Day.

15.3 **Minimum redemption**

Part of a Shareholder’s holding may be sold but the Administrator, on behalf of the ACD, reserves the right to refuse a redemption request if the value of the Shares to be redeemed is less than any minimum redemption amount set out in Appendix A or would result in a Shareholder holding less than the minimum holding, as detailed in Appendix A. In the latter case the Shareholder may be asked to redeem their entire Shareholding in the Fund(s).

15.4 **Extended notice period arrangements**

In order to protect the liquidity of a Fund, requests for redemptions of certain Classes of Shares in the Funds are subject to an extended notice period. These Classes are identified in Appendix A. Redemption requests for these Classes must be received by the relevant Cut Off Point for Redemption and shall be dealt at the price calculated at the valuation point on the first Dealing Day after the expiry of the notice period.

At its absolute discretion, the ACD may waive the relevant notice period (in whole or in part).

Once a redemption request is submitted it cannot be withdrawn or cancelled unless the ACD agrees to such withdrawal or cancellation.

15.5 **In specie redemptions**

If a Shareholder requests the redemption of Shares, the ACD may (or the Administrator on behalf of the ACD may), at its sole discretion and where it considers the deal to be substantial in relation to the total size of the Class concerned or in some way detrimental to the Class, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, that the Company transfers Scheme Property from the relevant Fund or, if required by the Shareholder, the net proceeds of sale of the relevant Scheme Property, to the Shareholder. The ACD may only do so, however, where the Depositary considers that the Company's sale of those assets in exchange for the issued Shares is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders in the relevant Fund.

Before the proceeds of the cancellation of Shares become payable, the ACD must give written notice to the Shareholder that the Scheme Property or the proceeds of sale of Scheme Property will be transferred to that Shareholder so that the Shareholder can require the net proceeds of redemption rather than the relevant property if he so desires.

The ACD will select the Scheme Property to be transferred in consultation with the Depositary. They must ensure that the selection is made with a view to achieving no more advantage or disadvantage to the Shareholder requesting cancellation/redemption than to the continuing Shareholders. Whether the property is transferred or sold there shall be deducted from it a cash amount which would have normally been borne by the Company on a sale of the property (if any).

15.6 **Income Shareholder realisation of Income Shares to the extent of net investment property gains**

To the extent net investment property gains arise, such as following the disposal of property ground rent interests above their book cost (and associated expenses), the ACD may determine, with the consent of the Depositary, to redeem Income Shares to the extent of the realised investment property gains in any given accounting period, with such net consideration distributed to Income Shareholders. For the avoidance of doubt, realised investment gains for Accumulation Shares automatically accrue to the value of Accumulation Shares. Any distribution of net investment property gains shall be at the same time as usual distributions to relevant Shareholders.

15.7 **Direct Issue or Cancellation of shares**

There is no facility for direct issue or cancellation of shares by the Depositary.

16 **Transfers**

Shareholders are entitled to Transfer their Shares to another person or body. All Transfers must be in writing in the form of an instrument of transfer approved by the ACD for this purpose. Completed instruments of Transfer must be returned to the ACD in order for the Transfer to be registered by the ACD. The ACD has absolute discretion whether or not to approve the Transfer and has no requirement to justify its decision. Neither the ACD nor a Fund will be liable for any costs whatsoever however arising from the actual or proposed Transfer. Any Shareholder, the subject of an approved Transfer, is subject to the terms of this Prospectus including the disclosure requirements of paragraph 14.8.

17 **Conversions**

17.1 Subject to any restrictions on the eligibility of investors for a particular Share Class, a Shareholder in a Fund may convert all or some of his Shares of one Class in a Fund for another Class of Shares in the same Fund.

17.2 Conversions will be effected by the ACD recording the change of Share Class on the Register of the Company.

17.3 If a Shareholder wishes to convert Shares he should apply to the Administrator, on behalf of the ACD, in the same manner as for a Switch as set out below.

17.4 All Conversions are at the discretion of the Administrator, on behalf of the ACD, who are not under any obligation to effect any Conversion request. Approved Conversions may not be effected at the next Dealing Day for relevant Shares and may be held over and processed at a subsequent Dealing Day for relevant Shares or ultimately to the Dealing Day immediately following the end of the relevant Fund’s accounting period. For further information and to discuss the timing for the completion of conversions please contact the Administrator, on behalf of the ACD.

17.5 Conversions will not usually be treated as a disposal for capital gains tax purposes and no stamp duty reserve tax will be payable on the conversion. This may not be the case for conversions involving hedged Share Classes should any Fund offer such Share Classes.

17.6 The number of Shares to be issued in the new Class will be calculated relative to the price of the Shares being converted from.

17.7 **A Shareholder who converts Shares in one Class for Shares in any other Class in the same Fund will not be given a right by law to withdraw from or cancel the transaction.**

17.8 If investors are in any doubt as to the effect of conversions on their holding, they should seek professional advice.

18 **Switches**

18.1 Subject to the qualifications below, a Shareholder may at any time switch all or some of his Shares of one Fund (Original Shares) for Shares of another Fund (New Shares), provided that they satisfy the relevant subscription and eligibility criteria.

18.2 The number of New Shares issued will be determined by reference to the respective prices of New Shares and Original Shares at the Valuation Point applicable at the time the Original Shares are redeemed and the New Shares are issued.

18.3 The Administrator, on behalf of the ACD, may at its discretion make a charge on the switching of Shares between Funds. Any such charge on switching does not constitute a separate charge payable by a Shareholder, but is rather the application of any redemption charge on the Original Shares and any initial charge on the New Shares, subject to certain waivers.

18.4 If a partial switch would result in the Shareholder holding a number of Original Shares or New Shares of a value which is less than the minimum holding in the Class concerned, the ACD may, if it thinks fit, switch the whole of the applicant's holding of Original Shares to New Shares (and make a charge on switching) or refuse to affect any switch of the Original Shares. Save as otherwise specifically set out, the general provisions on procedures relating to redemption will apply equally to a switch.

18.5 Valid instructions to the Administrator, on behalf of the ACD, to switch Shares received before the Cut Off Point for Redemption (where appropriate) will be processed at the Share prices calculated based on the Net Asset Value per Share at the next Valuation Point following receipt of the instruction (or at such other Valuation Point as the ACD at the request of the Shareholder giving the relevant instruction may agree) except in the case where dealing in a Fund has been suspended.

18.6 The Administrator, on behalf of the ACD, may adjust the number of New Shares to be issued to reflect the application of any charge on switching together with any other charges or levies in respect of the application for the New Shares or redemption of the Original Shares as may be permitted pursuant to the COLL Sourcebook.

18.7 **A Shareholder who switches Shares in one Fund for Shares in any other Fund will not be given a right by law to withdraw from or cancel the transaction.**

18.8 **Please note that under UK tax law a switch of Shares in one Fund for Shares in any other Fund is treated as a redemption of the Original Shares and a purchase of New Shares and will, for persons subject to taxation, be a realisation of the Original Shares for the purposes of capital gains taxation, which may give rise to a liability to tax, depending upon the Shareholder's circumstances.**

19 The Feeder Funds

19.1 Certain holders who are eligible to invest in the PAIF Funds may be unable to do so for administrative, regulatory or other reasons and will, therefore, invest through a Feeder Fund each of which is a sub-fund of ARC TIME:Feeder Trusts.

19.2 Investors may be able to exchange Shares in a PAIF Fund for units in its corresponding Feeder Fund and vice versa. Please see section 20 for further details.

19.3 The table below sets out each of the Feeder Funds (and their unit classes) and the corresponding PAIF Fund in the Company (and the corresponding Share Classes).

Feeder Fund	Corresponding Fund in the Company	Feeder unit class	Corresponding Share Class in the Fund
ARC TIME Freehold Income Authorised Feeder Trust	ARC TIME Freehold Income Authorised Fund	Class I Net Accumulation Units	Class B Net Accumulation Shares
		Class J Net Income Units	Class D Net Income Shares
		Class K Net Accumulation Units*	Class F Net Accumulation Shares*
		Class L Net Income Units*	Class H Net Income Shares*
		Class U Net Accumulation Units	Class S Net Accumulation Shares
		Class V Net Income Units	Class T Net Income Shares

* For ARC TIME Freehold Income Authorised Feeder Trust Unit Class K and L may only be received upon conversion of Share Class E, F, G or H (as applicable) of ARC TIME Freehold Income Authorised Fund assuming no new advice has been delivered to advised clients. Should new advice be determined to have been given to UK clients, it will not be possible to receive "non-Retail Distribution Review ("RDR") compliant" unit classes and as such investors shall only be entitled to receive Unit Class I (if you are currently an accumulation shareholder) or Unit Class J (if you are currently an income shareholder).

19.4 Please note that UKIIF does not have a Feeder Fund.

19.5 **Please note investors seeking to exchange Shares in the Company for units in the Feeder Fund should seek tax advice. SIPPs and other pension funds may not be able to reclaim the corporation tax payable by the Feeder Fund.**

20 Exchanges between a Fund and its corresponding Feeder Fund

20.1 The ACD is aware that certain holders who are eligible to invest in a Fund (notably a PAIF Fund) may be unable to do so for regulatory or administrative reasons and will, therefore, invest through the Feeder Fund. When such holders are in a position to invest directly in a Fund, they will be able to Exchange their holdings of units in a Feeder Fund for Shares in the corresponding Fund. The ACD intends to facilitate Exchanges between the Feeder Funds and the Funds every relevant Dealing Day subject to receipt of a notice of exchange by the Administrator by 10am two Business Days prior to a relevant Dealing Day.

20.2 Where units in the Feeder Fund are Exchanged for Shares in a PAIF Fund, units will be redeemed in the Feeder Fund at the price of its units calculated in accordance with its prospectus and Shares in the PAIF Fund will be issued at the price of Shares in the PAIF Fund calculated in accordance with this Prospectus.

20.3 Where Shares in a PAIF Fund are Exchanged for units in a Feeder Fund, Shares in the PAIF Fund will be redeemed at the price of such Shares calculated in accordance with this Prospectus and units in the Feeder Fund will be issued at the price of units in the Feeder Fund calculated in accordance with its prospectus.

20.4 Shareholders will be required to complete a Transfer Instruction Form and, where relevant, provide the corporate certificates and undertakings.

21 Dealing Charges

21.1 Initial Fee

21.1.1 The subscription price for Shares includes an initial fee payable to the Administrator out of which the Administrator may pay introductory commissions or distribution fees to authorised financial advisers or distribution agents together with all costs associated with the creation and promotion of a Fund as permitted.

21.1.2 Since 31 December 2012, in accordance with the Financial Conduct Authority's Retail Distribution Review, the Company is not permitted to pay, and financial advisers are not able to receive, introductory and ongoing commission in relation to new UK business, and accordingly only certain Share Classes will be issued to relevant UK investors. Details of the initial fee in relation to the various Classes of Shares of a Fund are set out in the Fund specific section in Appendix A. The initial fee is retained by the Administrator.

21.1.3 The Administrator may, in its absolute discretion, waive or reduce the initial fee.

21.1.4 The Administrator, at its absolute discretion, may pay part or all of the initial fee to an appointed distribution agent, or rebate part or all of the initial fee to a subscribing investor.

21.1.5 For FIAF, where property is accepted in exchange for Class E Gross Accumulation Shares to Class H Net Income Shares, an initial fee may be charged of up to 6% of the value of the property transferred to the relevant Fund, of which up to 1%. is payable to the Administrator and up to 5% is payable to the Property Manager of FIAF for its role in appraising the property being exchanged. Out of the amount payable to the Property Manager introductory commission at the rate of up to 3% maybe paid to authorised financial advisers. If no authorised financial adviser is used by the Shareholder, the whole of the initial fee which is payable to the Administrator, will be retained by the Administrator.

21.1.6 For FIAF, only Class A Gross Accumulation Shares to Class D Net Income Shares and Class ISA Accumulation and Class ISA Income will be issued to relevant UK investors.

21.1.7 For FIAF (Class A Gross Accumulation Shares to Class D Net Income Shares; and Class S Net Accumulation Shares and Class T Net Accumulation Shares)), where property is accepted in exchange for Shares, an initial fee may be made of up to 3% of the value of the property transferred to FIAF, of which up to 1% is payable to the Administrator and up to 2% is payable to the Property Manager for its role in appraising the property being exchanged.

For UKIIF, where investments are accepted in exchange for Shares, an initial fee may be made of up to 1% of the value of the investment transferred to the relevant Fund, which is payable to the Administrator.

21.2 Dilution Levy

The actual cost of purchasing, selling or switching assets and investments in FIAF and UKIIF may deviate from the value used in calculating its Share price, due to dealing charges, taxes, and any spread between buying and selling prices of FIAF and UKIIF's underlying investments. These costs could have an adverse effect on the value of the Fund, known as "dilution". In order to mitigate the effect of dilution, the Administrator, on behalf of the ACD, may impose a charge on the purchase of Shares in each relevant Class. This rate will vary to reflect actual or expected transaction costs, fiscal policy changes or other costs associated with purchasing real property (FIAF) or underlying investments (UKIIF).

Such fees shall be retained by FIAF and UKIIF. Such fees, chargeable at the discretion of the Administrator, on behalf of the ACD, would only be payable if the specific subscription or redemption is likely to lead to transaction costs being incurred. It is not possible to predict accurately whether dilution is likely to occur. The Administrator will act in the best interests of all Shareholders.

21.3 **Redemption Charge – FIAF only**

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

The ACD may only increase a redemption charge in accordance with the FCA Regulations.

In the event of a change to the rate or method of calculation of a redemption charge, details of the previous rate or method of calculation will be available from the ACD.

21.4 **Large Deal Provision**

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 (a "Large Deal") for the relevant 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.

21.5 **Conversion or Switching Fee**

On the Conversion or Switching of Shares of one Class in a Fund for Shares of the same or another Class in another Fund, the Instrument of Incorporation authorises the ACD, delegated to the Administrator, to impose a conversion or switching fee. The fee will not exceed an amount equal to the then prevailing initial fee for the Class into which Shares are being Converted or Switched. The Conversion or Switching fee is payable to and retained by the Administrator.

22 **Money Laundering**

As a result of legislation in force in the United Kingdom to prevent money laundering, persons conducting investment business are responsible for compliance with money laundering regulations. In order to implement these procedures, in certain circumstances investors may be asked to provide proof of identity when buying Shares. The Administrator, on behalf of the ACD, reserves the right to reverse the transaction if it is not satisfied as to the identity of the applicant.

23 **Restrictions and Compulsory Transfer and Redemption**

The Administrator, on behalf of the ACD, may from time to time impose such restrictions as it may think necessary for the purpose of ensuring that no Shares are acquired or held by any person in breach of the FCA Regulations, the law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or which would result in the Company incurring any liability to taxation which the Company is not able to recoup itself, or suffering any tax burden or other adverse consequence. This includes sales and transfers of Shares in any Fund to Specified US Persons, Non-Participating Financial Institutions, or Passive Non-Financial Foreign Entities with one or more substantial US owners (as defined within the FATCA Intergovernmental Agreement between the UK and US governments). This is prohibited unless such interests are both distributed by, and held through, a participating Financial Institution. Where a Shareholder subsequently becomes a Specified US Person, Non-Participating Financial Institution, or a Passive Non-Financial Foreign Entity with one or more substantial US owners, that Shareholder's Shares will be redeemed within six months and usually at the next Dealing Day.

In addition, the Administrator, on behalf of the ACD, may redeem at a given Dealing Day or over a series of Dealing Days, the Shares of a Shareholder or group of Shareholders whom the Administrator reasonably believes to be acting together, such that each Shareholder holds less than 10% of the NAV or where there is a group of Shareholders whom the Administrator reasonably believes to be acting together, that the combined group's shareholding is less than 10% of the NAV. This shall be determined at the sole discretion of the Administrator, on behalf of the ACD, on the basis that the Shareholder or group of Shareholders acting in concert, hold a sufficient number of Shares in a Fund or the Company, such that the Administrator is concerned that if such Shareholder or group of Shareholders redeemed all or part of their Shareholding this could give rise to a potential liquidity management issue in the Fund or the Company, and shall therefore consider what is in the best interests of all Shareholders and act accordingly.

In this connection, the Administrator may, inter alia, reject in its discretion any application for the purchase, redemption, transfer or conversion of Shares.

A person who becomes aware that he is holding or owns affected Shares in breach of any law or governmental regulation (or any interpretation of a law or regulation by a competent authority) of any country or territory, or by virtue of which he is not qualified to hold such affected Shares, shall forthwith, unless he has already received a notice as described above, either transfer all his affected Shares to a person qualified to own them or give a request in writing for the redemption of all his affected Shares pursuant to the FCA Regulations. The Administrator may also, if deemed appropriate, transfer a Shareholder into another Share class in order to comply with, inter alia, money laundering regulations.

Where a Shareholder is compulsorily redeemed, the Administrator will normally redeem that Shareholder's Shares on the next Dealing Day.

24 Deferral of redemptions by ACD

24.1 Where requested redemptions are received across all Classes of a Fund for a particular Valuation Point on a Dealing Day which exceed 10% of the Net Asset Value of that Fund, the ACD may defer redemptions to the next Dealing Day.

24.2 The ACD will ensure the consistent treatment of all Shareholders who have sought to redeem units at any Valuation Point at which redemptions are deferred. The ACD will pro-rata all such redemption requests to the stated level (i.e. 10% of the Net Asset Value) and will defer the remainder until the next or subsequent Valuation Point(s). The deferral of redemptions is assessed on a cumulative basis. Shareholders shall receive consideration at the Valuation Point at which the redemption request is fulfilled. Any portion of the redemption request which remains unfulfilled at that point shall be deemed not to be accepted until the Valuation Point at which it is fulfilled. This means the redemption request may be accepted over multiple Dealing Days and associated Valuation Points.

24.3 The ACD will process requests chronologically to ensure that all requests relating to earlier Valuation Points are completed before those relating to later Valuation Points are considered.

25 Liquidity management (applicable for FIAF)

25.1 FIAF is a fund that primarily invest in inherently illiquid assets, being UK real estate. Given this primary asset class of FIAF, there is a mismatch between the frequency of redemptions of these funds, being typically on a monthly basis, and the speed at which the underlying real estate assets can be sold. Accordingly in recognition of this inherent liquidity mismatch, the ACD has implemented liquidity management systems and procedures and has identified when these tools and arrangements may be used in both normal and exceptional circumstances.

25.2 The ACD has identified the following liquidity tools and arrangements and the circumstances in which these tools and arrangements would typically be deployed and how this may affect a Shareholder:

Liquidity tool	Clause reference	Circumstances of deployment	Likely consequences for Shareholders
Large deal provision	21.4	A large deal is any deal or series of deals on a Dealing Day in excess of £50,000.	This enables the ACD to affect a different price for the redemption of any “large deals”, whilst keeping the price for all other deals at the normal price. The price for a “large deal” will reflect the anticipated costs the Fund would incur in paying out the large deal redemption.
Redemption charge	21.2	The ACD, on behalf of the Fund, may make a charge on the redemption of Shares where a redemption application is in excess of £250,000 on any Dealing day. The ACD may make a charge on the redemption of such Shares of up to 5% of the total amount redeemed. Such fees shall be retained by the Fund.	The redemption charge would reflect the anticipated transaction costs incurred by the Fund in meeting the redemption. The impact for Shareholders is to protect continuing Shareholders from the impact of dilution and also enhancing liquidity through a likely lower propensity to redeem with the charge.
Dilution Levy	21.2	As set out in clause 21.3	In circumstances where the ACD is required to sell underlying investments quickly in response to redemption requests, there may be an impact on the sale price that the investments can achieve and any impact on the sale price would be an indirect cost incurred by the Fund. The adjustment protects Shareholders from the impact of transaction costs.
Refusal of redemptions	23	The ACD may reject in its discretion any application for the purchase, redemption, transfer or conversion of Shares. This would be deployed for a whole range of reasons including to protect liquidity of the Fund or other reasonable grounds.	The ACD must, at all times during the dealing day, on request of any qualifying Shareholder, effect the redemption of units in accordance with this Prospectus unless it has reasonable grounds to refuse such redemption. The consequences are you may not have your redemption request accepted.

Liquidity tool	Clause reference	Circumstances of deployment	Likely consequences for Shareholders
In-specie redemptions	15.5	If a Shareholder requests the redemption of Shares, the ACD may (or the Administrator on behalf of the ACD may), at its sole discretion and where it considers the deal to be substantial in relation to the total size of the Class concerned or in some way detrimental to the Class, arrange, having given prior notice in writing to the Shareholder, that in place of payment for the Shares in cash, that the Company transfers Scheme Property from the relevant Fund or, if required by the Shareholder, the net proceeds of sale of the relevant Scheme Property, to the Shareholder	The Shareholder will receive an asset rather than cash in whole or part of their redemption request. This is intended to protect the liquidity of the Fund in the best interests of all Shareholders.
Deferral of redemptions	24	Where requested redemptions are received across all Classes of a Fund for a particular Valuation Point on a Dealing Day which exceed 10% of the Net Asset Value of that Fund, the ACD may defer redemptions to the next Dealing Day	This will mean a Shareholder will have to wait longer than usual to receive the proceeds for the Redemption of their Shares.

Liquidity tool	Clause reference	Circumstances of deployment	Likely consequences for Shareholders
Extended notice period	15.4	Requests for redemptions of certain Classes of Shares in the Funds are subject to an extended notice period. These Classes are identified in Appendix A. Redemption requests for these Classes must be received by the relevant Cut Off Point for Redemption and shall be dealt at the price calculated at the valuation point on the first Dealing Day after the expiry of the notice period.	For the Shareholders who hold these Classes of Shares they will be required to submit a notice for redemption in accordance the relevant Cut Off Point for Redemption which will mean an extended period to sell their Shares.
Fair Value Pricing	30	The ACD may deploy fair value pricing in the event of uncertainty in the valuation of assets held by the Fund.	This is likely to result in the discouragement of Shareholders seeking to redeem their Shares where they may receive a price per Share lower than the intrinsic value of the Fund on a price per Share basis.

26 **Suspension of Dealings in a Fund**

26.1 Subject to clause 26.4, the Administrator may, with the agreement of the ACD and Depositary, or must if the Depositary so requires, temporarily suspend the issue, cancellation, sale and redemption of Shares in any or all of the Classes any or all the Funds, if the ACD or the Depositary is of the opinion that due to exceptional circumstances it is in the interests of all the Shareholders. The suspension will only be permitted to continue for as long as it is justified having regard to the interests of the Shareholders. The suspension will cease as soon as practicable once the exceptional circumstances have ceased. The ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the result of this review.

26.2 The ACD or the Depositary (as appropriate) will immediately inform the FCA of the suspension and the reasons for it and will follow this up as soon as practicable with written confirmation of the suspension and the reasons for it to the FCA and the regulator in each EEA state where the relevant Class is offered for sale (if applicable).

26.3 The ACD will notify Shareholders as soon as is practicable after the commencement of the suspension, including details of the exceptional circumstances which have led to the suspension, in a way which is clear, fair and not misleading and gives Shareholders details of how to find further information about the suspension. Where a suspension takes place, the ACD will publish details on its website or give by other general means, sufficient details to keep Shareholders appropriately informed about the suspension, including, if known, its possible duration. During the suspension none of the obligations in COLL 6.2 (Dealing) will apply but the ACD will comply with as much of COLL 6.3 (Valuation and Pricing) during the period of suspension as is practicable in light of the suspension. Re-calculation of the Share price for the purpose of sales and purchases will commence on the next relevant Valuation Point following the ending of the suspension.

26.4 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 a Fund; or 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.

27 Governing Law of the Company and Changes to the Funds

27.1 All dealings in Shares are governed by English law. The English courts shall have exclusive jurisdiction to settle any disputes or claims which may arise out of, or in connection with, a Shareholder's participation in the Funds.

27.2 Where any changes are proposed to be made to the Company or a Fund, the ACD will assess whether the change is fundamental, significant or notifiable in accordance with COLL 4.3. Some changes will not be fundamental, significant or notifiable, but those changes which are fundamental and significant and certain changes which are notifiable will be submitted to the FCA for approval. If the change is regarded as fundamental, Shareholder approval will be required. If the change is regarded as significant, 60 days' prior written notice will be given to Shareholders. If the change is regarded as notifiable, Shareholders will receive suitable pre or post event notice of the change. Changes to a Fund's investment objective, policy or strategy will usually be significant or fundamental as determined by the ACD.

28 Valuation of the Fund

Valuation of each Fund will take place at the relevant Valuation Point and at such other times and dates as may be determined by the ACD.

29 Calculation of the Net Asset Value

The value of the property of the Company or of a Fund (as the case may be) will be the value of its assets less the value of its liabilities determined in accordance with the following provisions:

29.1 All the Scheme Property (including receivables) is to be included, subject to the following provisions.

29.2 Scheme Property, which is not cash will be valued as follows and the prices used will (subject as follows) be the most recent prices which it is practicable to obtain:

29.2.1 units or shares in a collective investment scheme:

29.2.1.1 if a single price for buying and redeeming units or shares is quoted, at the most recent such price; or

29.2.1.2 if separate buying and selling prices are quoted, at the average of the two prices provided the buying price has been reduced by any initial charge included therein and the selling price has been increased by any exit or selling charge attributable thereto; or

29.2.1.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the units or shares, at a value which, in the opinion of the ACD, is fair and reasonable;

29.2.2 immovable property:

29.2.2.1 by a Standing Independent Valuer (as defined in the Glossary to the FCA

Rules) appointed by the ACD with the approval of the Depositary, on the basis of an "open market value";

29.2.2.2 on the basis of a full valuation with physical inspection (including where the immovable is or includes a building, internal inspection), at least once a year (or as directed by the FCA); and on the basis of the last full valuation, at least once a month;

29.2.3 exchange-traded derivative contracts:

29.2.3.1 if a single price for buying and selling the exchange-traded derivative contract is quoted, at that price; or

29.2.3.2 if separate buying and selling prices are quoted, at the average of the two prices;

29.2.4 over-the-counter derivative contracts will be valued in accordance with the method of valuation as will have been agreed between the ACD and the Depositary;

29.2.5 Any other investment:

29.2.5.1 if a single price for buying and redeeming the security is quoted, at that price; or

29.2.5.2 if separate buying and redemption prices are quoted, at the average of the two prices; or

29.2.5.3 if, in the opinion of the ACD, the price obtained is unreliable or no recent traded price is available or if no recent price exists or if the most recent price available does not reflect the ACD's best estimate of the value of the security, at a value which in the opinion of the ACD, is fair and reasonable;

29.2.6 Scheme Property other than that described above at a value which, in the opinion of the ACD, is fair and reasonable;

29.2.7 cash and amounts held in current and deposit accounts and in other time related deposits will be valued at their nominal values.

29.3 In determining the value of the Scheme Property, all instructions given to issue or cancel Shares will be assumed (unless the contrary is shown) to have been carried out and any cash payment made or received and all consequential action required by the FCA Regulations or the Instrument of Incorporation will be assumed (unless the contrary has been shown) to have been taken.

29.4 Subject to paragraph 29.6 below, agreements for the unconditional sale or purchase of Scheme Property which are in existence but uncompleted will be assumed to have been completed and all consequential action required to have been taken. Any unconditional agreements need not be taken into account if made shortly before the valuation takes place and if, in the opinion of the ACD, their omission will not materially affect the final NAV.

29.5 Futures or contracts for differences which are not yet due to be performed and unexpired and unexercised written or purchased options will not be included under paragraph 29.4.

29.6 All agreements are to be included under paragraph 29.4 which are, or ought reasonably to have been, known to the person valuing the property assuming that all other persons in the ACD's employment take all reasonable steps to inform it immediately of the making of any agreement.

29.7 Deduct an estimated amount for any liabilities payable out of Scheme Property, treating periodic items as accruing from day to day.

29.8 Deduct an estimated amount for anticipated tax liabilities (on unrealised capital gains where the liabilities have accrued and are payable out of the Scheme Property; on realised capital gains in respect of previously completed and current accounting periods; and on income where liabilities have accrued) including (as applicable and without limitation) capital gains tax, income tax, corporation tax, VAT, stamp duty and stamp duty reserve tax.

29.9 Deduct the principal amount of any outstanding borrowings whenever repayable and any accrued but unpaid interest on borrowings.

29.10 Deduct any other amount as appropriate.

29.11 Add an estimated amount for accrued claims for tax of whatever nature which may be recoverable.

29.12 Add any other credits, accruals or amounts due to be paid into the Scheme Property.

29.13 Currencies or values in currencies other than Sterling will be converted at the relevant Valuation Point at a rate of exchange that is not likely to result in any material prejudice to the interests of Shareholders or potential Shareholders.

29.14 Add a sum representing any interest or any income accrued due or deemed to have accrued but not received and any stamp duty reserve tax provision anticipated to be received.

29.15 Where a relevant Fund has Classes that have more than one Dealing Day per calendar month, the ACD shall determine relevant pricing at the subsequent Valuation Point on the subsequent Dealing Day within a given calendar month as follows:

29.15.1 In order to maintain forward pricing, any additional Dealing Day and Valuation Point shall be prior to midnight on the final day of any calendar month;

29.15.2 The value of Scheme Property shall be valued generally in accordance with paragraphs 28.2, specifically;

29.15.2.1 If the pricing of units or shares in a collective investment scheme has been published or quoted since the prior Dealing Day in the same calendar month, the subsequent Dealing Day Valuation Point shall reflect such updated valuation;

29.15.2.2 Immovable property shall be valued as at the last month end valuation or other date as instructed by the Standard Independent Valuer and as such the valuation for immovable property shall be the same in every Dealing Day within a given calendar month;

29.15.2.3 All other investments shall be valued at the most recently available basis, updated if relevant;

29.15.2.4 Cash shall be included at the subsequent Valuation Point as per paragraph 28.2.7

29.15.3 Generally the ACD shall apply paragraphs 28.3 to 29.14 as relevant given the intra-month period and consider any reasonable adjustments from any prior Valuation Point in the same calendar month.

30 Fair Value Pricing

30.1 Where the ACD has reasonable grounds to believe that:

30.1.1 no reliable price exists for an asset (including a unit/share in a collective investment scheme) at a Valuation Point; or

30.1.2 the most recent price available does not reflect the ACD's best estimate of the value of the asset (including a unit/share in a collective investment scheme) at the Valuation Point;

30.1.3 it can value an asset at a price which, in its opinion, reflects a fair and reasonable price for that asset (the fair value price).

30.2 The circumstances which may give rise to a fair value price being used include:

30.2.1 no recent trade in the asset concerned; or

30.2.2 suspension of dealings in an underlying collective investment scheme; or

30.2.3 the occurrence of a significant event since the most recent closure of the market where the price of the asset is taken.

30.3 In determining whether to use a fair value price, the ACD will include in their consideration but need not be limited to:

30.3.1 the type of authorised fund concerned;

30.3.2 the assets involved;

30.3.3 whether the underlying collective investment schemes may already have applied fair value pricing;

30.3.4 the basis and reliability of the alternative price used; and

30.3.5 the ACD's policy on the valuation of Scheme Property as disclosed in this Prospectus.

31 Price per Share in a Fund and each Class

The price per Share at which Shares are sold is the sum of the Net Asset Value for the relevant Fund per Share, plus any applicable initial fee (and/or dilution levy in the case of FIAF and UKIIF), as described above. The price per Share at which Shares are redeemed is the Net Asset Value per Share (adjusted for any dilution adjustment), less any applicable redemption charge (only in the case of FIAF), as described above.

32 Pricing basis

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

33 Publication of Prices

Shareholders can obtain the most recently published price of their Shares by calling 0345 600 1213 or visit www.time-investments.com or the AIFM's website www.alpharealcapital.com. Prices for Share Classes will usually be published on the Business Day of the relevant Dealing Day.

34 Risk factors

34.1 Prospective investors should consider the risks attached to an investment in the Funds including, but not limited to, those indicated below. Consideration should be given as to whether such risks are suitable for prospective investors and persons in any doubt should contact their authorised adviser.

34.2 **General Property Investment Fund Risks (not applicable to UKIIF)**

34.2.1 Past performance is not a reliable indicator of future results and nothing in this Prospectus (including figures given by way of illustration only) should be taken as an express or implied performance forecast. Any target return stated is not a reliable indicator of future performance.

34.2.2 As with property values in general, the value of any property owned indirectly by a Fund can go down as well as up. If debt is used to acquire a property, the level of debt used will magnify the effect of any fluctuations in the value of that property on the Fund's underlying Net Asset Value.

34.2.3 The income generated by a Fund is likely to be lower when cash is held pending investment into property.

34.2.4 Property acquisitions can take extended periods to negotiate and then to complete. These factors may reduce the level of return generated by a Fund.

34.2.5 The return achieved by Shareholders will be dependent on market conditions. For example, if a Fund is not able to invest promptly new funds raised in additional investment properties, the level of return achieved by that Fund would be likely to fall. In particular, the level of income may fall and the target annual income return may not be achieved.

34.2.6 The values ascribed to real properties for Share valuation purposes are the opinion of the Standing Independent Valuer and may not be realisable.

34.2.7 An investment in a Fund is not protected against the effects of inflation. A change in the rate of inflation may affect the real value of your investment. SIPPs, SSAS and registered charities and the trustee or depositary responsible for these, should satisfy themselves as to their powers to invest in that Fund through a direct holding of Shares and the suitability of an investment in the Fund.

34.2.8 Not all property acquired by a Fund may benefit from indexed linkage or other contractual known rental uplifts. Some property assets may be subject to lease review on an arbitration basis where the outcome of such review is subject to a third party consent or approval and therefore uncertain.

34.2.9 Charges are not made uniformly throughout the life of an investment in a Fund and this may be a contributory factor to a Shareholder receiving less than his initial investment upon a redemption of Shares.

33.2.10 A prospective acquisition of property is subject to transaction and completion risk whereby the Fund may incur costs should an acquisition not conclude for whatever reason.

Specific Fund Risks

The following risks apply to an investment in FIAF:

34.2.10 Since the underlying investments of FIAF consist, indirectly, wholly or substantially of real property, FIAF may utilise a working capital loan facility to maintain liquidity for Shareholders where there is a mismatch of subscriptions and redemptions, whilst the real property is sold. On expiry of this loan facility, there is no guarantee a new facility will be forthcoming from the existing lender or other lending banks.

34.2.11 The value of the real property concerned will generally be a matter of the Standing Independent Valuer's opinion and may fluctuate up or down.

34.2.12 Legislative changes may result in FIAF being forced to sell freehold interests (or other property interests, as relevant) at a price lower than it might otherwise achieve, or may result in the Funds being unable to generate the ancillary income (such as insurance commission) which usually arises from ground rent investments or other property interests. The Department for Communities and Local Government has announced plans in their July 2017 consultation paper to review unfair practices in the residential leasehold market. Although the focus of the consultation is on new residential leaseholds, the timing of any changes and the outcome of any legislative changes on the residential leasehold market and the on the value of the portfolio owned by FIAF is uncertain.

34.2.13 The values ascribed to property investments for Share valuation purposes are the opinion of the valuer and may not be realisable. The property held by FIAF is difficult to value due to its lack of marketability. Estimates of valuation are subject to uncertainty and hence there is no assurance that the estimates resulting from the valuation process would be reflected in the actual sales price even if such sales were to occur shortly after the relevant valuation. In addition, property itself is a difficult asset to value as its value is generally a matter of the valuer's opinion rather than a question of fact.

34.2.14 Freehold residential ground rents are not always readily saleable and, in exceptional circumstances, a redemption request may be deferred or the payment of redemption proceeds for Shares may be postponed. Further freehold ground rents are subject to the provisions of section 5 of the Landlord and Tenant Act 1987 ("LTA 1987"). The LTA 1987 provides qualifying tenants have the right of first refusal, should the landlord be subject to change, and the prevailing beneficial landlord, being the Company, is required to serve offer notice on tenants. Such statutory process is subject to a minimum 6 month statutory process, with consequential impact on liquidity.

34.2.15 By the nature of real property and the time and other factors involved in arranging sales and realising the proceeds there from, 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, FIAF is intended for investors who can accept the risks associated with making potentially illiquid investments in real property.

34.2.16 The performance of FIAF may be adversely affected by the impact of general economic and political conditions in the UK property market; changes in property market conditions leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market; the quality of property available; the ability of the Fund to maintain the recoverability of service charges and other expenditure and to control the cost of these items; the risk that one or more tenants may be unable to meet their obligations to the Fund or the Fund may not be able to lease existing or new properties on favourable terms and the potential illiquidity of property investments, particularly in times of economic downturn.

FIAF may assume all property ownership rights and liabilities relating to an acquired property, including, without limitation, environmental and third party liability risks.

Despite due diligence, environmental liabilities in relation to properties within the portfolio of the Fund may not be ascertained, and the Fund may therefore be exposed to clean up and other remedial costs.

The performance of FIAF, being invested substantially in property could be adversely affected by a downturn in the property market in terms of capital value or a weakening of rental yields. Commercial property values are affected by factors such as the level of interest rates, economic growth, fluctuations in property yields and tenant default. Certain significant expenses on a property, such as operating expenses, must be met by the owner (i.e. in effect the Fund) even if a property is vacant. In the event of a default by an occupational tenant, there will be rental shortfall and additional costs, including business rates, legal expenses are likely to be incurred in maintaining, insuring and re-letting the property.

33.3.8 FIAF may invest in property developments as permitted by the COLL Sourcebook. To the extent that a Fund does so, it will be subject to the risks normally associated with property development. These risks include, without limitation, risks relating to the availability and timely receipt of planning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Sub-funds, such as weather or labour conditions or material shortages), general market and letting risk, and the availability of both construction and permanent financing on favourable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the PAIF Fund and on the amount of income available for distribution to the Shareholders in the PAIF Fund.

33.3.9 The distributions payable by FIAF are dependent on the income from the underlying property owned. The receipt of any rental income due and payable in respect of the underlying property, and the possibility that tenants may default on their rental obligations, creates a consequential risk of the Fund in that it could cause a decline in the income of the Fund available for distribution to the Shareholders.

FIAF at their stated portfolio values on account of: (a) market conditions; (b) the size or value of the overall portfolio; or (c) the specialised nature of the properties in question. It may prove necessary to dispose of properties at values which the Investment Adviser considers are reasonable in the circumstances, but which represent discounts to the value attributed by the Standing Independent Valuer, in order to satisfy redemptions and manage an orderly winding up of the Fund.

The following risks apply to an investment in UKIIF:

33.3.14 Equity prices and returns from investing in equity markets are sensitive to various factors including but not limited to expectations of future dividends and profits, economic growth, exchange rates, interest rates and inflation. The value of any investment in equity markets is therefore volatile and it is possible, even when an investment is held for a long time, that an investor may not get back the sum invested.

33.3.15 The Fund’s share price may be volatile due to movements in the prices of the underlying equity and fixed interest security holdings.

33.3.16 Fixed interest securities are particularly affected by trends in interest rates and inflation. If interest rates go up, the value of capital may fall, and vice versa. Inflation will also decrease the real value of capital. The value of fixed interest security will fall in the event of the default or reduced credit rating of the issuer. Generally, the higher the level of income (yield) receivable, the higher the perceived credit risk of the issuer. High yield bonds with lower credit ratings (also known as sub-investment grade bonds) are potentially more risky (higher credit risk) than investment grade bonds.

As a general rule, fixed interest securities with an above average yield tend to be less liquid than securities issued by issuers with a higher investment grade. Investment in fixed interest securities with a higher yield also generally brings an increased risk of default on repayment by the issuer which could affect the income and capital of the fund. Furthermore, the solvency of issuers of such fixed interest securities may not be guaranteed in respect of either the principal amount or the interest payments and the possibility of such issues becoming insolvent cannot be excluded. The value of a fixed interest security may fall in the event of the default or a downgrading of the credit rating of the issuer.

34.2.17 The Fund may hold securities in companies involved in infrastructure investments and it will be more susceptible to adverse economic or regulatory occurrences affecting that industry. Infrastructure issuers, including companies involved in infrastructure projects, may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environment and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning energy costs (among other things), the effects of energy conservation policies and other factors. Infrastructure issuers may also be subject to service interruption due to environmental, operational or other mishaps.

Infrastructure securities can be highly leveraged. As such, movements in the level of interest rates may affect the returns from these assets more significantly than other assets in some instances. The structure and nature of the debt encumbering an infrastructure asset may therefore be an important element to consider in assessing the interest risk of the infrastructure asset. In particular, the type of facilities, maturity profile, rates being paid, fixed versus variable components and covenants in place (including the manner in which they affect returns to equity holders) are crucial factors in assessing any interest rate risk. Due to the nature of infrastructure assets, the impact of interest rate fluctuations may be greater for infrastructure issuers than for the economy as a whole in the country in which the interest rate fluctuation occurs.

34.3 **Effect of Borrowings**

34.3.1 The Funds may utilise borrowings, which may be used to acquire investments or for meeting redemption requests, and interest rate movements may, therefore, affect the performance of the Funds.

34.3.2 Debt creates an opportunity for increased total return. However, it will also increase the exposure of a Fund to capital loss and interest costs. Any investment income and capital gain generated on investments financed through the use of debt that exceed the interest costs associated therewith may cause the Net Asset Value of that Fund to increase more rapidly than would otherwise be the case. Conversely, where the associated interest costs are greater than such income and capital gain, the Net Asset Value of the Fund may decrease more rapidly than would otherwise be the case.

34.3.3 Shareholders should note that, whilst in a rising market the effect of borrowing is to increase returns to investors, in a falling market the effect can be to reduce returns to investors. Also a failure by the Depositary, acting on behalf of a Fund, (or any intermediate vehicle in the case of borrowing at that level) to perform its obligations under the terms of any relevant finance agreement, may lead the lenders providing the finance to demand early repayment and to realise their security.

34.4 **Dealings in Shares of the Fund**

34.4.1 The value of Shares in a Fund and the income derived from them can go down as well as up and Shareholders may not get back the full amount invested. No guarantees as to investment performance, from either an income or a capital perspective are given either expressly or by implication.

34.4.2 There is no open market for Shares and redemptions can only be made on certain dates and subject to the terms of the Instrument of Incorporation and this Prospectus.

34.4.3 Shareholders should note the provisions for suspension of issue and redemption of Shares, which may operate independently. The reasons for determining to suspend the issue of Shares differ considerably from those for the reasons to suspend redemption of Shares. In each case, a suspension would only be introduced where the ACD believed that there was good and sufficient reason to do so in the interests of Shareholders generally.

34.5 **Management Issues**

34.5.1 The successful performance of the Funds depends, in part, on the ability of the Company's various advisers. No assurance is given that any particular adviser will continue to be retained by the Company. No assurance can be given that particular directors, members or senior managers of the ACD, Investment Manager, the Property Manager and the Depositary will remain directors, members or senior managers of those entities.

34.5.2 In respect of all the Funds apart from UKIIF, the Investment Manager has discretionary management powers in respect of investment in immovables. The success of each of these Funds and so the return to Shareholders depends primarily on the ability of the Investment Manager, assisted by the Property Manager, to identify appropriate immovables for acquisition for those particular Funds.

34.5.3 There may be occasions where the ACD or an associate thereof encounters a conflict of interest in connection with the investments made on behalf of a Fund. The ACD may recommend an investment opportunity where it or an associate already has an interest. The ACD will, however, endeavour to ensure that all conflicts are resolved equitably and that Shareholders' interests are protected.

34.6 **Target Return**

34.6.1 With regards to a Fund that has a stated target return – whether a "total return" or "income return" - which it is aiming to generate over a stated period of time, such a target is not guaranteed to Shareholders and market conditions may mean that it is not achieved. Such a situation could arise, for example, if a Fund was not able to invest new funds raised in acquiring further assets in accordance with the Fund's Investment Objective.

34.7 **Use of Derivatives**

34.7.1 Under the Regulations, derivatives can be used for the purposes of Efficient Portfolio Management ("EPM") as well as to meet the investment objective of the Funds. Derivatives can be exchange traded or Over the Counter ("OTC") derivatives.

34.7.2 The Funds may invest in derivatives for the purposes of EPM, which is not expected to have an effect on the risk profile of each of the Funds. Please see Appendix B for further details.

34.7.3 The use of derivative instruments and hedging transactions may or may not achieve their intended objective and involves special risks. There is no guarantee that the performance of financial derivative instrument (or other EPM techniques) will result in a positive effect for the Funds. Performance and value of derivative instruments depend on the performance or value of the underlying asset. Derivative instruments involve cost, may be volatile, and may involve a small investment relative to the risk assumed. Their successful use may depend on the ACD's ability to predict market movements. Risks include delivery failure, default by another party or the inability to close out a position because the trading market becomes illiquid. Some derivative instruments are particularly sensitive to changes in interest rates. The risk of loss to a Fund for a swap transaction on a net basis depends on which party is obliged to pay the net amount to the other party. If the counterparty is obliged to pay the net amount to the Fund, the risk of loss to the Fund is the loss of the entire amount that the Fund is entitled to receive; if the Fund is obliged to pay the net amount, the Fund's risk of loss is limited to the net amount due. OTC derivative instruments involve a higher degree of risks as OTC markets are less liquid and regulated.

34.7.4 Other EPM techniques such as securities lending may not involve use of derivatives but may nonetheless involve similar risks with regard to exposure to a counterparty to that arrangement and that counterparty's default. The Funds however do not currently engage in securities lending activities. Securities lending transactions may, in the event of default by the counterparty, result in the securities lent by the Fund being recovered late or only in part. This may result in losses for the affected Fund.

34.7.5 Where relevant, a counterparty to a derivative or other EPM technique will forfeit its collateral if it defaults on the transaction with the Fund. However, if the collateral is in the form of securities, there is a risk that when it is sold, it will realise insufficient cash to settle the counterparty's debt to the Fund or to purchase replacement securities that were lent to the counterparty. This may result in losses for the affected Fund.

34.7.6 Where the counterparties to derivative and other EPM transactions with the Funds are related to the ACD or the Depositary or an associate of the ACD or the Depositary, such transaction may involve a conflict of interest. Where a conflict cannot be avoided the ACD will have regard to its obligation to act in the best interest of the Funds and their Shareholders. The ACD will ensure that will ensure that Shareholders are treated fairly and that such transactions are not effected on terms which are less favourable to the Fund than if the potential conflict had not existed. For further details on the conflicts policy of the ACD please see "Conflicts of Interest" in section 12.

34.8 **Counterparty risk**

34.8.1 In conducting their trading activities, the Funds take on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Investments in listed securities and settlement is on a delivery-versus-payment basis, however, there may still be circumstances where a Fund would incur a loss if a counterparty failed to perform its contractual obligations.

34.9 **Investment in collective investment schemes**

34.9.1 The Funds may invest in other collective investment schemes. As an investor in another collective investment scheme, a Fund will bear, along with the other investors, its portion of the expenses of the other collective investment scheme, including management, performance and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly with its own operations.

34.10 **Fund Structure Issues and Tax**

34.10.1 The intended tax position for the Funds is explained in the taxation section of this Prospectus. The tax position as stated is believed to be accurate as at the date of this Prospectus. It may be subject to change in the future. Shareholders should consider their tax position in the light of their own particular circumstances and should obtain their own tax advice from their usual taxation adviser. Other taxes and costs may also apply to Shareholders that are not paid via the Company or the Funds or imposed by it/them.

34.10.2 If a PAIF Fund should breach any of the applicable conditions of the Tax Regulations then depending on the nature of the breach and the number of breaches that have occurred, this may result in a corporation tax liability arising or HMRC terminating the Fund's PAIF status. Termination of the Fund's PAIF status would result in a different tax treatment for the Fund and the distributions made by it.

34.11 **General**

34.11.1 The information in this document is based on the ACD’s understanding of current law and practice as at the date of this Prospectus.

34.11.2 On 31 January 2020 the UK exited the European Union (informally known as “Brexit”).

The political, economic and legal consequences of Brexit are not yet fully known. It is possible investments in the UK may be more difficult to value, to assess for suitability or risk, harder to buy or sell or subject to greater or more frequent rises and falls in value.

The relevant Fund may see higher levels of redemptions. In the event that the ACD is unable to value accurately the assets of the relevant Fund, or in the event of high levels of redemption, the ACD may use certain liquidity management tools permitted by the FCA Handbook, including deferred redemptions, the implementation of fair value pricing or suspension of the relevant Fund.

In the medium term, there is likely to be a period of uncertainty. The UK’s laws and regulations concerning funds may in future diverge from those of the European Union. This may lead to changes in the operation of the relevant Fund or the rights of investors or the territories in which the Shares of the relevant Fund may be promoted and sold.

34.11.3 Risks related to COVID-19 and material valuation uncertainty: The outbreak of the pandemic virus COVID-19 (known as “coronavirus”) in March 2020 in the United Kingdom has had and is likely to continue to have for an unspecified period, a significant adverse effect on global markets including the UK real estate sector. This is likely to lead to enhanced volatility in asset values, including UK real estate, and the Fund's Standing Independent Valuer may, from time to time, determine that there is material uncertainty over the value of the property assets of the Fund. The ACD will determine relevant responses to any such material valuation uncertainty in accordance with the terms of the FCA Handbook.

34.11.4 Changes may adversely affect freehold ground rent values, income levels, growth prospects and tax liabilities.

34.11.5 All or part of the ACD's fee, the fees of other service providers and other expenses may be charged against capital instead of against income. This treatment of the ACD's fee, the fees of other service providers and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned but may constrain capital growth. Details of which Funds take charges from capital are set out in Appendix A.

34.11.6 None of the Depositary, the ACD or the Investment Manager nor any of their advisers can accept any responsibility if there is any change in the law, in HMRC's practice or in the tax treatment of the Funds or of Shareholders.

34.11.7 While provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known how those foreign courts will react to the relevant provisions of the OEIC Regulations.

34.11.8 Where a Fund aims to deliver a specified total or income return per annum, a return of this level, or at all, is not guaranteed and the Fund may not achieve its objective.

34.11.9 Prospective investors should review carefully the terms of this Prospectus and in particular, the risk factors associated with investing in the Funds identified above, with their financial, tax and/or legal advisers if this is appropriate.

34.11.10 The foregoing list of risk factors is not comprehensive and there may be other risks that relate to investments in the Funds. Prospective investors should consult with professional advisers before deciding whether to subscribe for Shares.

35 Risk Management

The ACD uses a risk management process, as reviewed by the Depositary, enabling it to monitor and measure as frequently as appropriate the risk of a Fund's positions and their contribution to the overall risk profile of a Fund.

Upon request to the ACD a Shareholder can receive a copy of the ACD's risk management process for the Company.

36 Liabilities of the Company and the Funds

Shareholders are not liable for the debts of the Company. A Shareholder is not liable to make any further payment to a Fund after paying the purchase price of Shares.

The Funds are segregated portfolios of assets and, accordingly, the assets of a Fund belong exclusively to that Fund and shall not be used to discharge directly or directly the liabilities of, or claims against, any other person or body including the Company, or any other Fund, and shall not be available for any such purpose.

37 Professional Liability Risks

The ACD covers potential professional liability risks arising from its activities as the Company's AIFM through professional liability insurance covering liability risks arising from professional negligence which is appropriate to cover any such potential liability.

38 Historical Performance Data

Historical performance data for the Funds is set out in Appendix D.

39 Fees and Expenses

39.1 General

The fees, costs and expenses relating to the authorisation and incorporation and establishment of the Company, the offer of Shares, the preparation and printing of this Prospectus and the fees of the professional advisers to the Company in connection with the offer will be borne by the Company.

Each Fund formed after this Prospectus is superseded may bear its own direct establishment costs.

The Company may pay out of the property of the Company any liabilities arising on the unitisation, amalgamation or reconstruction of the Company or of any Fund.

All fees, costs, charges or expenses payable out of the property of the Company or each Fund (as the case may be) are set out in this section 39. The Company or each Fund (as the case may be) may, so far as the COLL Sourcebook allows, also pay out of the property of the Company or each Fund (as the case may be) all relevant fees, costs, charges and expenses incurred by the Company or each Fund (as the case may be), which will include the following:

39.1.1 the charges and expenses payable to the ACD, the Depositary, the Custodian, the Standing Independent Valuer, the Fund Administrator, the Fund Accountant, the Transfer Agent, the Client Money service provider (Collection Agent), the Investment Manager and any Property Manager;

39.1.2 fees and expenses in respect of establishing and maintaining any register of Shareholders (and any plan sub-register) and related functions including any relevant database costs and client identification related expense;

39.1.3 fees and expenses in respect of creating new Classes of Share and any costs, including database and administration operational costs associated. This includes any costs arising to the ACD or its delegate when switching any Shareholder between Share Classes;

39.1.4 expenses incurred in acquiring, registering and disposing of investments howsoever arising;

39.1.5 expenses incurred in producing, distributing and dispatching income and other payments to Shareholders;

39.1.6 fees in respect of the publication and circulation of details of the Net Asset Value and prices (including the production of pricing sheets, as applicable) including the establishment and maintenance of a Fund website;

39.1.7 the fees and expenses of the auditors, tax, legal, corporate finance, regulatory advisers and all other professional advisers to the Company or a Fund;

39.1.8 the costs of convening and holding Shareholder meetings and any corporate actions generally (including meetings of Shareholders in any particular Fund, or any particular Class within a Fund). This includes all related costs however arising including recovery of costs charged to the Fund by any intermediary or platform for dealing with the corporate action with the underlying beneficial owner;

39.1.9 costs incurred in taking out and maintaining any insurance policy in relation to the Company and/or its Directors;

39.1.10 expenses incurred in company secretarial duties, including the cost of minute books and other documentation required to be maintained by the Company and any ancillary expense at Companies House if applicable;

39.1.11 the costs of preparing, updating and printing this Prospectus, the NURS KII (and related brochures), the Instrument of Incorporation and contract notes and the costs of distributing this Prospectus and the Instrument of Incorporation (apart from the costs and expenses of distributing any NURS KII) and the costs of printing and distributing reports and accounts and any other administrative expenses related to this sub-paragraph 39.1.11;

39.1.12 tax and duties payable by the Company;

39.1.13 interest on and charges incurred in borrowings (including non-utilisation fees);

39.1.14 any amount payable by the Company under any indemnity provisions contained in the Instrument of Incorporation or any agreement with any functionary of the Company;

39.1.15 fees of the FCA under the Financial Services and Markets Act 2000 and the corresponding periodic fees of any regulatory authority in a country or territory outside the UK in which Shares are or may lawfully be marketed;

39.1.16 any payments otherwise due by virtue of changes to the FCA Regulations;

39.1.17 costs (apart from promotional payments) in respect of communications and meetings with investors;

39.1.18 fees of any paying, representative or other agents of the Company or the ACD;

39.1.19 any costs in modifying the ACD Agreement (and any delegated authority service agreements as determined by the ACD) and any other relevant document required under the FCA Regulations;

39.1.20 the fees of any stock lending agent and the fees of the ACD for arranging any stock lending, subject to giving Shareholders 60 days' prior written notice of the details of these fees;

39.1.21 all fees and expenses incurred in relation to the addition and initial organisation of any new Funds, the listing of Shares on any stock exchange, any offer of Shares (including the preparation, translation, printing and distribution of any prospectus (apart from the costs and expenses of distributing any NURS KII) and listing documents) and the creation, conversion and cancellation of Shares in a new or existing Fund and any costs and expenses incurred in registering, having recognised or going through any other process in relation to the company or any Fund in any territory outside the UK for the purpose of marketing the Shares outside the UK, including any translation costs; and

39.1.22 royalties, licensing fees and other like payments in relation to the use of intellectual property.

VAT may be payable on these charges.

It is not currently proposed to seek a listing for the Shares on any stock exchange, but if a listing is sought in the future the fees connected with the listing will be payable by the Company.

Expenses are allocated between capital and income in accordance with the COLL Sourcebook and as set out in Appendix A. The ACD will ensure allocation of expenses between income and capital is assessed to ensure that appropriate expenses are allocated based on the investment objective of the relevant Fund and any specified target return in an accounting period, in agreement with the Depositary.

39.2 **Charges payable to the ACD**

In payment for carrying out its duties and responsibilities the ACD is entitled to take a fee. The fee is calculated and paid monthly in arrears, calculated with reference to the last Net Asset Value of the relevant Fund. The current annual management charge for each Fund (expressed as a percentage per annum of the Net Asset Value of each Fund) is set out in Appendix A.

The ACD is also entitled to all reasonable, properly documented, out of pocket expenses incurred in the performance of its duties.

VAT may be payable on these charges.

Where the investment objective of a Fund is to treat the generation of income as a higher priority than capital growth, or the generation of income and capital growth have equal priority, all or part of the ACD's fees may be charged against capital instead of against income as set out in Appendix A. This will only be done with the approval of the Depositary. This treatment of the ACD's fee will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund concerned, but may constrain capital growth.

If a Class' expenses in any period exceed its income the ACD may take that excess from the capital property attributable to that Class.

39.3 **Increase in the charges payable to the ACD**

Any increase of the fees payable to the ACD will be carried out in accordance with the FCA Regulations.

39.4 **Performance fee**

Where applicable, the ACD (or its delegates) may be entitled to a fee related to the performance of a Fund. The performance fee will be calculated and paid as set out in the Appendix. VAT may be payable on this fee.

39.5 **Investment Manager's fee**

Where applicable, the Investment Manager (or its delegates) may be entitled to a fee for the provision of Investment Management services, as set out in Appendix A.

39.6 **Property Manager's fee**

Where a Property Manager is appointed in relation to any Fund, they may be paid a fee out of the Scheme Property in relation to the services they provide to the relevant Fund. Details of any such fee are set out in the Fund specific information in Appendix A.

Where a Property Manager has been appointed, the following expenses may be paid to the Property Manager out of the Scheme Property. If a Property Manager is not appointed, these may be paid to the Investment Manager out of the Scheme Property:

(a) payments properly required for the maintenance, repair, refurbishment, management, preservation, protection, development or redevelopment of an immovable owned or leased by the Fund;

(b) costs (including survey costs, costs of obtaining environmental reports and marketing costs) incurred in buying or selling immovable property;

(c) costs incurred in connection with: buying-in a leasehold interest; restructuring leasehold interests of the Fund; project funding; payments to property consultants in respect of any immovable property;

(d) costs incurred in connection with: letting, re-letting any leasehold interest; reviewing rents payable, renewing leases, action taken as a result of tenants' breach of covenant or eviction of squatters; issuing notices to tenants, work undertaken by property consultants; work undertaken by building surveyors and any legal advice taken or legal actions raised in relation to the Fund or any property which is, has been or may become Scheme Property;

(e) insurance of immovable property (including environmental and public liability cover). The premium for such insurance will be payable out of the scheme property on presentation of an invoice from the insurer;

(f) costs of insuring the Depositary against any liability which it may incur as a consequence of holding the Scheme Property and which is not met by the insurance referred to in (e) and which is greater than the value of the Fund;

(g) costs incurred in administering insurance which relates to the Fund, any property which is, has been or may become Scheme Property or the insurance in (f) above and the costs and expenses involved in running and administering any claims, actions, proceedings or litigation which may be taken by or against the Fund or the Depositary;

(h) the fees and expenses properly payable to managing agents.

VAT (if any) in connection with any of the above is payable in addition.

39.7 **Depositary's fees and expenses**

The Depositary is entitled to receive out of the property of each Fund by way of remuneration, a periodic charge which will accrue and be calculated daily and will be payable monthly in respect of each calendar month as soon as practicable after the month end. The rate or rates and/or amounts of the Depositary's periodic charge in respect of each Fund will be agreed between the ACD and the Depositary from time to time.

The Depositary's fees, as set out in Appendix A, are calculated monthly on the Net Asset Value of each Fund. In addition Value Added Tax on the amount of the periodic charge will be paid out of each Fund.

The Depositary Agreement between the Company and the Depositary provides that the Depositary may also be paid by way of remuneration, out of the property of the Company, custody fees where it acts as custodian and other transaction and bank charges.

The Depositary is also entitled to reimbursement out of the property of each Fund for all expenses properly and reasonably incurred in connection with performing or arranging for the performance of the functions conferred upon it by COLL or by general law and for which it may be reimbursed in accordance with COLL, including (without limitation and whether or not abortive) expenses properly and reasonably incurred in buying, selling, developing, redeveloping, dealing with and managing the Scheme Property.

On a winding up of the Company, termination of a Fund or the redemption of all outstanding Shares of a Class the Depositary is entitled to its pro rata fees and expenses to the date of any winding up, termination or redemption and any additional expenses necessarily realised in settling or receiving any outstanding obligations.

39.8 **Custodian's Fees**

The remuneration for acting as Custodian is calculated at a rate, rates and/or amounts as may be agreed from time to time between the Depositary and the Custodian and may vary from country to country. Fees payable include a minimum fee of £20,000 per annum (plus VAT, if applicable) for services to FIAF and a minimum fee of £10,000 per annum (plus VAT, if applicable) for services to UKIIF. The transaction charges for the countries quoted on the tariff at the date of this Prospectus currently range from £5 to £100. Custody charges vary according to geographic location and market value of the holdings. The custody holding charges for the countries quoted on the tariff at the date of this Prospectus currently range from 0.008% per annum to 0.6% per annum of the value of the assets held in custody at a given month end.

Custody and transaction charges will be payable monthly out the property of each Fund, as determined by the Depositary, in arrears.

39.9 **Collection Agent charge**

A Collection Agent, as appointed to any Fund, may make a charge to a Fund per subscription payment processed. These charges are payable by a Fund, not by the subscribing Investor. Further upon redemption payments, a charge per redemption payment, may be payable to the Collection Agent by a Fund.

39.10 **Allocation of fees and expenses between Funds**

All the above fees, duties and charges (other than those borne by the ACD) will be charged to the Fund in respect of which they were incurred. Where an expense is not considered to be attributable to any one Fund, the expense will normally be allocated to all Funds pro rata to the value of the Net Asset Value of the Funds, although the ACD has discretion to allocate these fees and expenses in a manner which it considers fair to Shareholders generally.

40 **Shareholder meetings and voting rights**

40.1 **Class and Fund Meetings**

40.1.1 The Company shall not hold Annual General Meetings.

40.1.2 The provisions below, unless the context otherwise requires, apply to Class meetings and meetings of Funds as they apply to general meetings of the Company, but by reference to Shares of the Class or Fund concerned and the Shareholders and value and prices of those Shares.

40.2 **Requisitions of meetings**

40.2.1 The ACD may requisition a general meeting at any time.

40.2.2 Shareholders may also requisition a general meeting of a Fund or the Company. A requisition by Shareholders must state the objects of the meeting, be dated, be signed by Shareholders who, at the date of the requisition, are registered as holding not less than one-tenth in value of all Shares then in issue (in the Fund or the Company as the case may be) and the requisition must be deposited at the head office of the Company. The ACD must convene a general meeting no later than eight weeks after receipt of such requisition.

40.3 **Notice of quorum**

Shareholders eligible to participate in a particular Shareholders meeting will receive at least 14 days' notice of such meeting and are entitled to be counted in the quorum and vote at such meeting either in person or by proxy. The quorum for a meeting is two Shareholders, present in person or by proxy. The quorum for an adjourned meeting is also two Shareholders present in person or by proxy, however if a quorum is not present from a reasonable time from the time appointed for the meeting, generally considered to be 15 minutes, then one person entitled to be counted in a quorum present at the meeting shall be a quorum. Notices of meetings and adjourned meetings will be sent to Shareholders at their registered addresses.

40.4 **Voting rights**

40.4.1 At a meeting of Shareholders, on a show of hands every Shareholder who (being an individual) is present in person or (being a corporation) is present by its representative properly authorised in that regard, has one vote. For joint Shareholders, the vote of the first Shareholder, or the proxy of the first Shareholder, stated in the register of Shareholders will be accepted to the exclusion of the votes of other joint Shareholders.

40.4.2 On a poll vote, a Shareholder may vote either in person or by proxy. The voting rights attaching to each Share are such proportion of the voting rights attached to all the Shares in issue that the price of the Share bears to the aggregate price(s) of all the Shares in issue and still in issue at the date seven Business Days before the notice of meeting is deemed to have been served.

40.4.3 A Shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

40.4.4 Except where the FCA Regulations or the Instrument of Incorporation requires an extraordinary resolution (which needs 75% of the votes cast at the meeting to be in favour if the resolution is to be passed) any resolution will be passed by a simple majority of the votes validly cast for and against the resolution.

40.4.5 The ACD may not be counted in the quorum for a meeting and neither the ACD nor any associate (as defined in the FCA Rules) of the ACD is entitled to vote at any meeting of a Fund or the Company except in respect of Shares which the ACD or associate holds on behalf of or jointly with a person who, if the registered Shareholder, would be entitled to vote and from whom the ACD or associate has received voting instructions. Where every Shareholder in a Fund or the Company is prohibited by the FCA Rules from voting, a resolution may, with the prior written agreement of the Depositary, instead be passed with the written consent of Shareholders representing 75% of the Shares of the Fund or Company (as the case may be) in issue.

40.4.6 "Shareholders" in this context means Shareholders on the date seven Business Days before the notice of the relevant meeting was deemed to have been served but excludes holders who are known to the ACD not to be Shareholders at the time of the meeting.

41 Class meetings

The above provisions, unless the context otherwise requires, apply to Share Class meetings as they apply to general meetings of Shareholders. However, an extraordinary resolution will be required to sanction a variation of class rights.

42 Taxation

42.1 UK taxation

The following statements are based on the ACD's understanding of current English law and HMRC practice as known at the date of this Prospectus. The following statements summarise the UK tax position of the Funds and of investors who are resident in the UK for tax purposes and hold their Shares as investments plus generically considers the tax position for non-UK resident tax payers and may not apply to certain classes of investors.

The bases and rates of taxation and reliefs from taxation may change in the future. Shareholders are recommended to consult their professional adviser if they are in any doubt as to their individual tax position or if they may be subject to tax in a jurisdiction other than the UK.

42.2 The Company and Funds

The Company is a UK open-ended investment company in umbrella form, and so each Fund is treated as an open-ended investment company for most UK tax purposes.

42.3 Stamp and other transaction taxes

The Funds will be liable to stamp duty reserve tax ("SDRT") on the purchase of UK equities and to foreign stamp or other financial transaction tax on the purchase of securities of certain jurisdictions. In particular, the PAIF Funds will generally be liable to pay stamp duty land tax ("SDLT") or land and buildings transaction tax ("LBTT") as appropriate on the purchase of property and may incur other property specific taxes.

42.4 The PAIF Funds

The Company has elected for the PAIF Funds (currently FIAF) to be taxable as PAIFs. HMRC has confirmed that the PAIF Funds satisfied all of the conditions for entry into the PAIF regime.

PAIF qualifying conditions

The ACD intends that, for each accounting period of the PAIF Funds, the PAIF Funds will meet the qualifying conditions to be a PAIF set out in Part 4A of the Authorised Investment Funds (Tax) Regulations 2006 (S.I. 2006/964), as inserted by Authorised Investment Funds (Tax) (Amendment) Regulations 2008 (S.I. 2008/705) (the "Regulations"), as follows:

(a) the property investment business condition;
(b) the genuine diversity of ownership condition;
(c) the corporate ownership condition;
(d) the loan creditor condition;
(e) the balance of business conditions; and
(f) the notification condition.

However, it cannot be guaranteed that those conditions will be met by the PAIF Funds for each accounting period.

The qualifying conditions for an open-ended investment company to be treated as a PAIF for tax purposes in accordance with the Regulations can be summarised as follows:

Property investment business condition
This condition requires that the PAIF Funds carries on a property investment business. It may do so by carrying on a property rental business either directly or (for property not situated in the UK only) indirectly through an intermediate holding company or a chain of intermediate holding companies that meet certain conditions throughout the accounting period or by investing in a Real Estate Investment Trust ("REIT") or foreign equivalent (in each case that meets certain conditions). The prospectus and instrument of incorporation must include a statement that the PAIF Funds' investment objectives are to carry on such property investment business and to manage the cash raised from investors for investment in the property investment business.

Genuine diversity of ownership condition
This condition requires that the Shares in the PAIF Funds, or units in a feeder unit trust scheme with the same manager or proposed manager as the PAIF Funds, are not marketed or limited to a few specific investors but are widely available to the intended categories of investor. The prospectus and instrument of incorporation must include a statement of that intention and specify the intended categories of investors.

Corporate ownership condition
This condition requires that no Body Corporate is beneficially entitled (directly or indirectly) to 10% or more of the net asset value of the PAIF Funds (the "10% threshold") and the prospectus and instrument of incorporation must include provisions requiring that any new corporate members undertake not to breach the 10% threshold or to reduce their investment to below 10% where they have breached the 10% threshold.

Special provisions have been provided in tax legislation that state that corporate Shareholders that invest indirectly via unit trust schemes where the trustees are chargeable to income or corporation tax in their capacity as trustees of the unit trust scheme will not be treated as being beneficially entitled to the shares in the PAIF Funds. The trustees of the unit trust schemes will be treated as beneficial owners.

Loan creditor condition
This condition requires that the PAIF Funds must not be a debtor in relation to certain types of debt which give the creditor rights to participate in profits of the PAIF Funds, are on non-commercial terms or (except in limited circumstances) entitle the creditor to a premium on repayment.

Balance of business conditions
This condition requires that at least 60% of the PAIF Funds' net income is derived from tax exempt property investment business and at least 60% by value of its total assets are involved in its property investment business. These thresholds are reduced to 40% in the first accounting period of the PAIF Funds as a PAIF.

Notification condition
This condition requires that HMRC is notified in advance in writing that Part 4A of the Tax Regulations is to apply to a relevant fund.

Tax implications of the PAIF regime for the PAIF Funds

The PAIF regime was introduced to remove the tax disadvantage suffered by tax exempt investors (such as pension funds) in an authorised property investment fund (due to such a fund being taxable at the prevailing special rate of corporation tax for authorised funds on property income) compared to investment in alternative fund structures. Under the PAIF regime, investment in a PAIF is taxed broadly as if the property assets held directly by a PAIF were held directly by its investors.

Where UK property assets are held indirectly by a PAIF (e.g. through a subsidiary company) the PAIF tax status will not be extended to that subsidiary entity, and rental profits are likely to be subject to UK tax. These profits will not be distributable as a property income distribution (see below).

The PAIF Funds should be exempt from UK corporation tax on capital gains realised on the disposal of its investments.

Since a PAIF is required to derive only 60% of its net income from its property investment business, it may have a mix of income which for distribution purposes will be split into three for UK tax purposes: property income; dividend income and interest (effectively other) income.

The property income arising or accruing to the PAIF Funds from its property investment business while it is a PAIF (such as property rental income and property income distributions from UK REITs and foreign equivalents) will be exempt from UK corporation tax (but see below in the event of a breach of the corporate ownership condition). The property rental business of the PAIF Funds conducted "pre-entry" into the PAIF regime, and in respect of which the PAIF Funds paid corporation tax on the rental income (after taking account of allowable deductions), is treated as having ceased for UK corporation tax purposes upon the entry of the PAIF Funds into the PAIF regime.

The PAIF Funds may receive other types of income (primarily insurance commissions, interest and dividends, that do not fall within the tax exempt business of the PAIF Funds). This income is within the charge to corporation tax, however a PAIF is entitled to a tax deduction of an amount equal to the interest stream of the PAIF distribution. Dividends received are exempt where they fall within the dividend exemption.

For UK corporation tax purposes, the tax exempt property investment business of the PAIF Funds are treated as a separate and distinct business from:

- the PAIF Funds' "pre-entry" business,
- the "residual" part of the PAIF Funds' business that is not part of the tax-exempt regime (i.e., where it generates non-property income), and
- the PAIF Funds' business activities should it cease to fall within the PAIF regime.

This prevents losses or allowances generated in the tax-exempt part of the PAIF Funds being used to reduce the taxable income arising in the residual part (if any).

The PAIF Funds will be required to file a corporation tax return after the end of each accounting period of the PAIF Funds relating to the non-tax exempt income of the PAIF Funds. It is anticipated that, in practice, the PAIF Funds will have little or no direct UK corporation tax liability in respect of any accounting period in respect of which it qualifies as a tax PAIF.

Anti-avoidance

The Tax Regulations contain anti-avoidance provisions that would apply if a PAIF Fund were to attempt to obtain a tax advantage for itself or another person by doing something which is wholly or principally designed to create or increase or apply a loss, deduction or expense. In such circumstances HMRC would be entitled to issue a notice to the relevant PAIF Fund requiring that the tax advantage shall be counteracted as specified in the notice.

Breach of the corporate ownership condition

If the corporate ownership condition is breached and the PAIF Funds makes a distribution to, or in respect of, a holder of "excessive rights" in the PAIF Funds (i.e. a corporate shareholder beneficially entitled to shares representing rights to 10% or more of the net asset value of the PAIF Funds), a tax charge would be imposed on the residual business of the PAIF Funds.

The effect of this charge is to tax an amount equal to the distribution as income of the residual business of the PAIF Funds.

This sum is charged to UK corporation tax under self-assessment as if it were an additional part of the "residual" income of the PAIF Funds. If the PAIF Funds and its Manager can show it has taken reasonable steps to prevent this situation arising, the charge will not be levied.

Income/financing costs

In order to ensure that rental income generated by a PAIF is subject to tax in the hands of investors, borrowing levels in each PAIF are subject to certain restrictions.

As the PAIF Funds are a NURS, a tax charge will arise to the PAIF Funds if the result of the following calculation is less than 1.25 in any accounting period:

$$\frac{\text{Income}}{\text{Finance costs}}$$

The following definitions apply for the purpose of the calculation:

Income: the tax exempt income of the "property investment business" for the current period (excluding financing costs).
Financing costs: the financing costs incurred in relation to the "property investment business"

Where the above test is failed an amount of notional income will be subject to corporation tax in the hands of the OEIC, equivalent to the amount of Financing costs that cause the failure of the test.

Stamp taxes

There should be no stamp duty reserve tax ("SDRT"), stamp duty land tax ("SDLT") or land and buildings transaction tax ("LBTT") arising from the creation or redemption of PAIF Fund shares in return for cash. Where there is beneficial transfer of Shares and the share register is not updated, SDRT may apply.

Taxation of Shareholders on PAIF income

The PAIF regime is intended to tax the income of investors in a PAIF broadly as if they held the property assets of the PAIF directly.

Distributions made by the PAIF Funds to Shareholders are required to be split into three different pools:

(A) property income distributions;
(B) interest distributions; and
(C) dividend distributions.

Distributions are streamed firstly as property income distributions out of the net tax exempt income of the PAIF Funds, then as interest distributions out of other income of the PAIF Funds (primarily insurance commissions, interest and any dividends that do not meet the relevant conditions for exemption from UK corporation tax) and lastly as dividends out of the balance of the PAIF Funds' income profits (which may include dividends received from subsidiary entities).

In respect of each distribution the ACD will send a distribution voucher showing the gross amount of each distribution, and, where relevant, any tax deducted and the net amount paid.

Accumulations of income are treated for tax purposes as if the amount of income accumulated had been paid as a distribution.

Please note that the PAIF Funds shall on occasion receive UK dividends from beneficially owned and controlled interim asset holding entities, which are subject to UK corporation tax. Such structures are not intended to be long term holding arrangements and purely will allow for interim corporate holding vehicles to be acquired by the PAIF Funds and individual ground rent assets in the case of FIAF or property assets otherwise, then transferred to the PAIF Funds directly, pending the outcome of the LTA 1987 statutory requirements in the case of residential ground rents.

42.5 **UK resident corporate Shareholders**

Property income distributions

For UK corporation tax payers, property income distributions will be charged to corporation tax as profits of a property business rather than as distributions. The property income distributions will generally be paid without deduction of tax to persons within the charge to UK corporation tax.

Property income distributions will also be paid by the PAIF Funds without deduction of tax to Shareholders who are (amongst others) UK tax-exempt registered pension funds and charities, and to UK authorised investment funds and non-residents carrying on a trade in the UK through a permanent establishment who are required to bring the property income distribution into account in computing their chargeable profits for corporation tax.

Any tax deducted at source from property income distributions made to such corporation tax payers may be offset against their corporation tax liabilities and refunded by HMRC in full or in part where the tax deducted at source exceeds the corporation tax liability of the Shareholder. Where Shareholders hold their Shares indirectly via a feeder fund, different taxing arrangements apply.

Interest distributions

Amounts in the interest distribution pool of the PAIF Funds that are distributed are treated as payments of yearly interest, and subject to corporation tax according to the status of the recipient.

PAIF interest distribution is paid without deduction of tax to all UK resident corporate Shareholders.

Dividend distributions

Dividend distributions made by the PAIF Funds to Shareholders are treated in the same manner as any other UK company dividend and are therefore exempt from UK corporation tax in the hands of most Shareholders within the charge to corporation tax. The corporate streaming rules do not apply to PAIF dividend distributions.

42.6 **UK resident Shareholders subject to UK income tax**

Property income distributions

Distributions of property investment income of the PAIF Funds will be made to shareholders by the PAIF Funds subject to deduction of withholding tax at the prevailing basic rate. Shareholders can set off the tax deducted by the PAIF Funds against their UK income tax liability.

For UK resident and ordinarily resident individual Shareholders who are basic rate tax payers, there should be no further tax to pay on the property income distribution. For UK resident and ordinarily resident individual Shareholders who are higher or additional rate tax payers, there will be further tax to pay under self-assessment of the gross distribution.

Shareholders who are not liable to tax on income can claim repayment of all the tax shown as deducted on the distribution voucher attached to the property income distribution.

Property income distributions are treated as profits from a separate business to any other UK property business or overseas property business. Accordingly, losses made by shareholders on other property businesses cannot be set off against property income distributions.

Interest distributions

Amounts in the interest distribution pool of the PAIF Funds that are distributed or accumulated are treated as payments of yearly interest.

Interest distributions paid or treated as paid by a PAIF Fund to Shareholders, including individual shareholders, will be paid gross without deduction of UK income tax.

A Shareholder who has savings income in a tax year that exceeds their Personal Savings Allowance must account to HMRC for the applicable tax due on the gross amount of the interest. This applies whether they are a basic, higher or additional rate taxpayer.

Dividend distributions

An individual Shareholder who is resident for tax purposes in the United Kingdom is entitled to a dividend allowance. This means a certain amount of dividend income received (across all dividends received by the individual) in each tax year is exempt.

Individual Shareholders with excess dividend distributions are liable to UK income tax and shall be subject to additional tax at a rate which depends on whether they are a basic, higher or additional rate tax payer.

42.7 **Non-resident Shareholders**

Property income distributions

Property income distributions receivable by non-resident Shareholders are in general chargeable to income tax in the same way as they are for UK-resident income tax payers (as to which see above).

Except where non-residents are carrying on a trade in the UK through a Permanent Establishment and hold their interest in the PAIF Funds as an asset of that trade, property income distributions will be paid to non-residents under deduction of basic rate income tax. No tax will be deducted by the PAIF Funds in respect of property income distributions to non-resident Shareholders carrying on a trade in the UK through a permanent establishment who are required to bring the property income distribution into account in computing their chargeable profits for corporation tax in the same way as UK companies.

Although the property income distributions are treated as income from UK property, the Non-Resident Landlord Scheme does not apply to the income (as the property income distribution is paid under deduction of basic rate income tax).

Non-resident Shareholders will need to consider if they are entitled to claim relief under a double tax treaty for any income tax withheld at source.

Interest distributions

For the purposes of liability to UK income tax, a distribution of interest from a PAIF is treated as a payment of interest originating in the UK.

PAIF interest distribution is paid without deduction of tax to all Shareholders
Non-resident shareholders will need to consider if they are entitled to claim relief under a double tax treaty for any income tax withheld at source.

Dividend distributions

No tax will be deducted or withheld from dividend distributions made to non-residents.

41.8 **UKIIF**

UKIIF should generally be exempt from UK corporation tax, subject to certain anti-avoidance provisions, on dividends and similar distributions from companies. Any payments it receives from transactions in futures or options contracts are also exempt from tax. UKIIF will be subject to corporation tax at a rate equal to the basic rate of income tax, currently 20%, on other types of income but after deducting allowable expenses.

To the extent that UKIIF receives income from, or realises gains on, investments issued in foreign countries, it may be subject to withholding tax or other taxation in those jurisdictions.

UKIIF will allocate its net distributable income as dividend distributions (or accumulations in the case of accumulation Shares). No tax is deducted from dividend distributions.

41.9 **UK resident corporate Shareholders invested in UKIIF**

Any UK resident corporate Shareholders not exempt from tax on income who receive dividend distributions or accumulations may have to divide them into two (in which case the division will be indicated on the tax voucher). Any part representing dividends received by UKIIF will be treated as dividend income and, subject to certain anti-avoidance provisions, no tax will be due on it. The remainder should be treated as an annual payment received after deduction of income tax at the basic rate and corporate Shareholders may be liable to tax on the grossed up amount. The 20% income tax credit may be set against their corporation tax liability, or part of it refunded, as appropriate.

41.10 **UK resident Shareholders subject to UK income tax invested in UKIIF**

UK resident individual Shareholders are entitled to a dividend allowance. As a result they each benefit from an exemption from income tax on a certain amount of dividend income received each tax year, including dividend distributions or accumulations. If an individual Shareholder’s dividend income exceeds the dividend allowance then there will be a liability to income tax on the excess, including any excess dividend distributions. The rates of income tax are 7.5% for dividend income within the basic rate band, 32.5% for dividend income within the higher rate band and 38.1% for dividend income within the additional rate band.

41.11 **Non-UK resident Shareholders invested in UKIIF**

Non-UK resident Shareholders will generally not be liable to UK tax on distributions.

42.12 **UK resident Shareholders – tax on chargeable gains**

Shareholders may be subject to tax in respect of chargeable gains on the redemption or transfer of their shares based on their tax status.

For holders of Shares in the Funds who are resident in the UK, switches between classes within the Funds should not give rise to a liability to capital gains tax or corporation tax on chargeable gains.

In respect of the Accumulation Shares, income arising from these shares is accumulated and added to the capital property of the Funds. As a result, such amounts will be added to the allowable cost of such Shares when calculating the capital gain realised on their disposal for

UK capital gains purposes. A 'dry income tax charge' will apply in respect of the PAIF income attributable to Accumulation Shares in the PAIF Funds, but the above treatment should avoid double taxation i.e. accumulated income not being taxed again for capital gains tax purposes.

Individuals are only liable to capital gains tax if their total chargeable gains (net of allowable losses) in the year exceed the annual exemption. If gains in excess of this exemption are realised the excess is subject to capital gains tax at either the standard or higher capital gains rate, depending on the Shareholder's level of taxable income.

Shareholders within the charge to UK corporation tax are chargeable to corporation tax on all such gains and net chargeable gains will normally be added to the profits charged to corporation tax. Indexation relief will be available.

42.13 **Non-UK resident Shareholders – tax on chargeable gains**

All non-UK resident Shareholders may be subject to UK capital gains tax on disposals of Shares in the Funds, where a Fund is deemed to be "property rich". Whether a Fund is in scope of tax on chargeable gains for non-UK resident Shareholders will depend on whether at the date of any redemption of Shares a Fund has at least 75% of its gross asset value of invested in "UK land". "UK land" is defined broadly and includes any interest, right or power in UK land or the benefit of an obligation or condition affecting the value of UK land. There is no certainty whether a Fund on any given date may or may not be "property rich" and therefore your Shareholding may be in or out of scope of tax on chargeable gains.

Neither the Fund, the ACD nor Administrator is responsible for any withholding, reporting or any other responsibility whatsoever with regards to any non-resident UK tax on chargeable gains tax. Non-UK resident Shareholders are strongly recommended to seek their own independent tax advice.

42.14 **Income equalisation**

Since all the Funds operate equalisation, the first allocation or distribution made after the acquisition of Shares will include an amount of equalisation. This amount represents the ACD's best estimate of the income included in the price at which the Shares were acquired (subject to grouping where appropriate) and represents a capital repayment for UK tax purposes which is not subject to income tax or corporation tax but which should be deducted from the cost of Income Shares (but not Accumulation Shares) in arriving at any capital gain realised on their subsequent disposal.

42.15 **ISAs**

At the date of publication of the Prospectus the Funds satisfy the eligibility requirements to be a qualifying investment for a stocks and shares component of an ISA and Junior ISA. Please refer to Appendix A for relevant Classes for ISAs.

42.16 **Inheritance tax**

A gift by a Shareholder of Shares or the death of a Shareholder may give rise to a liability to inheritance tax, except where the Shareholder is an individual who is neither domiciled in the UK nor deemed to be domiciled there under special rules relating to long residence or previous domicile in the UK. For these purposes, a transfer of Shares at less than the full market value may be treated as a gift.

42.17 **UK information reporting regime**

Schedule 23 to the Finance Act 2011 imposes obligations on financial institutions to report to HMRC certain payments of interest. This reporting regime requires the PAIF Funds to report details of interest distributions paid to UK, and many non-UK, investors.

42.18 **FATCA**

The Company (and therefore each Fund) is classified as a Restricted Fund within the Deemed Compliant Financial Institution category of FATCA. The Company is eligible for Restricted Fund status as it imposes prohibitions on the sale or transfer of Shares in a Fund to Specified US Persons, Non-Participating Financial Institutions and Passive Non-Financial Foreign Entities with Controlling US Persons. These prohibitions are detailed in Section 23, which also refers to an increased tax burden. This can be defined as any increase in compliance for the Company or any Fund with regards to tax, such as an increase in reporting requirements as a result of FATCA.

43 **Income equalisation**

43.1 Income equalisation, as explained below, may apply in relation to a Fund.

43.2 Part of the purchase price of a Share reflects the relevant share of accrued income received or to be received by the Company. This capital sum is returned to a Shareholder with the first distribution of income in respect of a Share issued during an accounting period.

43.3 The amount of income equalisation is either the actual amount of income included in the issue price of that Share or is calculated by dividing the aggregate of the amounts of income included in the price of Shares issued or sold to Shareholders in an annual or interim accounting period by the number of those Shares and applying the resultant average to each of the Shares in question.

44 **Winding up of the Company or termination of a Fund**

44.1 The Company must be wound up, or a Fund must be terminated under the FCA Regulations, following approval by the FCA, in the following circumstances:

44.1.1 if an extraordinary resolution to that effect is passed and the FCA's prior consent to the resolution has been obtained by the ACD or the Depositary;

44.1.2 on the expiry of any period specified in the Instrument of Incorporation as the period at the end of which the Company or the relevant Fund is to be wound up.

44.1.3 if the order declaring the Company to be an open ended investment company ("Order of Authorisation") is revoked;

44.1.4 if the ACD or the Depositary requests the FCA to revoke the Order of Authorisation and the FCA has agreed (provided no material change in any relevant factor occurs) that on the winding-up of the Company or termination of a Fund, the FCA will accede to that request;

44.1.5 on the effective date of a duly approved scheme of arrangement which is to result in the Company ceasing to hold any Scheme Property;

44.1.6 in the case of a Fund, on the effective date of a duly approved scheme of arrangement which is to result in the Fund ceasing to hold any Scheme Property; or

44.1.7 on the date when all the Funds fall within 44.1.6 or have otherwise ceased to hold any Scheme Property, notwithstanding that the Company may have assets and liabilities that are not attributable to any particular Fund.

44.2 On the occurrence of any of the above:

44.2.1 in the case of scheme of arrangement referred to above the Depositary shall wind up the Company or terminate the Fund in accordance with the scheme of arrangement.

44.2.2 in any other case, the Depositary shall, as soon as practicable after the Company falls to be wound up or Fund falls to be terminated, realise the property of the Company or Fund and, after paying all liabilities properly payable and retaining provision for the costs of the winding-up, distribute the proceeds to the Shareholders and the ACD proportionately to the size of their holdings.

44.2.3 any unclaimed net proceeds or other cash held by the Depositary after twelve months from the date the proceeds became payable, shall be paid by the Depositary into court, although the Depositary will have the right to retain any expenses incurred in making that payment.

44.2.4 on completion of the winding-up of the Company or termination of the Fund, the Depositary shall notify the FCA in writing of that fact and, in the case of a winding up of the Company, the Depositary or the ACD shall request the FCA to revoke the Order of Authorisation.

45 General Information

45.1 Accounting periods

45.1.1 The annual accounting period of the Company ends each year on 31 March (the accounting reference date). The half year accounting period of the Company ends each 30 September.

45.2 Income distributions

45.2.1 Distributions of income are made in respect of the income available for distribution in each accounting period.

45.2.2 The distributions of income for all Funds are to be paid to relevant Shareholders by cheque or by electronic transfer.

45.2.3 For FIAF, the distributions will be paid on a six monthly basis, usually within two months of the half yearly accounting period, being 30 September and 31 March.

45.2.4 For UKIIF, the distributions will be paid on a quarterly basis, usually within one month of the quarterly interim accounting date, being 30 June, 30 September, 31 December and 31 March.

The amount available for distribution by a Fund in any accounting period is calculated by taking the aggregate of the income received or receivable for the account of the Fund in respect of that period, and deducting any charges and expenses paid or payable out of income in respect of that accounting period. The ACD then makes such other adjustments as it considers appropriate (and after consulting the Depositary as appropriate) in relation to taxation, income equalisation, income unlikely to be received within 12 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.

If a distribution remains unclaimed for a period of six years after it has become due, it will be forfeited and will revert to the relevant Fund.

45.3 Annual and Half-yearly Reports

Annual reports of the Company and each Fund will be published within four months of each annual accounting period and half-yearly reports will be published within two months of the end of each half-year accounting period. Shareholders may request a copy of the report for the relevant Fund that they are invested or the Company which shall be available either by post or, if possible, electronically. All reports are available for inspection at the offices of the ACD between 9.00 a.m. and 5.00 p.m. every Business Day.

Further details relating to the Funds' liquidity management policy and any special arrangements in place for less liquid assets, risk profile and risk management systems will be included in the annual reports.

45.4 **Documents relating to the Company**

45.4.1 The following documents may be inspected inspection free of charge between 9.00 a.m. and 5.00 p.m. every Business Day at the offices of the ACD:

45.4.1.1 the most recent annual and half-yearly reports of the Company;

45.4.1.2 the Prospectus;

45.4.1.3 the Instrument of Incorporation (and any amending instrument); and

45.4.1.4 the NURS KIIs.

45.4.2 The ACD may make a charge at its discretion for copies of the Instrument of Incorporation, however, the reports, the Prospectus and the NURS KIIs are available free of charge.

45.5 **Fair treatment of investors**

Procedures, arrangements and policies have been put in place by the ACD to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interest of the Funds and of the investors;
- executing the investment decisions taken for the account of the Funds in accordance with the objectives, the investment policy and the risk profile of the Funds;
- ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Funds managed;
- preventing undue costs being charged to the Funds and investors;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and
- recognising and dealing with complaints fairly.

45.6 **Preferential Treatment**

From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the Company and its investors. In particular, the ACD may typically exercise its discretion to waive the initial charge or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time, such as platform service providers, and institutional investors. The ACD may also have agreements in place with such groups of investors which result in them paying a reduced annual management charge.

45.7 **Electronic communication**

The ACD has agreed with the Administrator that formal communication with Shareholders, including the distribution of all documents and related relevant Shareholder communications, shall be by electronic method only, to the extent it is able to do so. If it is not able to do so, the Administrator shall communicate with relevant Shareholders by post.

Shareholders who wish to receive hard copy correspondence should contact the Administrator who shall arrange for this.

45.8 **Notices**

Notices and documents will be sent to the Shareholder's registered address or registered email address.

45.9 **Complaints**

Complaints concerning the operation or marketing of the Company or any Fund should be referred to the compliance officer of the ACD at 338 Euston Road, London, NW1 3BG, in the first instance. If the complaint is not dealt with satisfactorily then it can be made direct to The Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

45.10 **Compensation**

Shareholder's investments in the Funds may be covered by the Financial Services Compensation Scheme. Shareholders may be entitled to compensation from this scheme if the Company, ACD or other service provider cannot meet their obligations. This depends whether the claimant is eligible and the circumstances of the claim. Most types of investments are covered up to £85,000.

Further information is available from the Financial Services Compensation Scheme, www.fscs.org.uk.

45.11 **Best execution**

The ACD's best execution policy sets out the basis upon which it will effect transactions and place orders in relation to the Company. The ACD will act in the best interests of each Fund when executing decisions to deal on behalf of the relevant Fund. It will take all sufficient steps to obtain, when executing decisions to deal on behalf of the relevant Fund, the best possible result for each Fund taking into account factors such as price and costs. Details of this best execution policy are available on the ACD's website at www.alpharealcapital.com.

45.12 **Inducements**

45.12.1 The ACD will not accept and retain any fees, commissions or monetary benefits, or accept any non-monetary benefits, where these are paid or provided by any third party or a person acting on behalf of that party. However, this does not apply to minor non-monetary benefits that are capable of enhancing the quality of the service provided to a Fund, and are of a scale and nature such that they could not be judged to impair the ACD's compliance with its duty to act honestly, fairly and professionally in the best interests of the relevant Fund.

45.12.2 In the event that the ACD receives any fees, commissions or monetary benefits from a third party in relation to any services provided to a Fund, the ACD will return these to the relevant Fund as soon as reasonably possible and inform Shareholders in the Fund about such fees, commissions and/or monetary benefits, as applicable.

45.13 **Data protection**

Both the ACD and the Administrator have policies in respect of the privacy and handling of shareholder data. These privacy policies are available by visiting the website of the ACD at alpharealcapital.com or the Administrator at time-investments.com, or alternatively are available by request. The ACD and Administrator will use any personal information provided by the shareholders in their Application Form and any supplemental information provided in connection with their investment for the purposes of providing the services related to their investments, analysing the suitability of the investment, undertaking know-your-client checks and complying with anti-money laundering requirements, tax regulations and other legal or regulatory requirements. Shareholders should understand that their personal information may be shared with third parties as set out in the respective privacy policies, including associates of the ACD and Administrator. The shareholders also understand that they have certain rights in respect of how the ACD and Administrator will use their personal information, as set out in the respective privacy policies.

APPENDIX A

INVESTMENT OBJECTIVE, POLICY AND OTHER DETAILS ABOUT THE FUNDS

Investment of the assets of each Fund must comply with the FCA Regulations and their own investment objectives and policies. Details of the investment objective and policy of each Fund are set out in this Appendix.

ARC TIME FREEHOLD INCOME AUTHORISED FUND (“FIAF”)
Fund specific details

Investment objective:	It is intended that the Fund will be a Property Authorised Investment Fund 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. The aim of the Fund is to acquire freehold ground rents which offer a consistent income stream and capital growth prospects. There is no guarantee that a consistent income return will be achieved and your capital is at risk. A performance fee is payable out of the scheme property, where the annual total return of the Fund exceeds 8%.
Investment policy:	In accordance with the investment objective of the Fund, capital will be invested through acquiring freehold ground rents. Such property will only be held directly by the Fund, unless via interim holding vehicles for the sole purpose of satisfying the Landlord and Tenant Act 1987 or 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 the liquidity of the Fund, the Fund shall 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 Fund may invest in the other sub-funds of the Company and any other associated scheme. The Fund may also invest in equities (listed or unlisted), money market instruments and debt securities. The Fund may also utilise derivatives for investment purposes or for efficient portfolio management.
Benchmarks:	*Target benchmark*: As noted in the Investment objective, the Fund utilises one target benchmark: (1) The Fund has a performance fee where the annual total return of the Fund exceeds 8%. This trigger for payment of the fee was chosen as it was deemed to represent exceptional performance of the Fund. *Constraining benchmark*: The Fund does not have any constraining benchmarks. *Comparator benchmark*: The Fund utilises the following comparator benchmark: (1) UK Retail Prices Index (“RPI”): the Fund’s performance may be compared to UK inflation, as represented by RPI. The Fund’s assets consist of primarily residential ground rents, and these asset rent reviews, impacting the income payable to the Fund by tenants, are frequently linked to UK inflation. Accordingly these assets may experience lower levels of income growth in the event of lower inflation. Further as the profile of the assets are over-collateralised and their income profile is long dated, they are frequently assessed as an alternative asset to traditional lower risk assets, such as corporate and government bonds, which also utilise inflation as a key relative measurement basis for relative performance and assist investors in their investment selections. No other benchmarks are utilised by the ACD or the Fund.
PAIF Status:	The Fund is managed so that it is a PAIF and at all times satisfies the PAIF conditions. No Body Corporate may seek to obtain or intentionally maintain a holding of 10% or more of the Net Asset Value of the Fund. See Sections 14.6 and 14.7.
Feeder Fund:	The Feeder Fund for this Fund is **ARC TIME Freehold Income Authorised Feeder Trust**.
Launch Date:	3 April 2013. Prior to 3 April 2013 FIAF was constituted as the “Freehold Income Trust", established in April 1993, which converted via a scheme of arrangement to FIAF on 3 April 2013.
Dealing Frequency:	In respect of each Share Class, the Fund deals on the days set out in the Share Classes table below (a ‘Dealing Day’ for the Fund).

Distribution frequency and dates:	Six monthly, usually within two months of the half yearly accounting period, being 30 September and 31 March.

Cut off points:

<u>Cut Off Point for Subscriptions</u>

Class A to Class H: 10am on the Business Day 2 days prior to each Dealing Day being the 12th of each month (or the next Business Day)

Class S and Class T: 10am on the Business Day 2 days prior to each Dealing Day being the 12th of each month (or the next Business Day)

Class ISA : 10am on the Business Day 2 days prior to a relevant Dealing Day being the 12th and 26th of each month (or the next Business Day)

<u>Cut Off Point for Redemptions</u>

Class A to Class H: 10am on the Business Day 5 days prior to each Dealing Day being the 12th of each month (or the next Business Day).

Class S and Class T: Six months' notice of redemption prior to the relevant Dealing Day is required. Once such notice is received by the Administrator, the redemption will be processed on the first Dealing Day being the 12th of each month (or the next Business Day) after six months has expired.

Class ISA: 10am on the Business Day 5 days prior to a relevant Dealing Day being the 12th and 26th of each month (or the next Business Day)

Accounting date(s):	Final	31 March
	Interim	30 September
Investment Manager:	TIME Investments (the trading name of Alpha Real Property Investment Advisers LLP)	
Property Manager:	Freehold Managers PLC, Butlers Wharf Building, 36 Shad Thames, London SE1 2YE	
Investor Restrictions:	All applications for subscription are accepted or otherwise at the sole discretion of the ACD, in accordance with clause 14 of the Prospectus. **Class S and Class T** Only eligible offshore (non-UK) professional or institutional investors are permitted or otherwise at the sole discretion of the ACD**.** **Class ISA** Only available for investors investing via an ISA manager – available for both ISAs and Junior ISAs.	

Additional Information

Profile of a typical investor:	The Fund may be suitable for you if you consider collective investment schemes to be a convenient way of participating in investment markets and wish to seek to achieve defined investment objectives such as that above. You should have experience with or understand investments which place capital at risk, and must be able to accept losses. If you are uncertain about whether this product is suitable for you, please contact a professional adviser. The Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting the investment management strategy and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching or conversion of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by the ACD or the Administrator and accounts under common ownership or control.
Borrowing Policy:	The Fund adopts a policy of active management to take advantage of investment opportunities whenever they arise. To ensure that capital is available to expand the size of the property portfolio as opportunities occur, and to provide funds to meet redemptions, the Instrument of Incorporation allows the Fund to borrow up to a maximum level such that, at any time, the Fund shall not borrow more than 10% of the NAV of the Fund. Where borrowings are utilised, they are likely to be drawn down against specific freehold properties, endeavouring, as far as possible, that the ground rent received from the investment is sufficient to cover the interest on the funds drawn down to acquire it. The interest paid by the Fund to third party lenders should be an allowable deduction from income for income tax purposes providing that the borrowing has been incurred to purchase freehold ground rents and the terms of the borrowings do not require additional guarantees to be given by other parties. The Fund may fix the rate of interest payable at the time that any funds are drawn down, using a derivative arrangement as described above. The existing borrowing facility is an unhedged and revolving facility, with a floating charge against all freehold properties of the Fund.
Background:	FIAF commenced operations as "The Freehold Income Trust" (as an unauthorised unit trust) in April 1993 and typically invests in freehold residential ground rents that provide a high degree of income stability with asset backing. Ground rents have both the advantage of producing a consistent level of income plus also the potential for capital growth.

Residential Ground Rents:	A ground rent is the payment made by a leaseholder of a property to the freeholder of that property. It therefore represents the underlying freehold interest in a property which is subject to a lease for a period of time, usually between 99 and 999 years initially. Although the individual amounts payable as ground rents are usually nominal annual sums of between £50 and £350 or so, ground rents produce a stable, long-term income. The amount of ground rent payable by a leaseholder may be fixed for the whole period of the lease, or incorporate agreed increments. If a leaseholder fails to pay the ground rent due, the freeholder has the power to enforce his rights by forfeiture of the lease. This rarely occurs, however, because the ground rent is such a small proportion of the value of the property, the leaseholder is unlikely to risk losing the property through non-payment of the ground rent. Furthermore, a defaulting leaseholder's mortgagee or receiver is very likely to pay the ground rent to ensure that its security is not jeopardised. Notwithstanding the stability of such investments, ground rents also provide opportunities for capital growth. Such growth can arise, for example, as a result of a premium payable on a lease extension or from the sale, of a freehold to a leaseholder. In addition to income, ground rents may also provide opportunities for capital gain (see below) and the ACD will seek to maximise such opportunities. Leases of both residential and commercial properties typically contain many covenants that can be used to increase income receivable to maximise income to the Fund. For example, many of the leases contain terms that require the freeholder to have the responsibility for insuring the structure of the buildings (whilst the owners of the lease are responsible for the contents, and are required to reimburse the freeholder for the building insurance costs). Buying block insurance on a large scale generates commission income that can be added to the Fund's returns. There also may be terms that require prior consent from the freeholder for matters such as a change in use or for any alteration to the structure or development of the property. The Fund can negotiate a premium for giving such consents and may also seek an increase in the ground rent payable.
Other opportunities for gains from residential ground rents:	Opportunities for gains arise mainly in two ways: either because of a lease extension or from the sale of a freehold by the Fund to the leaseholder.
	Lease Extensions Where a lease has a short period to run (generally less than 80 to 100 years) most banks and building societies will not provide a mortgage for a prospective purchaser. This makes the leasehold interest difficult to sell. The ideal solution in these circumstances is for the freeholder (FIAF) to grant an extension of the lease in return for a lump sum payment. It also provides an opportunity for negotiation of an uplift in the ground rent to be negotiated.
	Sale of Freehold to Leaseholder Many leaseholders are keen to acquire the freehold of their property so as not to have to pay rent or comply with other covenants set out in their lease. In addition if the lease is below around 80 years its value begins to waste, while the freeholder's value begins to increase every year as the property moves closer to reversion.

Property Manager Fees:	The Investment Manager has agreed to appoint the Property Manager to provide property management services to FIAF in an agreement dated 25 May 2016 (the "Agreement"), superseding all prior arrangements. Under the terms of the Agreement, the property asset management fees payable to the Property Manager are up to 0.345% per annum of Net Asset Value (for Classes A/B/C/D/S/T and ISA Classes) and up to 0.42% per annum of Net Asset Value (for Class E to Class H), calculated monthly and paid quarterly in arrears at the end of each calendar quarter, for its work in managing and administering the Fund's residential property assets. Additionally, the Agreement allows for the Property Manager to receive a fee of up to 1% of the purchase price of each property interest acquired, in consideration of its work in selecting and negotiating purchases, and a rental collection fee of up to 10% of the rental income received to defray the cost of rent collection for residential property assets. The Property Manager is also entitled to an incentive fee of 10% of any increase in value over book cost achieved on a sale or increase in value of an asset following the renegotiation of a lease or other arrangement affecting immovable property but, in the case of a sale, less any lease negotiation fees paid on that property ("book cost" is the total capital cost of an asset, including all capital costs and expenses related to that asset at the date of the original acquisition of that asset plus any capital expenditure). The Property Manager may further earn 15% of any insurance commission received relating to Fund's property portfolio, or such higher amount as agreed with the Investment Manager, from time to time, subject to an absolute reduction in from rental collection fees and to the extent there is further deductions to be made, from property asset management fees, on a quarterly basis. The Property Manager has also been appointed to provide landlord services to tenants under the terms of a separate agreement and may retain such fees arising from these direct tenant services. Should the Agreement be terminated for other than "Cause" (as set out in the Agreement), a compensation payment shall be due equivalent to the payment of 12 months' property asset management fees and rental collection fees plus the incentive fees as would be payable upon realisation of the whole of the immovable property assets of FIAF.
Investment Manager/Administrator/ Transfer Agency :	The Investment Manager has the authority to make investment decisions on behalf of the Fund and the ACD. The Investment Manager is further responsible for the promotion and marketing of the Fund, transfer agency services, fund accounting and fund administration. In respect of these services the Investment Manager receives fees as shown in the below table below. In addition, should the Investment Manager enter into, on behalf of the Fund, an investment into a non-real property, it reserves the right to charge an initial transaction acquisition fee of up to 1%. of the asset value to reflect the sourcing and execution of the investment. The Investment Manager may also enter into participation and/or performance agreements with regards to an investment whereby the Investment Manager and the Fund share in the profit arrangements from a specific investment. Such terms shall be agreed on a case by case basis, if any, and be approved by the ACD. From these fees shown in the table below, the Investment Manager may pay trail commission to authorised financial advisers at a rate of 0.25% per annum on the Net Asset Value of Class E Gross Accumulation Shares, Class F Net Accumulation, Class G Gross Income and Class H Net Income Shares (these being Shares that were previous units in The Freehold Income Trust and that have not been redeemed since 1 May 2006), Class S Accumulation (Net) and Class T Income (Net). The Investment Manager, at its absolute discretion, may pay part or all of the trail commission to an appointed distribution agent.

Share Class details

	Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Other investment restrictions	ISA-eligible investment	Dealing Day(s) in each calendar month (or next business day)
Non – commission paying (“RDR clean”) classes	Class A Accumulation (Gross)	GBP	£5,000	£1,000	£1,000	£1,000	Tax exempt investors only*	No	12th
	Class B Accumulation (Net)	GBP	£5,000	£1,000	£1,000	£1,000		No	12th
	Class C Income (Gross)	GBP	£5,000	£1,000	£1,000	£1,000	Tax exempt investors only*	No	12th
	Class D Income (Net)	GBP	£5,000	£1,000	£1,000	£1,000		No	12th
Legacy commission-paying advised investors	Class E Accumulation (Gross)	GBP	£5,000	£1,000	£1,000	£1,000	Tax exempt investors only*	No	12th
	Class F Accumulation (Net)	GBP	£5,000	£1,000	£1,000	£1,000		No	12th
	Class G Income (Gross)	GBP	£5,000	£1,000	£1,000	£1,000	Tax exempt investors only*	No	12th
	Class H Income (Net)	GBP	£5,000	£1,000	£1,000	£1,000		No	12th
Offshore Institutional classes	Class S Accumulation (Net)	GBP	£5,000,000	£100,000	£500,000	£100,000		No	12th
	Class T Income (Net)	GBP	£5,000,000	£100,000	£500,000	£100,000		No	12th
ISA Investors	Class ISA Income (Gross)	GBP	£1,000	£1,000	£1,000	£1,000	Eligible UK ISA investors only†	Yes	12th, 26th

	Class ISA Accumulation (Gross)	GBP	£1,000	£1,000	£1,000	£1,000	Eligible UK ISA investors only†	Yes	12th, 26th

* Must complete the relevant section of the application form and indemnify the ACD

† Please see ISA application form for further information

Please see other transactional fees payable to the Property Manager as set elsewhere in Appendix A

Share Class details (continued...)

	Class	Initial fee	ACD fee	Depositary fee	Investment management fee/Administration fee	Property management fee	Transfer agency fees
			Taken from Capital***	**Taken from Capital*****	**Taken from Capital*****	**Taken from Capital*****	**Taken from Capital*****
Non – commission paying (“RDR clean”) classes	Class A Accumulation (Gross)	1%	0.1% of NAV of the Fund	0.15% of NAV up to £150 million subject to a minimum fee of £100,000 plus 0.1% of NAV on NAV of the Fund in excess of £150 million plus custodian fees subject to minimum £25,000 per annum per legal entity and otherwise as set out in clause 38.8	0.763% of NAV (see section 6 for payment terms)	0.345% of NAV	0.075% per annum on the Net Asset Value of the Fund, subject to a minimum fee of £90,000
	Class B Accumulation (Net)						
	Class C Income (Gross)						
	Class D Income (Net)						
Legacy commission-paying advised investors	Class E Accumulation (Gross)	3%			0.938% of NAV (see section 6 for payment terms)	0.42% of NAV	
	Class F Accumulation (Net)						

	Class G Income (Gross)						
	Class H Income (Net)						
Offshore Institutional classes	Class S Accumulation (Net)	7%			1.013% of NAV (see section 6 for payment terms)	0.345% of NAV of the Fund	
	Class T Income (Net)						
ISA Investors	Class ISA Income (Gross)	1%			0.763% of NAV (see section 6 for payment terms)	0.345% of NAV of the Fund	
	Class ISA Accumulation (Gross)						

*** All of the fees and other expenses payable out of Scheme Property will be charged against capital instead of against income. This treatment of fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund but may constrain capital growth.

ARC TIME UK INFRASTRUCTURE INCOME FUND (“UKIIF” or the “Fund”)
Fund specific details

Investment objective:	The aim of the Fund is to achieve a consistent income return with some capital growth. There is no guarantee that a consistent income return will be achieved and your capital is at risk.
Investment policy:	The Fund’s investment policy is to invest in defensive, asset-backed securities exposed to the UK infrastructure, renewable energy and real estate sectors. In accordance with this, the Fund will hold a diversified portfolio of income paying securities of investment companies, Sterling denominated, and these are the shares of UK listed infrastructure, renewable energy, specialist financing companies and real estate investment trusts (REITs). Exposure to these securities may additionally be achieved indirectly through investing in collective investment schemes (which can include open-ended investment companies, SICAVs and exchange traded funds) which themselves invest in shares and corporate bonds of these companies. The Fund will not invest more than 10% of the Net Asset Value in collective investment schemes. The Fund may also invest in other types of transferable securities including non-UK listed companies of similar types, equities, bonds, secured notes, cash, near cash, deposits and money market instruments. The Fund may also utilise derivatives for efficient portfolio management.
Benchmarks:	*Comparator benchmarks*: The Fund utilises the following comparator benchmarks: (1) IA Specialist Sector Index: The Fund is a constituent of this index and seeks to assess its performance against the index. The index was selected as it is for funds that have an investment universe that is not accommodated by the mainstream sectors. (2) Income yield (%): Investors should assess performance by comparing the annual yield of the Fund against an income yield of 4% per annum. This is not a target and does not constrain the construction of the portfolio of the Fund. It is only to be used as a comparator yardstick to assess the performance of the Fund. The Fund does not have any target or constraining benchmarks. No other benchmarks are utilised by the ACD or the Fund.
Launch Date:	3 April 2018
Dealing Frequency:	Daily on each Business Day.
Distribution frequency and dates:	Quarterly, usually within one month of the quarterly interim accounting date, being 30 June, 30 September, 31 December and 31 March

Cut Off Points:

<u>Cut Off Point for Subscriptions</u>

All Classes: 10am on each Business Day

<u>Cut Off Point for Redemptions</u>

All Classes: 10am on each Business Day

Accounting date(s):	Final	31 March
	Interim	30 September
Investment Manager:	TIME Investments, the trading name of Alpha Real Property Investment Advisers LLP	

Investor Restrictions:	All applications for subscription are accepted or otherwise at the sole discretion of the ACD, in accordance with clause 14 of the Prospectus. Institutional Classes (Class A): Only for non-retail investors including eligible per se or elective professional clients or eligible counterparties or otherwise at the sole discretion of the ACD.

Additional Information

Profile of a typical investor:	The Fund may be suitable for you if you consider collective investment schemes to be a convenient way of participating in investment markets and wish to seek to achieve defined investment objectives such as that above. You should have experience with or understand investments which place capital at risk, and must be able to accept losses. If you are uncertain about whether this product is suitable for you, please contact a professional adviser. The Company is designed and managed to support longer-term investment and active trading is discouraged. Short-term or excessive trading into and out of a Fund may harm performance by disrupting the investment management strategy and by increasing expenses. The ACD may at its discretion refuse to accept applications for, or switching or conversion of, Shares, especially where transactions are deemed disruptive, particularly from possible market timers or investors who, in its opinion, have a pattern of short-term or excessive trading or whose trading has been or may be disruptive to the Funds. For these purposes, the ACD may consider an investor's trading history in the Funds or other funds managed by the ACD or the Administrator and accounts under common ownership or control.
Borrowing Policy:	The Instrument of Incorporation allows the Fund to borrow up to a maximum level such that, at any time, the Fund shall not borrow more than 10% of the NAV of the Fund.
Investment Manager/ Administrator/Transfer Agency:	The Investment Manager has the authority to make investment decisions on behalf of the Fund and the ACD and is responsible for the management of the investments. Included with the Investment Manager's delegated services is responsibility for the promotion and marketing of the Fund, transfer agency services, fund accounting and fund administration. In respect of these services the Investment Manager receives fees as shown in the below table below. The fees shown are calculated monthly and paid monthly in arrears.

Share Class details

Class	Currency	Minimum initial investment	Minimum subsequent investment	Minimum holding investment	Minimum redemption	Other investment restrictions	ISA-eligible investment	Dealing Day(s) in each calendar month (or next business day)
Class A Accumulation (Institutional)	GBP	£5,000,000	£100,000	£500,000	£100,000	Non-Retail investors only	Yes	Each Business Day
Class A Income (Institutional)	GBP	£5,000,000	£100,000	£500,000	£100,000	Non-Retail investors only	Yes	Each Business Day
Class C Accumulation	GBP	£5,000	£1,000	£1,000	£1,000	None	Yes	Each Business Day
Class C Income	GBP	£5,000	£1,000	£1,000	£1,000	None	Yes	Each Business Day

Class	Initial fee	ACD fee	Depositary fee**	Investment management / Administration fee	Transfer agency fees
		Taken from Capital *	**Taken from Capital***	**Taken from Capital ***	**Taken from Capital ***
Class A Accumulation (Institutional)	Up to 1% of subscription amount	0.06% of the NAV	0.04% on the first £50m of the NAV; 0.03% on the next £50m of the NAV; 0.025% on the balance of the NAV in excess of £100 million Subject to a minimum fee of £10,000, per annum	Investment Management fee: 0.09% of NAV / Administration fee: 0.15% of NAV	0.075% of the NAV
Class A Income (Institutional)					
Class C Accumulation	Up to 1% of subscription amount	0.08% of the NAV		Investment Management fee: 0.17% of NAV / Administration fee: 0.15% of NAV	
Class C Income					

* All of the fees and other expenses payable out of Scheme Property will be charged against capital instead of against income. This treatment of fee and other expenses will increase the amount of income (which may be taxable) available for distribution to Shareholders in the Fund but may constrain capital.

** Excludes custodian fees

APPENDIX B

INVESTMENT AND BORROWING POWERS

1 **General**

The Scheme Property of each Fund will be invested with the aim of achieving the investment objective of that Fund, but subject to the limits set out in its investment policy set out in Appendix A, this Prospectus and Chapter 5 of the COLL Sourcebook ("COLL") as it is applies to non-UCITS retail schemes, and (in relation to the PAIF Funds) the relevant provisions of the Tax Regulations.

2 **General – the PAIF Funds**

2.1 It is intended that the PAIF Funds will be a PAIF at all times. HM Revenue & Customs has provided confirmation to the ACD that the PAIF Funds meet the requirements to qualify as a PAIF under Regulation 690 of the Tax Regulations.

2.2 Consequently, the net income of the PAIF Funds deriving from Property Investment Business will be at least 60% of the PAIF Funds' net income in each of the Company's accounting periods, and the value of the assets involved in Property Investment Business will be at least 60% of the value of the total value of the assets held by the PAIF Funds at the end of each of the Company's accounting periods. For the purpose of this paragraph, net income means the amount falling to be dealt with under the heading "net revenue/expenses before taxation" in the PAIF Funds' statement of total return for the period.

2.3 From time to time and in particular during periods of uncertain or volatile markets, the Investment Manager may choose to hold a substantial proportion of the Scheme Property of the PAIF Funds in money-market instruments and/or cash deposits, provided the PAIF Funds satisfies all those provisions in the Tax Regulations required for it to maintain its PAIF tax status.

3 **Prudent spread of risk**

The ACD must ensure that, taking account of the investment objective and policy of each Fund, the Scheme Property of each Fund aims to provide a prudent spread of risk.

4 **Cover**

4.1 Where the COLL Sourcebook allows a transaction to be entered into or an investment to be retained only (for example, investment in warrants and nil and partly paid securities and the general power to accept or underwrite) if possible obligations arising out of the investment transactions or out of the retention would not cause any breach of any limits in COLL 5, it must be assumed that the maximum possible liability of the Fund under any other of those rules has also to be provided for.

4.2 Where a rule in the COLL Sourcebook permits an investment transaction to be entered into or an investment to be retained only if that investment transaction, or the retention, or other similar transactions, are covered:

4.2.1 it must be assumed that in applying any of those rules, the Fund must also simultaneously satisfy any other obligation relating to cover; and

4.2.2 no element of cover must be used more than once.

5 **PAIF Funds only: Investment in immovable property**

5.1 “Property Investment Business” is defined in the Tax Regulations at the time of this Prospectus as property rental business (meaning property rental business within the meaning given by section 104 Finance Act 2006, and the property rental business of any intermediate holding vehicle), owning shares in UK real estate investment trusts (REITs), and shares or units in non-UK REITs.

5.2 The PAIF Funds may invest up to 100% in value of its Scheme Property in eligible immovables, both directly and indirectly, through transferable securities, collective investment schemes (including ETFs) and securities issued by intermediate property holding companies. All investments will be made in the manner described in the investment policy of the PAIF Funds as set out in Appendix A.

5.3 Not more than 15% in value of the PAIF Funds are to consist of any one immovable. Immovables adjacent to or in the vicinity of another immovable included in the Scheme Property of that Fund, or another legal interest in an immovable which is already in the Scheme Property of the PAIF Funds, shall be deemed to be one immovable provided, in the opinion of an appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable. The figure of 15% may be increased to 25% once the immovable has been included in the Scheme Property of the PAIF Funds.

5.4 Income received from any one group in an accounting period must not be attributable to immovables comprising (a) more than 25%; or (b) in the case of a government or public body, more than 35%, of the value of the Scheme Property of the PAIF Funds.

5.5 Not more than 20% in value of the Scheme Property of the PAIF Funds are to consist of mortgaged immovables and any mortgage must not secure more than 100% of the valuation received from an appropriate valuer.

5.6 The aggregate of any mortgages under paragraph 5.5, any borrowings under paragraph 29 and any transferable securities which are not approved securities must not at any time exceed 20% of the value of Scheme Property of the PAIF Funds.

5.7 The PAIF Funds may invest up to 50% of its Scheme Property in immovables which are unoccupied and non-income producing or in the course of substantial development, redevelopment or refurbishment.

5.8 The Company may grant an option to a third party to buy an immovable in the Scheme Property of the PAIF Funds provided the value of the relevant immovable does not exceed 20% of the value of the Scheme Property of the PAIF Funds together with, where appropriate, the value of investments in (a) unregulated collective investment schemes; and (b) any transferable securities which are not approved securities or where it is required to do so by law or regulation.

5.9 Any furniture, fittings or other contents of any building may be regarded as part of the relevant immovable.

5.10 The ACD may undertake, where appropriate, property development and funding of such development to the extent permitted by COLL.

6 **PAIF Funds only: Eligible Immovables**

6.1 The Company on behalf of the PAIF Funds may acquire land or a building which is situated in the United Kingdom, the Isle of Man or the Channel Islands.

6.2 The ACD must take reasonable care to determine that the title to the underlying immovable is a good marketable title.

6.3 The ACD must have received a report from an appropriate valuer which contains a valuation of the underlying immovable (with and without any relevant subsisting mortgage) and which states that in the appropriate valuer's opinion the immovable would, if acquired by the Company on behalf of the PAIF Funds or the intermediate investment vehicle, be capable of being disposed of in a reasonable timeframe at that valuer's valuation;

or

the ACD must have received a report from an appropriate valuer stating that the immovable is adjacent to, or in the vicinity of another immovable included in the PAIF Funds or is another legal interest in an immovable which is already included in the property of the PAIF Funds, and that in the opinion of the appropriate valuer, the total value of both immovables would at least equal the sum of the price payable for the immovable and the existing value of the other immovable.

6.4 An immovable must be bought or be agreed by enforceable contract to be bought within six months after receipt of the report of the appropriate valuer. An immovable must not be bought, if it is apparent to the ACD that the report of the appropriate valuer could no longer reasonably be relied on. An immovable must not be bought at more than 105% of the valuation for the relevant immovable in the report of the appropriate valuer.

6.5 In circumstances where in a particular jurisdiction it is practical to sell the underlying immovable together with the holding vehicle, the valuations referred to above may be of the holding vehicle and the property as its asset.

6.6 An appropriate valuer must be a person who has knowledge of and experience in the valuation of immovables of the relevant kind in the relevant area. In addition, an appropriate valuer must be qualified to be a standing independent valuer of a non-UCITS retail scheme or be considered by the Standing Independent Valuer to hold an equivalent qualification. An appropriate valuer must also be independent of the ACD and the Depositary and must not have engaged himself or any of his Associates in relation to the finding of the immovable for the Company.

6.7 The Company on behalf of the PAIF Funds may also acquire overseas property through an intermediate holding structure which is itself a permitted investment for the purposes of COLL 5.6. Where this is the case, a list of countries into which the relevant PAIF Fund may invest will be set out in this document.

7 **Non-UCITS retail schemes - general**

7.1 Subject to the investment objective and policy of a Fund, the Scheme Property of a Fund must, except where otherwise provided in COLL 5 only consist of any or all of:

(a) transferable securities;

(b) money market instruments;

(c) units or shares in permitted collective investment schemes;

(d) permitted derivatives and forward transactions;

(e) permitted deposits;

(f) gold (up to a limit of 10% of the value of a Fund); and

(g) permitted immovables.

7.2 Transferable securities and money market instruments held within a Fund must be:

(a) admitted to or dealt on an eligible market as described in paragraph 11.3 below;

(b) be approved money market instruments not admitted or dealt in on an eligible market below which satisfy the requirement of paragraphs 16 (Investment in money market instruments) and 18 (Appropriate information for money market instruments) in this Appendix;

(c) recently issued transferable securities provided that:

(i) the terms of issue include an undertaking that application will be made to be admitted on an eligible market; and

(ii) such admission is secured within a year of issue.

7.3 Transferable securities held within the Company must also satisfy the criteria in COLL 5.2.7 AR, COLL 5.2.7 CR and COLL 5.2.7 ER for the purpose of investment by a UCITS scheme.

7.4 Not more than 20% in value of the Scheme Property of a Fund is to consist of transferable securities, which are not approved securities (aggregated with the value of the Scheme Property of a Fund which can be invested in unregulated collective investment schemes as set out in paragraph 14) or money market instruments which are liquid and have a value which can be determined accurately at any time.

7.5 The requirements on spread of investments generally and in relation to investment in government and public securities, do not apply until 12 months after the later of:

(a) the date when the authorisation order in respect of a Fund takes effect; and

(b) the date the initial offer commenced,

provided that the requirement to maintain prudent spread of risk in paragraph 3 of this Appendix is complied with.

8 Transferable Securities

8.1 A transferable security is an investment falling within article 76 (shares etc), article 77 (instruments creating or acknowledging indebtedness), article 77A (alternative debentures), article 78 (government and public securities), article 79 (instruments giving entitlement to investments) and article 80 (certificates representing certain securities) of the Regulated Activities Order.

8.2 An investment is not a transferable security if the title to it cannot be transferred, or can be transferred only with the consent of a third party.

8.3 In applying paragraph 8.2 of this Appendix to an investment which is issued by a body corporate, and which is an investment falling within articles 76 (shares, etc) or 77 (instruments creating or acknowledging indebtedness) of the Regulated Activities Order, the need for any consent on the part of the body corporate or any members or debenture holders of it may be ignored.

8.4 An investment is not a transferable security unless the liability of the holder of it to contribute to the debts of the issuer is limited to any amount for the time being unpaid by the holder of it in respect of the investment.

8.5 A Fund may invest in a transferable security only to the extent that the transferable security fulfils the following criteria:

(a) the potential loss which the Fund may incur with respect to holding the transferable security is limited to the amount paid for it;

(b) its liquidity does not compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder under the Handbook;

(c) a reliable valuation is available for it as follows:

(i) in the case of a transferable security admitted to or dealt on an eligible market, where there are accurate, reliable and regular prices which are either market prices or prices made available by valuation systems independent from issuers;

(ii) in the case of a transferable security not admitted to or dealt on an eligible market, where there is a valuation on a periodic basis which is derived from information from the issuer of the transferable security or from competent investment research;

(d) appropriate information is available for it as follows:

(i) in the case of a transferable security admitted to or dealt on an eligible market, where there is regular, accurate and comprehensive information available to the market on the transferable security or, where relevant, on the portfolio of the transferable security;

(ii) in the case of a transferable security not admitted to or dealt on an eligible market, where there is regular and accurate information available to the ACD on the transferable security or, where relevant, on the portfolio of the transferable security;

(e) it is negotiable; and

(f) its risks are adequately captured by the risk management process of the ACD.

8.6 Unless there is information available to the ACD that would lead to a different determination, a transferable security which is admitted to or dealt on an eligible market shall be presumed:

(a) not to compromise the ability of the ACD to comply with its obligation to redeem Shares at the request of any qualifying Shareholder; and

(b) to be negotiable.

8.7 Not more than 5% of the Scheme Property of the PAIF Funds may be invested in warrants.

9 **Closed-end funds constituting transferable securities**

9.1 A unit or a share in a closed-end fund shall be taken to be a transferable security for the purposes of investment by the Company, provided it fulfils the criteria for transferable securities set out in paragraph 8.5 and 8.6 and either:

(a) where the closed-end fund is constituted as an investment company or a unit trust:

(i) it is subject to corporate governance mechanisms applied to companies; and

(ii) where another person carries out asset management activity on its behalf, that person is subject to national regulation for the purpose of investor protection; or

(b) where the closed-end fund is constituted under the law of contract:

(i) it is subject to corporate governance mechanisms equivalent to those applied to companies; and

(ii) it is managed by a person who is subject to national regulation for the purpose of investor protection.

10 **Transferable securities linked to other assets**

10.1 A Fund may invest in any other investment which shall be taken to be a transferable security for the purposes of investment by the Company provided the investment:

(a) fulfils the criteria for transferable securities set out in paragraph 8.5 and 8.6 above; and

(b) is backed by or linked to the performance of other assets, which may differ from those in which that Fund can invest.

10.2 Where an investment in paragraph 10.1 contains an embedded derivative component, the requirements of this section with respect to derivatives and forwards will apply to that component.

11 **Eligible markets regime: purpose**

11.1 To protect investors the markets on which investments of a Fund are dealt in or traded on should be of an adequate quality ("eligible") at the time of acquisition of the investment and until it is sold.

11.2 Where a market ceases to be eligible, investments on that market cease to be approved securities. The 20% restriction on investing in non approved securities applies and exceeding this limit because a market ceases to be eligible will generally be regarded as an inadvertent breach.

11.3 A market is eligible for the purposes of the rules if it is:

(a) a regulated market as defined in the Handbook; or

(b) a market in an EEA State which is regulated, operates regularly and is open to the public.

11.4 A market not falling within paragraph 11.3 of this Appendix is eligible for the purposes of COLL 5 if:

(a) the ACD, after consultation and notification with the Depositary, decides that market is appropriate for investment of, or dealing in, the Scheme Property of a Fund;

(b) the market is included in a list in the Prospectus; and

(c) the Depositary has taken reasonable care to determine that:

(i) adequate custody arrangements can be provided for the investment dealt in on that market; and

(ii) all reasonable steps have been taken by the ACD in deciding whether that market is eligible.

11.5 In paragraph 11.4(a), a market must not be considered appropriate unless it is regulated, operates regularly, is recognised, is open to the public, is adequately liquid and has adequate arrangements for unimpeded transmission of income and capital to or for the order of investors.

12 Spread: general

12.1 This rule on spread does not apply to government and public securities.

12.2 Not more than 20% in value of the Scheme Property of a Fund is to consist of deposits with a single body.

12.3 Not more than 10% in value of the Scheme Property of a Fund is to consist of transferable securities or money market instruments issued by any single body subject to COLL 5.6.23R (Schemes replicating an index).

12.4 The limit of 10% in paragraph 12.3 above is raised to 25% in value of the Scheme Property of a Fund in respect of covered bonds (the Company does not currently invest in covered bonds).

12.5 In applying paragraph 12.3, certificates representing certain securities are to be treated as equivalent to the underlying security.

12.6 Not more than 35% in value of the Scheme Property of a Fund is to consist of the units or shares of any one collective investment scheme.

12.7 The exposure to any one counterparty in an OTC derivative transaction must not exceed 10% in value of the Scheme Property of a Fund.

12.8 For the purpose of calculating the limit in paragraph 12.7, the exposure in respect of an OTC derivative may be reduced to the extent that collateral is held in respect of it if the collateral meets each of the following conditions:

(a) it is marked-to-market on a daily basis and exceeds the value of the amount at risk;

(b) it is exposed only to negligible risks (e.g. government bonds of first credit rating or cash) and is liquid;

(c) it is held by a third party custodian not related to the provider or is legally secured from the consequences of a failure of a related party; and

(d) can be fully enforced by the Company on behalf of a Fund at any time.

12.9 For the purposes of calculating the limits in paragraph 12.7, OTC derivative positions with the same counterparty may be netted provided that the netting procedures:

(a) comply with the conditions set out in Part 7 (Contractual netting (Contracts for novation and other netting agreements)) of Annex III to the Banking Consolidation Directive; and

(b) are based on legally binding agreements.

12.10 In applying this paragraph (Spread: general), all derivatives transactions are deemed to be free of counterparty risk if they are performed on an exchange where the clearing house meets each of the following conditions:

(a) it is backed by an appropriate performance guarantee; and

(b) it is characterised by a daily mark-to-market valuation of the derivative positions and at least daily margining.

13 Spread: government and public securities

13.1 The following section applies to government and public securities (“such securities”).

13.2 Where no more than 35% in value of the Scheme Property of a Fund is invested in such securities issued by any one body, there is no limit on the amount which may be invested in such securities or in any one issue.

13.3 Subject to paragraph 13.4, the Company may invest more than 35% in value of the Scheme Property of a Fund in such securities issued by any one body provided that:

(a) the ACD has before any such investment is made consulted with the Depositary and as a result considers that the issuer of such securities is one which is appropriate in accordance with the investment objective of the relevant Fund;

(b) no more than 30% in value of the Scheme Property of a Fund consists of such securities of any one issue;

(c) the Scheme Property of a Fund includes such securities issued by that or another issuer, of at least six different issues;

(d) the disclosures in the Prospectus required by the FCA have been made.

13.4 The PAIF Funds may not invest more than 35% in such securities.

14 **Investment in collective investment schemes**

14.1 Subject to individual Fund limitations detailed in Appendix A, typically up to 15% of the value of the Scheme Property of a Fund may be invested in units or shares in other collective investment schemes (each a “Second Scheme”) provided that Second Scheme satisfies all of the conditions set out below. This does not apply to FIAF. In relation to the PAIF Funds, such investment is limited to the extent required to comply with the PAIF Regulations. Subject to COLL, all the Funds may invest into other collective investment schemes managed by the ACD.

14.2 The Second Scheme must:

(a) satisfy the conditions necessary for it to enjoy the rights conferred by the UCITS Directive; or

(b) be authorised as a non-UCITS retail scheme; or

(c) be recognised under the provisions of s.264, s.270 or s.272 of the Financial Services and Markets Act 2000; or

(d) be constituted outside the United Kingdom and have investment and borrowing powers which are the same or more restrictive than those of a non-UCITS retail scheme; or

(e) be a scheme not falling within paragraphs (a) to (d) and in respect of which no more than 10% (including any transferable securities which are not approved securities) in value of the Scheme Property of a Fund is invested.

14.3 The Second Scheme is a scheme which operates on the principle of the prudent spread of risk.

14.4 The Second Scheme is prohibited from having more than 15% in value of its scheme property consisting of units or shares in collective investment schemes, subject to paragraph 14.5.

14.5 A non-UCITS retail scheme that is not a feeder NURS may, if the conditions in (14.5.1) to (14.5.4) are met, invest in units of:

- A feeder UCITS; or
- A feeder NURS; or

- A scheme dedicated to units in a single property authorised investment fund; or

- A scheme dedicated to units in a recognised scheme.

14.5.1 The relevant master UCITS must comply with COLL 5.2.13R (2), (3) and (4) as if it were the second scheme for the purpose of that rule. The relevant qualifying master scheme, property authorised investment fund or recognised scheme must comply with COLL 5.6.10R (2) to (5) as if it were the second scheme for the purpose of that rule.

14.5.2 Not more than 35% in value of the scheme property of the non-UCITS retail scheme may consist of units of one or more schemes permitted under 14.5.

14.5.3 The non-UCITS retail scheme must not invest directly in units of the relevant master UCITS, qualifying master scheme, property authorised investment fund or recognised scheme.

14.5.4 The authorised fund manager of the non-UCITS retail scheme must be able to show on reasonable grounds that an investment in one or more schemes permitted under 14.5 is:

14.5.4.1 In the interests of investors; and

14.5.4.2 No less advantageous than if the non-UCITS retail scheme had held units directly in the relevant:

- Master UCITS; or

- Qualifying master scheme

- Property authorised investment fund

- Recognised scheme.

14.6 The participants in the Second Scheme must be entitled to have their units or shares redeemed in accordance with the scheme at a price related to the net value of the property to which the units or shares relate and determined in accordance with the scheme.

14.7 Where the Second Scheme is an umbrella, the provisions in paragraphs 14.1 to 14.8 apply to each sub-fund as if it were a separate scheme.

14.8 Subject to the limit set out in paragraph 14.1 above, the scheme property attributable to a Fund may include Shares in another Fund of the Company (the "Second Fund") subject to the requirements of paragraph 14.9 below.

14.9 A Fund may, subject to the limit in paragraph 14.1, invest in or dispose of Shares of a Second Fund provided that:

(a) the Second Fund does not hold Shares in any other Fund;

(b) the requirements set out at paragraphs 14.10 and 14.11 below are complied with.

14.10 Investment may only be made in a Second Fund or other collective investment schemes managed by the ACD or an associate of the ACD if the Prospectus of the Company clearly states that the Funds may enter into such investments provided in paragraph 14.11 is complied with.

14.11 Where a Fund of the Company invests in or disposes of Shares in a Second Fund or units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to that Fund by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

14.12 The Company may, subject to the limit set out in paragraph 14.1 above, invest in collective investment schemes managed or operated by, or whose authorised corporate director is, the ACD of the Company or one of its associates.

15 **Investment in nil and partly paid securities**

15.1 A transferable security or an approved money-market instrument on which any sum is unpaid falls within a power of investment only if it is reasonably foreseeable that the amount of any existing and potential call for any sum unpaid could be paid by the Fund, at the time when payment is required, without contravening the rules in COLL 5.

16 **Investment in money-market instruments**

16.1 Except in relation to the PAIF Funds which is limited to the extent required to comply with the PAIF Regulations, a Fund may invest up to 100% in money-market instruments which are within the provisions of paragraph 7.2 above or paragraph 16.2 below and, subject to the limit of 20% referred to paragraph in 12.2 above, which are normally dealt in or on the money market, are liquid and the value of which can be accurately determined at any time.

16.2 In addition to instruments admitted to or dealt in on an eligible market, a Fund may invest in an approved money-market instrument provided it fulfils the following requirements:

(a) the issue or the issuer is regulated for the purpose of protecting investors and savings; and

(b) the instrument is issued or guaranteed in accordance with COLL 5.2.10BR.

16.3 The issue or the issuer of a money-market instrument, other than one dealt in on an eligible market, shall be regarded as regulated for the purpose of protecting investors and savings if:

(a) the instrument is an approved money-market instrument;

(b) appropriate information is available for the instrument (including information which allows an appropriate assessment of the credit risks related to investment in it), in accordance with COLL 5.2.10CR; and

(c) the instrument is freely transferable.

17 **Issuers and guarantors of money-market instruments**

17.1 A Fund may invest in an approved money-market instrument if it is:

(a) Issued or guaranteed by any one of the following:

(i) a central authority of an EEA State or, if the EEA State is a federal state, one of the members making up the federation;

(ii) a regional or local authority of an EEA State;

(iii) the European Central Bank or a central bank of an EEA State;

(iv) the European Union or the European Investment Bank;

(v) a non-EEA State or, in the case of a federal state, one of the members making up the federation;

(vi) a public international body to which one or more EEA States belong; or

(b) issued by a body, any securities of which are dealt in on an eligible market; or

(c) issued or guaranteed by an establishment which is:

(i) subject to prudential supervision in accordance with criteria defined by European Community law; or

(ii) subject to and complies with prudential rules considered by the FCA to be at least as stringent as those laid down by European Community law.

17.2 An establishment shall be considered to satisfy the requirement in 17.1(c)(ii) if it is subject to and complies with prudential rules, and fulfils one or more of the following criteria:

(a) it is located in the European Economic Area;

(b) it is located in an OECD country belonging to the Group of Ten;

(c) it has at least investment grade rating;

(d) on the basis of an in-depth analysis of the issuer, it can be demonstrated that the prudential rules applicable to that issuer are at least as stringent as those laid down by European Community law.

18 **Appropriate information for money-market instruments**

18.1 In the case of an approved money-market instrument within 17.1(b) or issued by a body of the type referred to in COLL 5.2.10EG, or which is issued by an authority within 17.1(a)(ii) or a public international body within 17.1(a)(vi) but is not guaranteed by a central authority within 17.1(a)(i) the following information must be available:

(a) information on both the issue or the issuance programme, and the legal and financial situation of the issuer prior to the issue of the instrument, verified by appropriately qualified third parties not subject to instructions from the issuer;

(b) updates of that information on a regular basis and whenever a significant event occurs; and

(c) available and reliable statistics on the issue or the issuance programme.

18.2 In the case of an approved money-market instrument issued or guaranteed by an establishment within 17.1(c) the following information must be available:

(a) information on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the instrument;

(b) updates of that information on a regular basis and whenever a significant event occurs; and

(c) available and reliable statistics on the issue or the issuance programme, or other data enabling an appropriate assessment of the credit risks related to investment in those instruments.

18.3 In the case of an approved money-market instrument:

(a) within 17.1(a)(i), 17.1(a)(iv) or 17.1(a)(v); or

(b) which is issued by an authority within 17.1(a)(ii) or a public international body within 17.1(a)(vi) and is guaranteed by a central authority within 17.1(a)(i);

18.4 information must be available on the issue or the issuance programme, or on the legal and financial situation of the issuer prior to the issue of the instrument.

19 **Derivatives: General**

19.1 In respect of the PAIF Funds, the Investment Adviser may employ derivatives in accordance with Efficient Portfolio Management. It is not intended that the use of derivatives in this way will cause the risk profile of the PAIF Funds to change.

19.2 A transaction in derivatives or a forward transaction must not be effected for a Fund unless the transaction is of a kind specified in paragraph 21 (Permitted transactions (derivatives and forwards)) below, and the transaction is covered, as required by paragraph 28 (Cover for transactions in derivatives and forward transactions).

19.3 Where the Company invests in derivatives, the exposure to the underlying assets must not exceed the limits set out in the COLL Sourcebook in relation to spread (COLL 5.2.11R Spread: general, COLL 5.2.12R Spread: government and public securities) except for index based derivatives where the rules below apply.

19.4 Where a transferable security or approved money-market instrument embeds a derivative, this must be taken into account for the purposes of complying with this section.

19.5 A transferable security or an approved money-market instrument will embed a derivative if it contains a component which fulfils the following criteria:

(a) by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or approved money-market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, and therefore vary in a way similar to a stand-alone derivative;

(b) its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract; and

(c) it has a significant impact on the risk profile and pricing of the transferable security or approved money-market instrument.

19.6 A transferable security or an approved money-market instrument does not embed a derivative where it contains a component which is contractually transferable independently of the transferable security or the approved money-market instrument. That component shall be deemed to be a separate instrument.

19.7 Where a Fund invests in an index based derivative, provided the relevant index falls within COLL 5.6.23R (Relevant Indices) the underlying constituents of the index do not have to be taken into account for the purposes of COLL 5.6.7R and COLL 5.6.8R.

20 **Efficient Portfolio Management**

20.1 Subject to paragraph 19, a Fund may utilise its Scheme Property to enter into transactions for the purposes of Efficient Portfolio Management ("EPM"). Permitted EPM transactions (excluding stocklending arrangements) are transactions in derivatives e.g. to hedge against price or currency fluctuations, dealt with or traded on an eligible derivatives market; off-exchange options or contracts for differences resembling options; or synthetic futures in certain circumstances. The ACD must take reasonable care to ensure that the transaction is economically appropriate to the reduction of the relevant risks (whether in the price of investments, interest rates or exchange rates) or to the reduction of the relevant costs and/or to the generation of additional capital or income with an acceptably low level of risk. The exposure must be fully "covered" by cash and/or other property sufficient to meet any obligation to pay or deliver that could arise.

20.2 Permitted transactions are those that the ACD reasonably regards as economically appropriate to EPM, that is:

(a) transactions undertaken to reduce risk or cost in terms of fluctuations in prices, interest rates or exchange rates where the ACD reasonably believes that the transaction will diminish a risk or cost of a kind or level which it is sensible to reduce; or

(b) transactions for the generation of additional capital growth or income for a Fund by taking advantage of gains which the ACD reasonably believes are certain to be made (or certain, barring events which are not reasonably foreseeable) as a result of:

(i) pricing imperfections in the market as regards the property which the Fund holds or may hold; or

(ii) receiving a premium for the writing of a covered call option or a cash covered put option on property of that Fund which the Fund is willing to buy or sell at the exercise price; or

(iii) stocklending arrangements.

20.3 A permitted arrangement in this context may at any time be closed out.

20.4 Transactions may take the form of "derivatives transactions" (that is, transactions in options, futures or contracts for differences) or forward currency transactions. A derivatives transaction must either be in a derivative which is traded or dealt in on an eligible derivatives market (and effected in accordance with the rules of that market), or be an off-exchange derivative which complies with the relevant conditions set out in the COLL Sourcebook, or be a "synthetic future" (i.e. a composite derivative created out of two separate options). Forward currency transactions must be entered into with counterparties who satisfy the COLL Sourcebook. A permitted transaction may at any time be closed out.

21 **Permitted transactions (derivatives and forwards)**

21.1 A transaction in a derivative must be:

(a) in an approved derivative; or

(b) be one which complies with paragraph 25 (OTC transactions in derivatives).

21.2 A transaction in a derivative must have the underlying consisting of any one or more of the following to which the Fund is dedicated: transferable securities, money-market instruments, deposits, permitted derivatives under this paragraph, collective investment scheme units permitted under paragraph 14 (Investment in collective investment schemes), permitted immovables, gold, financial indices which satisfy the criteria set out in COLL 5.2.20R, interest rates, foreign exchange rates, and currencies.

21.3 The exposure to the underlyings in paragraph 21.2 above must not exceed the limits in paragraphs 12 and 13 above.

21.4 A transaction in an approved derivative must be effected on or under the rules of an eligible derivatives market.

21.5 A transaction in a derivative must not cause the Fund to diverge from its investment objectives as stated in the Instrument of Incorporation and the most recently published version of this Prospectus.

21.6 A transaction in a derivative must not be entered into if the intended effect is to create the potential for an uncovered sale of transferable securities, money-market instruments, units in collective investment schemes, or derivatives, provided that a sale is not to be considered as uncovered if the conditions in paragraph 24 are satisfied.

21.7 Any forward transaction must be with an Eligible Institution or an Approved Bank (as defined in the FCA Handbook).

22 **Financial indices underlying derivatives**

22.1 The financial indices referred to in paragraph 21.2 are those which satisfy the following criteria:

(a) the index is sufficiently diversified;

(b) the index represents an adequate benchmark for the market to which it refers; and

(c) the index is published in an appropriate manner.

22.2 A financial index is sufficiently diversified if:

(a) it is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;

(b) where it is composed of assets in which the Fund is permitted to invest, its composition is at least diversified in accordance with the requirements with respect to spread and concentration set out in this Appendix; and

(c) where it is composed of assets in which the Fund cannot invest, it is diversified in a way which is equivalent to the diversification achieved by the requirements with respect to spread and concentration set out in this Appendix.

22.3 A financial index represents an adequate benchmark for the market to which it refers if:

(a) it measures the performance of a representative group of underlyings in a relevant and appropriate way;

(b) it is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers, following criteria which are publicly available; and

(c) the underlyings are sufficiently liquid, allowing users to replicate it if necessary.

22.4 A financial index is published in an appropriate manner if:

(a) its publication process relies on sound procedures to collect prices, and calculate and subsequently publish the index value, including pricing procedures for components where a market price is not available; and

(b) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis.

22.5 Where the composition of underlyings of a transaction in a derivative does not satisfy the requirements for a financial index, the underlyings for that transaction shall where they satisfy the requirements with respect to other underlyings pursuant to paragraph 21.2 be regarded as a combination of those underlyings.

23 **Transactions for the purchase of property**

23.1 A derivative or forward transaction which will or could lead to the delivery of property for the account of the relevant Fund may be entered into only if that property can be held for the account of the relevant Fund and the ACD having taken reasonable care determines that delivery of the property under the transaction will not occur or will not lead to a breach of the rules in the COLL Sourcebook.

24 **Requirement to cover sales**

24.1 No agreement by or on behalf of the Fund to dispose of property or rights may be made unless the obligation to make the disposal and any other similar obligation could immediately be honoured by the Fund by delivery of property or the assignment (or, in Scotland, assignation) of rights, and the property and rights above are owned by the Company at the time of the agreement. This requirement does not apply to a deposit.

25 **OTC transactions in derivatives**

25.1 Any transaction in an OTC derivative under paragraph 21.1(b) must be:

(a) in a future or an option or a contract for differences;

(b) with an approved counterparty; a counterparty to a transaction in derivatives is approved only if the counterparty is an Eligible Institution or an Approved Bank; or a person whose permission (including any requirements or limitations), as published in the FCA Register or whose Home State authorisation, permits it to enter into the transaction as principal off-exchange;

(c) on approved terms; the terms of the transaction in derivatives are approved only if the ACD: carries out, at least daily, a reliable and verifiable valuation in respect of that transaction corresponding to its fair value and which does not rely only on market quotations by the counterparty, and can enter into one or more further transactions to sell, liquidate or close out that transaction at any time, at its fair value; and

(d) capable of reliable valuation; a transaction in derivatives is capable of reliable valuation only if the ACD having taken reasonable care determines that, throughout the life of the derivative (if the transaction is entered into), it will be able to value the investment concerned with reasonable accuracy:

(e) on the basis of an up-to-date market value which the ACD and the Depositary have agreed is reliable; or

(f) if the value referred to in paragraph (e) is not available, on the basis of a pricing model which the ACD and the Depositary have agreed uses an adequate recognised methodology; and

(g) subject to verifiable valuation: a transaction in derivatives is subject to verifiable valuation only if, throughout the life of the derivative (if the transaction is entered into), verification of the valuation is carried out by:

(i) an appropriate third party which is independent from the counterparty of the derivative at an adequate frequency and in such a way that the ACD is able to check it; or

(ii) a department within the ACD which is independent from the department in charge of managing the Scheme Property and which is adequately equipped for such a purpose.

25.2 For the purposes of paragraph 25.1(c) “fair value” is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.

26 **Risk management**

26.1 The ACD uses a risk management process, enabling it to monitor and measure as frequently as appropriate the risk of the Fund's positions and their contribution to the overall risk profile of the Fund.

27 **Investments in deposits**

27.1 A Fund may invest in deposits only with an Approved Bank and which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months.

28 **Cover for transactions in derivatives and forward transactions**

28.1 The ACD must ensure that the global exposure of the relevant Fund relating to derivatives and forward transactions held in the relevant Fund does not exceed the net value of the Scheme Property.

29 **Leverage**

29.1 'Leverage' when used in this prospectus refers to leverage from cash borrowing subject to the restrictions set out in paragraph 30 ("Borrowing") of this Appendix.

29.2 Leverage is a way for the relevant Fund to increase its exposure through borrowing of cash or securities and/or the use of financial derivative instruments. The Fund is permitted to borrow within the parameters of the COLL Sourcebook and may also use derivatives for Efficient Portfolio Management purposes.

29.3 Leverage is expressed as a ratio ('leverage ratio') between the exposure of a Fund and its Net Asset Value.

29.4 The leverage ratio is calculated in accordance with two methodologies for calculating the exposure of each Fund, the gross method and the commitment method as summarised as follows.

'Gross leverage ratio' The exposure calculated under the gross methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for gross exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable.

'Commitment leverage ratio' The exposure calculated with the commitment methodology consists of (i) the sum of the absolute values of all positions, (ii) the sum of the equivalent positions in the underlying assets of all financial derivative instruments entered into by the relevant Fund in accordance with the conversion methodologies for commitment exposure calculation, (iii) the exposure resulting from the reinvestment of cash borrowings where applicable and (iv) the exposure resulting from the reinvestment of collateral in relation to efficient portfolio management transactions where applicable. Under this method, netting and hedging arrangements can be taken into consideration under certain conditions.

29.5 The two ratios resulting from applying the gross or commitment methodology for calculating the exposure of the relevant Fund supplement each other and provide a distinct representation of leverage.

29.6 Gross leverage is a conservative way of representing leverage as it does not:

29.6.1 make a distinction between financial derivative instruments that are used for investment or hedging purposes. As a result strategies that aim to reduce risk will contribute to an increased level of leverage for the Fund.

29.6.2 allow the netting of derivative positions. As a result, derivatives roll-overs and strategies relying on a combination of long and short positions may contribute to a large increase of the level of leverage when they do not increase or only cause a moderate increase of the overall risk of the relevant Fund.

29.6.3 As a result, a Fund that exhibits a high level of gross leverage is not necessarily riskier than a Fund that exhibits a low level of gross leverage.

29.7 Commitment leverage is a more accurate representation of the true leverage of the relevant Fund as it allows for hedging and netting arrangements under certain conditions.

29.8 It is important to note that whilst the relevant Fund records leverage under both the methods described above, there is a strong focus on the borrowing of the relevant Fund directly or within investment vehicles in which it invests.

29.9 Circumstances in which the Fund may use leverage and types and sources of leverage permitted

29.9.1 As stated above, the Fund is permitted to borrow and it may also use financial derivative instruments to generate additional exposure (although it has no current intention of using derivatives for this purpose), in each case leverage.

29.10 Maximum level of leverage (for all Funds):

'Gross leverage ratio' 1:1.1

'Commitment leverage ratio' 1:1.1

30 **Borrowing**

30.1 Cash obtained from borrowing, and borrowing which the ACD reasonably regards an Eligible Institution or an Approved Bank to be committed to provide, is available for cover under paragraph 28 of this Appendix as long as the normal limits on borrowing (see below) are observed.

30.2 Where, for the purposes of this paragraph a Fund borrows an amount of currency from an Eligible Institution or an Approved Bank; and keeps an amount in another currency, at least equal to such borrowing for the time on deposit with the lender (or his agent or nominee), then this applies as if the borrowed currency, and not the deposited currency, were part of the Scheme Property of the Fund, and the normal limits on borrowing under paragraph 33 (General power to borrow) of this Appendix do not apply to that borrowing.

31 **Cash and near cash**

31.1 Cash and near cash must not be retained in the Scheme Property of a Fund except to the extent that, where this may reasonably be regarded as necessary in order to enable:

(a) the pursuit of the Fund's investment objective; or

(b) the redemption of Shares; or

(c) efficient management of the Fund in accordance with its investment objective; or

(d) other purposes which may reasonably be regarded as ancillary to the investment objective of the Fund.

31.2 During the period of any initial offer, Scheme Property of a Fund may consist of cash and near cash without limitation.

31.3 For the PAIF Funds, this provision is subject to the PAIF requirements.

32 **General**

32.1 It is envisaged that each Fund will normally be fully invested but there may be times that it is appropriate not to be fully invested when the ACD reasonably regards this as necessary in order to enable the redemption of shares, efficient management of the Fund or any one purpose which may reasonably be regarded as ancillary to the investment objective of the Fund.

32.2 Where a Fund invests in or disposes of units or shares in another collective investment scheme which is managed or operated by the ACD or an associate of the ACD, the ACD must pay to the Company by the close of business on the fourth business day the amount of any initial charge in respect of a purchase, and in the case of a sale, any charge made for the disposal.

32.3 A potential breach of any of these limits does not prevent the exercise of rights conferred by investments held by a Fund but, in the event of a consequent breach, the ACD must then take such steps as are necessary to restore compliance with the investment limits as soon as practicable having regard to the interests of Shareholders.

33 **General power to borrow**

33.1 The ACD may, on the instructions of a Fund and subject to the COLL Sourcebook, borrow money from an Eligible Institution or an Approved Bank for the use of the Fund on terms that the borrowing is to be repayable out of the Scheme Property of the Fund.

33.2 The ACD must ensure that borrowing does not, on any business day, exceed 10% of the value of the Fund.

33.3 These borrowing restrictions do not apply to “back to back” borrowing for currency hedging purposes (i.e. borrowing permitted in order to reduce or eliminate risk arising by reason of fluctuations in exchange rates).

34 **Restrictions on lending of money**

34.1 None of the money in the Scheme Property of a Fund may be lent and, for the purposes of this paragraph, money is lent by a Fund if it is paid to a person (the “payee”) on the basis that it should be repaid, whether or not by the payee.

34.2 Acquiring a debenture is not lending for the purposes of paragraph 34.1, nor is the placing of money on deposit or in a current account.

35 **Restrictions on lending of property other than money**

35.1 Scheme Property of a Fund other than money must not be lent by way of deposit or otherwise.

35.2 Nothing in this paragraph prevents the Depositary at the request of the ACD from lending, depositing, pledging or charging Scheme Property of a Fund for margin requirements where transactions in derivatives or forward transactions are used for the account of the Fund in accordance with COLL 5.

36 **Guarantees and indemnities**

36.1 Save for a modification by consent of COLL 5.6.22R(9) in respect of the PAIF Funds, the Depositary for the account of a Fund must not provide any guarantee or indemnity in respect of the obligations of any person, save as specified in this Prospectus.

36.2 As regards the PAIF Funds, the Depositary for the account of the Company, may provide a guarantee or indemnity in respect of any acquisition or holding of an immovable permitted under COLL 5.6.18R and 5.6.19R, provided that: this will not result in any undue risk to

Shareholders in the Fund (and it has taken reasonable steps to mitigate such risk); and no recourse may be had to Scheme Property under COLL 5.5.9R(2) where the depositary (or a delegate) fails to perform an obligation by reason of its negligence, default, breach of duty or breach of trust.

36.3 None of the Scheme Property may be used to discharge any obligation arising under a guarantee or indemnity with respect to the obligation of any person.

36.4 Paragraphs 36.1 and 36.3 do not apply to any indemnity or guarantee given for margin requirements where derivatives or forward transactions are being used in accordance with COLL 5, and:

(a) an indemnity falls within the provisions of regulation 62(3) (Exemptions from liability to be void) of the OEIC Regulations;

(b) an indemnity (other than any provision in it which is void under regulation 62 of the OEIC Regulations) is given to the Depositary against any liability incurred by it as a consequence of the safekeeping of any of the Scheme Property by it or by anyone retained by it to assist it to perform its function of the safekeeping of the Scheme Property; or

(c) an indemnity is given to a person winding up a scheme if the indemnity is given for the purposes of arrangements by which the whole or part of the property of that scheme becomes the first property of a Fund and the holders of units in that scheme become the first Shareholders in the Fund.

37 **Stock lending**

37.1 The entry into stock lending transactions and repo contracts for the account of a Fund is permitted for the generation of additional income for the benefit of the Fund, and hence for its investors.

37.2 The specific method of stock lending permitted in this section is in fact not a transaction which is a loan in the normal sense. Rather it is an arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992, under which the lender transfers securities to the borrower otherwise than by way of sale and the borrower is to transfer those securities, or securities of the same type and amount, back to the lender at a later date. In accordance with good market practice, a separate transaction by way of transfer of assets is also involved for the purpose of providing collateral to the "lender" to cover him against the risk that the future transfer back of the securities may not be satisfactorily completed.

37.3 The stock lending permitted by this section may be exercised by the Company on behalf of a Fund when it reasonably appears to the Company to be appropriate to do so with a view to generating additional income for that Fund with an acceptable degree of risk.

37.4 The Company or the Depositary at the request of the Company may enter into a stock lending arrangement of the kind described in section 263B of the Taxation of Chargeable Gains Act 1992 (without extension by section 263C), but only if all the terms of the agreement under which securities are to be reacquired by the Depositary for the account of the Company on behalf of a Fund, are in a form which is acceptable to the Depositary and are in accordance with good market practice, the counterparty is an authorised person or a person authorised by a Home State regulator, and collateral is obtained to secure the obligation of the counterparty. Collateral must be acceptable to the Depositary, adequate and sufficiently immediate.

37.5 The Depositary must ensure that the value of the collateral at all times is at least equal to the value of the securities transferred by the Depositary. This duty may be regarded as satisfied in respect of collateral the validity of which is about to expire or has expired where the Depositary takes reasonable care to determine that sufficient collateral will again be transferred at the latest by the close of business on the day of expiry.

37.6 Any agreement for transfer at a future date of securities or of collateral (or of the equivalent of either) may be regarded, for the purposes of valuation under the COLL Sourcebook, as an unconditional agreement for the sale or transfer of property, whether or not the property is part of the property of a Fund.

37.7 There is no limit on the value of the Scheme Property of a Fund which maybe the subject of stock lending transactions and repo contracts.

37.8 At the date of this Prospectus there is no intention to enter into stock lending transactions and repo contracts

APPENDIX C

PERFORMANCE FEE

For ARC TIME Freehold Income Authorised Fund only

1. **INTRODUCTION**

1.1 The Investment Manager to FIAF may be paid a performance fee out of the Scheme Property in relation to FIAF when the performance of FIAF exceeds certain performance expectations agreed in the Investment Management Agreement between the ACD and the Investment Manager. The Investment Manager may then share the fee arising with the Property Manager, as established in the Property Management Agreement between the Investment Manager and Property Manager (the "Performance Fee").

1.2 The Performance Fee is calculated in respect of 12 month periods from 1 April to 31 March in each year **(the "Calculation Period").**

1.3 In respect of each Calculation Period the Performance Fee will be calculated as follows:

1.3.1 Calculate the **Initial Net Asset Value** – the Initial Net Asset Value is the Net Asset Value of FIAF at the most recent Valuation Point of FIAF prior to the start of the current Calculation Period, which will include any Performance Fee accrued in the previous Calculation Period.

1.3.2 Calculate the **Closing Net Asset Value** – the Closing Net Asset Value is the Net Asset Value of FIAF at the last Valuation Point in the current Calculation Period, excluding any Performance Fee which has accrued in relation to that Calculation Period.

1.3.3 Calculate the difference between the **Initial Net Asset Value** and the **Closing Net Asset Value** by deducting the **Initial Net Asset Value** from the **Closing Net Asset Value** and then making the following adjustments:

1.3.3.1 Add any income accrued in respect of Scheme Property of the relevant Fund over the Calculation Period (but deducting any income which has accrued in relation to "Accumulation Shares" and which has been rolled up into the price of Accumulation Shares in the Calculation Period);

1.3.3.2 Add the aggregate amount of the redemption prices paid in respect of Shares redeemed in the Calculation Period; and

1.3.3.3 Deduct the aggregate amount of any subscription prices (less any initial charges) paid in respect of any Shares issued in the Calculation Period.

1.3.4 Calculate the increase in the Net Asset Value of FIAF over the Calculation Period as a percentage – **Percentage NAV Increase**.

1.3.5 Establish whether the **Percentage NAV Increase** exceeds the **Hurdle Rate** – the **Hurdle Rate** is a rate set and which the Fund performance has to exceed for the Investment Manager and Property Manager to FIAF to receive a Performance Fee. In the case of FIAF, the Hurdle Rate is that the **Percentage NAV Increase** has to exceed 8%. If the **Percentage NAV Increase** has exceeded 8% then 20% of any increase in the Net Asset Value of the relevant Fund in excess of 8% shall be payable to the Investment Manager as a Performance Fee. For FIAF, of this amount 50% of the fee is payable to the Property Manager as a Performance Fee, as agreed between the Investment Manager and Property Manager. If the **Percentage NAV Increase** is 8% or less then no Performance Fee is payable.

1.4 Even if the calculation in clause 1.3 above indicates that a Performance Fee is payable, no Performance Fee will be paid if the value of a Class A Gross Accumulation Share (of the relevant Fund) is less than the value of the same Class of Share calculated by reference to the last valuation in any of the last three Calculation Periods. In this case of FIAF, reference shall be made to the prior "Accumulation Unit" of The Freehold Income Trust to the extent a Performance Fee arises in the first two Calculation Periods of FIAF.

1.5 The ACD is responsible for the calculation of the Performance Fee and for any costs incurred in its calculation shall be shared between the recipient parties of the Performance Fee.

1.6 The Performance Fee calculation is carried out at the end of the relevant Calculation Period and is paid as soon as is reasonably practicable following the end of the Calculation Period. Payment is, however, only made once the auditors of the relevant Fund confirm that the calculation has been carried out in accordance with the terms of the Investment Management Agreement and Property Management Agreement.

1.7 **Examples**

Set out below are some examples of how the Performance Fee will work. They are indicative examples and should not be taken as an indication of how the relevant Fund will perform.

PERFORMANCE FEE – EXAMPLE CALCULATION

	Accounting Period to	Opening Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Inputs & Assumptions								
NAV – Actuals & Assumptions								
Opening capital NAV (£ millions)		158.40	167.35	176.45	188.59	204.77	216.34	230.73
Asset Capital growth %		1.0%	1.0%	1.8%	3.5%	1.0%	2.0%	1.5%
Gross AUM subscriptions		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross AUM redemptions		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Closing capital NAV (£ millions)		167.35	176.45	188.59	204.77	216.34	230.73	244.92
Variance in NAV (£ millions)		**8.95**	**9.10**	**12.14**	**16.18**	**11.57**	**14.39**	**14.19**
Add Income for period (£ millions)		7.92	7.53	10.59	11.32	10.24	10.82	11.54
Income return		5.0%	4.5%	6.0%	6.0%	5.0%	5.0%	5.0%
Less Income attributed to Accumulation Shares (£ millions)		3.41	3.24	4.55	4.87	4.40	4.65	4.96
Attributable Net Income (£ millions)		**4.51**	**4.29**	**6.03**	**6.45**	**5.83**	**6.16**	**6.57**
Add Redemption proceeds		3.96	4.18	4.41	4.71	5.12	5.41	5.77
Less Subscription proceeds		7.92	8.37	8.82	9.43	10.24	10.82	11.54
Net Subscriber movements to NAV (£ millions)				**-4.41**	**-4.71**	**-5.12**	**-5.41**	**-5.77**
Total return (£ millions)		**9.50**	**9.20**	**13.76**	**17.92**	**12.29**	**15.14**	**15.00**
Percentage NAV Increase (%, annualised)		**6.0%**	**5.5%**	**7.8%**	**9.50%**	**6.00%**	**7.0%**	**6.5%**
Proportion of Accumulation Shares	43.0%							
Proportion of Income Shares	57.0%							
Proposed Performance Fee Calculation Basis								
		Opening	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
Class A Gross Accumulation Share Price (£)		4.2637	4.4982	4.8491	5.3097	5.6283	6.0223	6.4137
Performance fee payable?		No	No	No	Yes	No	No	No
Check three year rolling period					Checked			
Performance above 8% hurdle	8%				1.5%			
NAV of performance surplus (£, millions)					2.83			
Total Performance Fee Payable (£, millions)	**20%**	**0.00**	**0.00**	**0.00**	**0.57**	**0.00**	**0.00**	**0.00**

APPENDIX D

HISTORICAL PERFORMANCE DATA

ARC TIME FREEHOLD INCOME AUTHORISED FUND

Year End	Price (£) Accumulation NAV per unit/share	Total Return	Performance Fee target benchmark	Performance relative to Performance Fee benchmark
31/03/2002**	2.0010			
31/03/2003**	2.2068	10.28%	8.00%	+2.28%
31/03/2004**	2.3809	7.89%	8.00%	-0.11%
31/03/2005**	2.5211	5.89%	8.00%	-2.11%
31/03/2006**	2.7218	7.96%	8.00%	-0.04%
31/03/2007**	2.9281	7.58%	8.00%	-0.42%
31/03/2008**	3.1573	7.83%	8.00%	-0.17%
31/03/2009**	3.3364	5.67%	8.00%	-2.33%
31/03/2010**	3.5395	6.09%	8.00%	-1.91%
31/03/2011**	3.7340	5.50%	8.00%	-2.50%
31/03/2012**	3.9589	6.02%	8.00%	-1.98%
02/04/2013**	4.2637	7.70%	8.00%	-0.30%
31/03/2014*	4.5596	6.94%	8.00%	-1.06%
31/03/2015	4.9991	9.64%	8.00%	+1.64%
31/03/2016	5.4886	9.79%	8.00%	+1.79%
31/03/2017	6.0206	9.69%	8.00%	+1.69%
31/03/2018	6.5591	8.94%	8.00%	+0.94%
31/03/2019	7.1185	8.53%	8.00%	+0.53%
31/03/2020	7.4833	5.12%	8.00%	-2.88%

Price information based on Class A Accumulation (Gross).

*Please note that the investment objective and policy changed on 1 January 2014 and the past performance noted above reflects the previous investment objective and policy.

**The data is representative for Class A Gross Accumulation Shares prior to 2 April 2013, being “Accumulation Units” for “The Freehold Income Trust”, the predecessor fund.

ARC TIME UK INFRASTRUCTURE INCOME FUND

Year End	Price (£) Accumulation NAV per share	Total Return	Income distribution
03/04/2018	1.0000		
31/03/2019*	1.1418	14.18%	5.68%
31/03/2020	1.1124	-2.57%	5.01%

Price information based on Class Accumulation.

*ARC TIME UK Infrastructure Income Fund was launched on 3 April 2018.

Past performance is no guarantee of future performance.

Source: Alpha Real Capital LLP

APPENDIX E

ELIGIBLE SECURITIES MARKETS

All Funds:

Europe

Any securities established in an EEA state on which transferrable securities admitted to the official listing in the EEA State are dealt in or traded.

Plus:

Switzerland	ICMA, SIX Swiss Exchange
Channel Islands	TISE

Americas

USA	NYSE Arca, the American, New York and Philadelphia Stock Exchanges; NASDAQ

Asia and Far East

Australia	The Australian Securities Exchange (ASX) Group
China	Shanghai Stock Exchange
Hong King	Hong Kong Exchanges
Japan	Tokyo Stock Exchange, Nagoya Stock Exchange, Jasdaq Securities Exchange and The Japanese Securities Dealers Association
Republic of Korea	Korea Stock Exchange
New Zealand	New Zealand Stock Exchange
Singapore	Singapore Exchange

APPENDIX F

ELIGIBLE DERIVATIVES MARKETS

London International Financial Futures Exchange

EDX London

APPENDIX G

DIRECTORY

The Company and Head Office
ARC TIME:Funds
C/o Alpha Real Capital LLP
338 Euston Road
London NW1 3BG

Authorised Corporate Director
Alpha Real Capital LLP
338 Euston Road
London NW1 3BG

Investment Manager, Administrator and Transfer Agent
TIME Investments, a trading name of:
Alpha Real Property Investment Advisers LLP
338 Euston Road
London NW1 3BG

Depositary
NatWest Trustee and Depositary Services Limited
250 Bishopsgate
London EC2M 4AA

Custodian
The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Standing Independent Valuer (for FIAF only)
BNP Paribas Real Estate UK
5 Aldermanbury Square
London EC2V 7BP

Auditors
Mazars LLP
The Pinnacle, 160 Midsummer Boulevard,
Milton Keynes, MK9 1FF

Property Manager (to FIAF only)
Freehold Managers Plc
Butlers Wharf Building
36 Shad Thames
London SE1 2YE