

APPENDIX A
GENERAL OFFER INFORMATION AND FORM OF ELECTION FOR
SHAREHOLDERS

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 to advise on investments of the type referred to in this document such as your stockbroker, tax adviser, accountant or other financial adviser.

GENERAL OFFER

In relation to the proposed Scheme of Exchange for Shares in

SOCIAL FREEHOLD FUND

(a sub-fund of ARC TIME:Funds, an open-ended investment company
incorporated with limited liability under registered number IC000958)

with shares in

SOCIAL LONG INCOME PAIF

(a sub-fund of ARC TIME:Funds II, an open-ended investment company
incorporated with limited liability under registered number IC001106)

25 February 2019

Appendix A: includes -

- Glossary
- Timetable
- Scheme of Exchange
- Summary of differences between the Social Freehold Fund and Social Long Income PAIF

Appendix B: the Form of Election which all Shareholders should complete and return

GLOSSARY

"ACD"	Alpha Real Capital LLP, the authorised corporate director and alternative investment fund manager of each of SFF and SLIP and which (through these appointments) is responsible for managing each of SFF and SLIP;
"SFF"	Social Freehold Fund, a sub-fund of ARC TIME:Funds;
"SFF Accumulation Shareholders"	shareholders in SFF who hold SFF Accumulation Shares;
"SFF Accumulation Shares"	accumulation shares in SFF, specifically Class A Gross Accumulation Shares, Class B Net Accumulation Shares, Class F Net Accumulation Shares, Class M Gross Accumulation Shares, Class N Net Accumulation Shares and Class S Net Accumulation Shares;
"SFF Income Shareholders"	shareholders in SFF who hold SFF Income Shares;
"SFF Income Shares"	income shares in SFF, specifically Class C Gross Income Shares, Class D Net Income Shares, Class H Net Income Shares, Class O Gross Income Shares, Class P Net Income Shares and Class T Net Income Shares;
"SFF Instrument"	the instrument of incorporation for ARC TIME:Funds, which governs SFF;
"SFF Value"	the value of the scheme property of SFF calculated in accordance with the SFF Instrument at 10am on Friday 29 March 2019, which will constitute the month end valuation;
"SLIP"	the Social Long Income PAIF, a sub-fund of ARC TIME:Funds II;
"SLIP Accumulation Shares"	accumulation shares in SLIP, specifically Class A Gross Accumulation Shares, Class B Net Accumulation Shares, Class F Net Accumulation Shares, Class M Gross Accumulation Shares, Class N Net Accumulation Shares and Class S Net Accumulation Shares;
"SLIP Income Shares"	income shares in SLIP, specifically Class C Gross Income Shares, Class D Net Income Shares, Class H Net Income Shares, Class O Gross Income Shares, Class P Net Income Shares and Class T Net Income Shares;
"SLIP Instrument"	the instrument of incorporation for ARC TIME:Funds II which governs SLIP;
"Depositary"	NatWest Trustee and Depositary Services Limited, the Depositary to SFF and SLIP;
"Exchange of Shares"	the exchange by Shareholders in SFF of their Shares for shares in SLIP;
"Effective Date"	the effective date of the Exchange, being 1 April 2019, or such other date as may be agreed by the ACD and

	the Depositary;
“Exchange Offer”	the general offer by the ACD of SLIP to all Shareholders in SFF to exchange their Shares in SFF for equivalent shares in SLIP;
“Exchange of Shares”	the exchange by Shareholders in SFF of their Shares for shares in SLIP;
“FCA”	the Financial Conduct Authority;
“FCA Rules”	the FCA Handbook of Rules and Guidance as amended or re-enacted from time to time, including the rules contained in the Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook;
“Feeder Funds”	the Social Freehold Feeder Trust, the feeder fund of SFF and the Social Long Income Feeder Trust, the feeder fund of SLIP, and SFF Feeder Fund and SLIP Feeder Fund shall be construed accordingly;
“Merger”	the proposed merger of the Social Freehold Feeder Trust with the Social Long Income Feeder Trust which is addressed only to unitholders in Social Freehold Feeder Trust;
“NURS KII”	the NURS Key Investor Information, a document providing information to investors about a fund prior to investment;
“Prospectus”	the Prospectus of ARC TIME:Funds or ARC TIME:Funds II, as the context dictates;
“Retained Amount”	an amount, if any, which is calculated by the ACD of SFF (after consultation with the Depositary and the Auditor of SFF) to be necessary to meet the actual and contingent liabilities of SFF after the Exchange, and which is to be retained by the ACD for the purpose of discharging those liabilities;
“Scheme of Exchange”	the scheme of exchange for the exchange by Shareholders of their SFF Accumulation Shares or SFF Income Shares for SLIP Accumulation Shares or SLIP Income Shares on the terms set out in this Appendix A;
“Shares”	SFF Accumulation Shares and SFF Income Shares (both being SFF Shares) or SLIP Accumulation Shares and SLIP Income Shares (both being SLIP Shares), as the context requires;
“Shareholders”	a holder of Shares, as the context requires.

TIMETABLE OF EXCHANGE OF SHARES

Action	Date
Forms of Election for Shareholders in SFF to be returned by	10am on Friday 22 March 2019
Redemption notice deadline for SLIP Shares by SFF Shareholders in Share Class S or Share Class T who have rejected the Exchange of Shares. The Shares will be for redeemed on the initial Dealing Day for SLIP Shares on 1 April 2019	10am on Friday 22 March 2019
Last dealing cut-off point for the purpose of dealing in Shares in SFF	10am on Friday 29 March 2019
Last valuation point for the purposes of dealing in Shares in SFF and valuation used for Scheme of Exchange	10am on Friday 29 March 2019 (this will constitute the valuation of SFF as at the month end, 31 March 2019)
Suspension of dealing in Shares in SFF	After dealing on 29 March 2019
End of accounting period of SFF	11.59pm on 31 March 2019
Effective Date of the Exchange	11.59pm on 31 March 2019
First Dealing Day in SLIP	Monday 1 April 2019

These dates may be amended by the ACD with the agreement of the Depositary.

Scheme of Exchange

1. Definitions and interpretation

- 1.1 In this section which explains the mechanics of the Scheme of Exchange, unless the context otherwise requires, the terms shall have the meaning set out in the Glossary to this Appendix A. In addition, where relevant in the context, terms which are defined in the FCA Rules shall have the same meaning in this Scheme of Exchange.
- 1.2 References to paragraphs are to paragraphs of the Scheme of Exchange.
- 1.3 If there is any conflict between the Scheme of Exchange, the SFF Instrument, the SLIP Instrument, the Prospectus of SFF, or the Prospectus of SLIP, then the Scheme of Exchange will prevail.

2. Scheme of Exchange

- 2.1 SLIP, acting by its ACD, hereby offers to acquire, subject to the conditions and further terms set out in this document, all the Shares in SFF which were issued up to and including Friday 29 March 2019. This offer is recommended to be accepted by all Shareholders by the ACD.
- 2.2 Subject to the conditionality described in paragraph 3, including expressly that at least 75% of SFF Shareholders, by value, in respect of which the ACD of SLIP receives completed Forms of Election accept the Exchange Offer, all Shareholders of SFF shall have their Shares in SFF exchanged for Shares in SLIP.
- 2.3 Shareholders in SFF who **Accept** the Exchange Offer in the Form of Election in respect of all or some of their Shares in SFF will receive in exchange shares in SLIP which will be the equivalent shares to their current Shares in SFF as described below, such Shares being subject to the terms of the ARC TIME:Funds II Prospectus.
- 2.4 Those Shareholders who **Reject** the Exchange Offer under the Scheme of Exchange shall have the right to redeem their SLIP Shares in accordance with paragraph 4.
- 2.5 If any SFF Shares in issue after dealing on 29 March 2019 have not participated by way of delivery of a completed Form of Election by their registered owners, then the ACD will nevertheless exchange the Shares for shares of the matching classes and values in SLIP as if the Shareholder had accepted the offer under a returned Forms of Election. These Shareholdings will not be considered in respect of the conditionality in paragraph 3. This policy is intended to avoid Shareholders remaining as Shareholders when SFF is liquidated and the ACD believes this is in the best interests of all Shareholders.
- 2.6 Shareholders in SFF on the register after dealing on Friday 29 March 2019 will be entitled to receive (in the case of SFF Income Shares) the income from SFF accruing in its distribution period ending at 11.59 pm on 31 March 2019.
- 2.7 The Exchange Offer applies to all Shares in issue after the last valuation point for dealing which will be on Friday 29 March 2019.
- 2.8 The Exchange of Shares for all Shareholders will take place at 11.59pm on 31 March 2019, immediately after the end of the income distribution period referred to above.
- 2.9 All Shareholders are requested to complete the Form of Election in **Appendix B** and return it in the pre-paid envelope enclosed. In order for SFF to act on the Form of Election and for it to be valid, it must be returned **by 10 am on 22 March 2019**. Any Shareholder who acquires Shares after this date shall be asked to complete a Form of Election as a condition of their subscription.

3. Conditionality

- 3.1 The Scheme of Exchange is expected to be implemented according to the timetable but only if:
- (a) at least 75% of SFF Shareholders, by value, in respect of which the ACD of SLIP receives completed Forms of Election accept the Exchange Offer; and
 - (b) the scheme of arrangement for the merger is approved by its unitholders, such unitholder meeting to be held in advance of but effected after the Effective Date of Exchange of Shares.

4. Dealings in SFF and right of redemption

- 4.1 The last dealing in Shares in SFF will be at 10am on Friday 29 March 2019.
- 4.2 For any Shareholder who rejects the Exchange Offer under the Scheme of Exchange, the Shareholder may redeem their SLIP Shares at the first Dealing Day of SLIP, on 1 April 2019. If you wish to redeem your SLIP Shares on this day, you will need to deliver a valid notice of redemption in the usual manner before 10am on 1 April 2019.
- 4.3 For holders of Share Class S or Share Class T, being offshore institutional classes where six months' notice of redemption prior to the relevant Dealing Day is generally required, and if such a holder has declined the exchange of Shares, and the proposals are generally accepted, such holders will be issued Shares in SLIP on 1 April 2019 alongside all other Shareholders. However such holders shall also be eligible for redemption on 1 April 2019 if they so wish, and the ACD shall waive the notice period for redemption. In order for this to be valid, such a holder must deliver a valid notice of redemption to the ACD (or its delegate) no later than 10am on Friday 22 March 2019.
- 4.4 For any Shareholder who submits a valid redemption notice for their Shares in SFF on or before 10am on 29 March 2019, but whose redemption proceeds have yet to settle, settlement monies will continue to be processed in the usual manner.

5. Income allocation arrangements

- 5.1 The actual and estimated income (if any) available for allocation in respect of the period from the end of the previous accounting period to 11.59pm on 31 March 2019 accruing to SFF Accumulation Shares shall be transferred to the capital account of SFF and allocated to SFF Accumulation Shares and be reflected in the value of those SFF Accumulation Shares. The income so allocated to those SFF Accumulation Shares shall be included in the SFF Value which is used to calculate the number of SLIP Shares to be issued under the Scheme of Exchange.
- 5.2 The actual and estimated income (if any) available for distribution in respect of the period from the end of the previous accounting period to 11.59pm on 31 March 2019 accruing to SFF Income Shares shall be allocated to SFF Income Shares and transferred to the distribution account of SFF. Within two months of the Effective Date, this income will be distributed to SFF Income Shareholders in accordance with the Prospectus.
- 5.3 Any distributions (together with any interest arising on the distributions) attributable to SFF Income Shares deemed in issue immediately before the Effective Date which are unclaimed after the expiry of six years from the date of payment shall be paid to SLIP.

6. Calculation of SFF Value

- 5.1 SFF Value will be calculated at 10am on Friday 29 March 2019, and this will be the valuation used as the month end valuation.
- 5.2 SFF Value will be used to calculate the number of SLIP Shares of the appropriate class to

be issued to each SFF Shareholder. The value of SLIP Shares will have the same value as SFF Shares at the Effective Date.

7. Basis for the issue of SLIP Shares

7.1 Each Shareholder shall be issued with SLIP Shares of the relevant class on a one for one basis.

7.2 For the purposes of paragraphs 7.1 “relevant class” means in respect of SFF the class of Shares held by the Shareholder immediately before the Effective Date and in respect of SLIP the class of SLIP Shares to be issued to that Shareholder under the Scheme of Exchange and as set out below.

Share classes and types in SFF	Share classes and types to be issued in SLIP
Class A (Acc) (Gross)	Class A (Acc) (Gross)
Class B (Acc) (Net)	Class B (Net) (Acc)
Class C (Income) (Gross)	Class C (Income) (Gross)
Class D (Income) (Net)	Class D (Income) (Net)
Class M (Acc) (Gross)	Class M (Acc) (Gross)
Class N (Acc) (Net)	Class N (Acc) (Net)
Class O (Income) (Gross)	Class O (Income) (Gross)
Class P (Income) (Net)	Class P (Income) (Net)
Class F (Acc) Net	Class F (Acc) Net
Class H (Income) (Net)	Class H (Income) (Net)
Class S (Acc) (Net)	Class S (Acc) (Net)
Class T Income (Net)	Class T Income (Net)

8. Notification of SLIP Shares issued under the Scheme of Exchange

8.1 Certificates will not be issued in respect of New Shares.

8.2 It is intended that the ACD will notify each Shareholder of the number and class of SLIP Shares issued to that Shareholder within 14 days. Transfers, exchanges, subscriptions, redemptions, conversions or switches of New Shares issued under the Scheme of Exchange may be effected from the 1 April 2019, being the first Dealing Day of SLIP.

9. Mandates and other instructions in respect of SLIP Shares

Mandates and other instructions to the ACD in force on the Effective Date in respect of Shares will be deemed to be effective in respect of New Shares issued under the Scheme of Exchange. Shareholders may change these mandates or instructions at any time.

10. Capital distribution of assets to SLIP and winding-up of SFF

10.1 Immediately following the Exchange of Shares and SLIP becoming the sole owner of the Shares in issue in SFF as at 12.01am on 1 April 2019, SFF will immediately undertake a

capital distribution of all assets to SLIP.

- 10.2 The ACD of SLIP will then immediately initiate the solvent liquidation of SFF. The ACD may utilise a Retained Amount to pay out any liability after the transfer which, had it arisen before the transfer, could be properly have been paid out of the property transferred. Any residual liabilities of SFF, if any, shall be satisfied by the scheme property of SLIP in accordance with the FCA Rules.
- 10.3 If after the winding-up of SFF, contingent assets should arise in SFF that were not recognised or only partly recognised by the ACD and the Depositary (as ACD and Depositary respectively of SFF) at the time of the Effective Date, such assets will be transferred to SLIP, less any costs that the ACD might have incurred in securing these assets for SLIP.

11. Costs, charges and expenses

- 11.1 The ACD and the Depositary (as ACD and depositary respectively of SFF) will continue to receive their usual fees and expenses for being the authorised corporate director and depositary respectively of SFF, as set out in the current Prospectus, out of the property of SFF, which accrue to the Effective Date.
- 11.2 The costs of preparing and implementing the Exchange of Shares under the Scheme of Exchange will be borne by SLIP.

12. Reliance on the Register

- 12.1 The ACD and the Depositary shall be entitled to assume that all information contained in the register of Shareholders on and immediately prior to the Effective Date is correct, and to utilise the same in calculating the number of SLIP Shares to be issued and registered pursuant to the Scheme of Exchange.
- 12.2 The ACD may act and rely upon any certificate, opinion, evidence or information furnished to it by its professional advisers or by the auditors of SFF in connection with the Scheme of Exchange and shall not be liable or responsible for any resulting loss to SFF.

13. Alterations to the Scheme of Exchange

- 13.1 The ACD may determine in consultation with the Depositary that the Effective Date of the Exchange of Shares is to be other than as set out in this document, in which case such consequential adjustments may be made to the other elements in the timetable of the as the ACD considers appropriate.
- 13.2 The terms of the Scheme of Exchange may be amended as determined by the ACD in consultation with the Depositary.

14. Governing law

The Scheme of Exchange is governed by and shall be construed in accordance with the laws of England and Wales.

15. Consents

15.1 The Authorised Corporate Director

Alpha Real Capital LLP, as the ACD and alternative investment fund manager of each of SFF and SLIP, confirms that in its opinion the Exchange of Shares is not likely to result in any material prejudice to SFF Shareholders and the Exchange of Shares is in the best interests of all Shareholders.

15.2 The Depositary

NatWest Trustee and Depositary Services Limited, as depositary of SFF and SLIP, has informed the ACD by letter that, while expressing no opinion as to the merits of the Exchange of Shares which is a matter for the judgement of each Shareholder, and not having been responsible for the preparation of this document, it consents to the references made to it in this document in the form and context in which they appear.

16. Tax

16.1 *Tax clearances and commentary for SFF*

The proposals have received tax clearances from HMRC. Specifically:

- No stamp taxes should be payable in connection with Exchange of Shares.
- HM Revenue & Customs has confirmed that section 103K of the Taxation of Chargeable Gains Act 1992 should not apply and consequently section 103G of that Act may apply regardless the size of holding.
- Under section 701 of the Income Tax Act 2007 and section 748 of the Corporation Tax Act 2010, that the Exchange of Shares does not create any tax advantage which should be cancelled.
- Confirmation has been received from HMRC that the distribution of UK property from SFF to SLIP should not incur SDLT.

16.2 *Tax impact for UK Shareholders*

It is not expected that the tax treatment in respect of SLIP Shares will be different to the treatment applying to your Shares. Further, the tax position of SFF and SLIP should not differ either.

UK Shareholders in SFF receiving SLIP Shares are expected to benefit from CGT rollover relief under s103G and s127 Taxation of Chargeable Gains Act 1992 and the Exchange of Shares should not constitute a disposal of Shares for capital gains tax purposes whatever the size of your holding. SLIP Shares issued to you under the Scheme of Exchange should have the same acquisition cost and acquisition date for capital gains tax purposes as your existing Shares. **Shareholders choosing to redeem their Shares should note that the redemption of Shares will be a disposal for capital gains tax purposes.**

It is not anticipated that UK stamp taxes should be payable in respect of the transfer of Shares to SLIP as part of the Exchange of Shares or the subsequent winding up of SFF. If any UK or other taxes or duties are incurred by either SFF or SLIP, they will be paid by the ACD.

This is a summary of our understanding of the current UK legislation and HM Revenue & Customs' practice relevant to UK resident investors regarding the issue of Shares as a

result of the Exchange of Shares. It may be subject to change. **If you are in any doubt about your potential liability to tax, you should consult a professional financial or tax adviser.**

16.3 *Tax impact for non-UK Shareholders*

The tax consequences of the Exchange of Shares may vary depending on the law and regulations of your country of residence, citizenship or domicile. **If you are in any doubt about your potential liability to tax, you should consult a professional financial or tax adviser.**

17. **Documents for inspection**

The following documents are available for inspection at the offices of the ACD during normal business hours until the 22 March 2019:

1. the SFF Instrument;
2. the current prospectus of SFF;
3. SLIP Instrument;
4. the prospectus of SLIP;
5. the HM Revenue & Customs and Scottish Revenue clearance letters;
6. the NURS KIIs relating to each of SFF and SLIP; and
7. the latest Report and Accounts for SFF.

Summary of changes arising from Social Freehold Fund to Social Long Income PAIF

SLIP is materially identical to SFF in which you hold an investment. The following table sets out the only changes which Shareholders should note. All other terms are unaltered between SFF and SLIP.

Feature	Social Freehold Fund	Social Long Income PAIF
Investment Objective	The aim of the Fund is to provide a secure and stable investment return of income with some capital growth, primarily through acquiring social real estate. It is intended that the assets targeted for acquisition by the Fund will offer a consistent income stream with capital growth prospects.	The aim of the Fund is to provide a secure and stable investment return of income with some capital growth, primarily through acquiring social infrastructure assets. It is intended that the assets targeted for acquisition by the Fund will offer a consistent income stream with capital growth prospects.
Investment Policy	The Fund may also utilise derivatives for investment purposes or for efficient portfolio management.	The Fund may also utilise derivatives for efficient portfolio management.
Social real estate (SFF) / Social infrastructure (SLIP)	Social real estate assets are typically freehold or long-term leasehold property assets or other infrastructure assets which are typically let on long-term leases (with initial leasehold terms in excess of 15 years), to providers of social services (such as those providing supported or assisted living, social housing, homes for the homeless, primary care, secondary care, high complex care or education) in the public and private sector. The assets are expected to provide investors with a secure long-term, inflation correlated income stream and capital growth, whilst generating a positive social impact.	Social infrastructure assets are freehold or long-term leasehold property assets or other infrastructure assets which are let to providers of social services (such as those providing supported or assisted living, social housing, homes for the homeless, primary care, secondary care, high complex care or education) in the public and private sector. The assets targeted by the fund are typically let on long-term leases (with initial leasehold terms in excess of 15 years) and are expected to provide investors with a secure long-term, inflation correlated income stream and capital growth, whilst generating a positive social impact.
Redemption Charge (all Share classes)	None	The Administrator, on behalf of the ACD, may make a charge on the redemption of Shares where a redemption application is in excess of £250,000 on any Dealing day. The Administrator may make a charge on the redemption of such Shares of up to 5% of the total amount redeemed.

Feature	Social Freehold Fund	Social Long Income PAIF
Depositary Fee	0.05% of the NAV of the Fund subject to agreed minimums up to £50,000 per annum / custodian fees subject to minimum £25,000 per annum per legal entity	0.05% of the NAV of the Fund up to £100 million; 0.03% of the NAV of the Fund from £100 million to £250 million; 0.025% of the NAV of the Fund from £250 million to £750 million; and 0.02% of the NAV of the Fund in excess of £750 million. The fees are subject to a minimum fee of £50,000 per annum / custodian fees subject to minimum £10,000 per annum per sub-fund
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 £250,000 (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.	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.
Performance Fee	If the NAV increase in annual period has exceeded 8% then 20% of any increase in the Net Asset Value in excess of 8% shall be payable to the Investment Manager as a Performance Fee. This is shared 50% with the Property Manager.	None