

TIME:Commercial Long Income | Fund suspension update

Date: 27 October 2020

On 18 March 2020, with the prior agreement of the Depositary, dealing in the Fund was temporarily suspended.

In accordance with FCA rules the ACD and the Depositary must formally review the suspension at least every 28 days and inform the FCA of the results of this review.

The Fund had been suspended since 18 March 2020 as a result of material uncertainty in the Fund's independent valuer's opinion of property values, caused by the outbreak of the Novel Coronavirus (COVID-19). On 30 September 2020 the independent valuer removed material uncertainty from its valuation of the Fund's property portfolio. However, the ACD and Depositary have agreed that it is in the best interests of all shareholders to continue the suspension in dealing in the Fund's shares (and the units of its feeder trust, ARC TIME Commercial Long Income Feeder Trust) on the basis of liquidity risk.

During the period of suspension, the Fund has sought to improve its liquidity position having in August completed the sale of a Sainsbury's food store for £35.5 million and the sale in September of a distribution unit at Manchester Airport for £15.9 million. In addition, the Fund has a £40 million undrawn loan facility, principally for acquisitions. The liquidity achieved to date has enabled the Fund to increase its exposure to the highly attractive logistics sector, which has seen valuation increases during the COVID-19 period. The Fund has been legally committed since last year to complete the acquisition of a purpose-built logistics asset leased to DHL for a period of 20 years, and completion along with the final payment of £52 million occurred in early October. The Fund continues to seek ways to increase the levels of liquidity, including the sale of assets, and as at 27 October 2020 holds cash and receivables of 7% of Net Asset Value (£30.8 million).

We have undertaken extensive communication with the Fund's largest investors and unfortunately, the FCA consultation released on 3 August 2020 looking into redemption periods for daily dealt open-ended property funds has caused heightened levels of uncertainty. This regulatory uncertainty has materially affected shareholder investment intentions and we have considered this feedback in reaching our conclusion. Consequently, the ACD and Depositary of the Fund have agreed to continue the suspension of the Fund and to notify the FCA thereof.

The suspension will be formally reviewed each 28 days (next review by 24 November 2020), or earlier, if circumstances should change.

The letters and Q&A can be found in the [document library](#). Please monitor our [website](#) for more information.