

TIME:Commercial Long Income | Performance update

Date: 01 September 2020

The Fund's property portfolio was valued by the independent valuer on 28 August 2020. The independent valuer has confirmed that material uncertainty continues to exist over a large proportion of the property portfolio due to the Novel Coronavirus (COVID-19) and consequently, the related material uncertainty clause remains on those properties within the property valuation.

Material uncertainty has been removed by the valuer on standalone food stores, logistic units, offices and ground rents within the industrial, student accommodation and healthcare sectors which represents over 50% of the property portfolio. However, until such time as the valuer confirms that material uncertainty has been removed from the valuation of the remainder of the property assets, the Fund will remain suspended.

The value of the portfolio has increased marginally by 0.02% of the Fund's net asset value (NAV). This increase in value has resulted in the value of the Fund's shares increasing by 0.23% for the month of August 2020. The Fund's total performance for the 12 months to 28 August 2020 was negative 0.22%.

This increase in the valuation comes after a period of negative valuation movements and reflects a level of stabilising in the market, specifically in the hotel and leisure sectors, which make up c30% of the Fund's net asset value, which have been severely impacted by COVID-19, suffering valuation decreases since the onset of COVID-19.

The Fund has continued to outperform its traditional commercial property OEIC peers during the COVID-19 period, which is mainly driven by the specific features of long income (including the high Weighted Average Lease Term (WALT)) combined with tenant quality and also the lack of exposure to high street retail and shopping centre retail.

The resilience of the Fund's overall property portfolio is underpinned by its diversification over a number of sectors, with over 60% (by NAV) of its properties either let to the Government or in the most robust long income sectors during this period such as food stores, logistics and ground rents.

Whilst uncertainty remains and there is always the possibility of further capital value decreases, we anticipate the positive performance to continue, with an annual income return of between 3% and 3.5% and the potential for modest capital growth.

As at 28 August 2020, the Fund holds cash of around 14% of NAV (£63 million), having completed the sale of a Sainsbury's food store for c£35 million. The Fund has also exchanged on an additional sale with completion set for mid-September, with this enhanced liquidity enabling the Fund to increase its exposure to the logistics sector in October when it completes the acquisition of a purpose-built logistics asset leased to DHL.

The property portfolio of the Fund will next be valued by the independent valuer as at 30 September 2020 and we shall provide a further update on the Fund in early October 2020.

For more information please visit the [Document Library](#) and monitor our [website](#) for further updates.