

TIME:Commercial Long Income | Performance Update

Date: 1 May 2020

The Fund's property portfolio was valued by the independent valuer on 30 April 2020. The independent valuer has confirmed that material uncertainty continues to exist due to the Novel Coronavirus (COVID-19) and consequently, the related material uncertainty clause remains within the property valuation.

Taking the current circumstances into account and the ongoing issues faced by certain property sectors, the independent valuer has reduced the value of the portfolio equivalent to 0.92% of the Fund's net asset value. This reduction in value has resulted in the value of the Fund's shares falling by 0.77% for the month of April 2020. The Fund's 12 month total performance to 30 April 2020 was 2.92%.

This reduction in value has been driven by the Fund's exposure to the hotel and leisure sectors, which make up c27% of the Fund's net asset value, and the direct impact COVID-19 is having on their operations. The Fund's tenants within these sectors include Premier Inn, Travelodge, David Lloyd and PGL and the independent valuer has reduced valuations on the relevant assets from anywhere between 2% and 10% to reflect these impacts and the ongoing issues faced within these sectors.

Some tenants are looking for landlords and lenders to assist during this period by using tools such as making changes to rental collection periods, a rent payment deferral or a rent free period. We have been in communication with all our tenants and in particular those in the affected sectors, to better understand the specific issues that they face and the discussions that they have had with other landlords and/or lending banks.

Whilst currently we have collected over 60% of this quarter's rent in the normal manner, we have agreed for some tenants to pay monthly rather than quarterly on a temporary basis. We anticipate that we will have collected c80% of the quarter's rent by the end of the quarter in June 2020. However, some tenants do require rent to be deferred further and this is something we continue to discuss with those tenants. Where the Fund decides to support tenants and grant a rent deferral, the deferred rent will be paid to the Fund over an agreed period of time.

Any concessions will impact the income received by the Fund in the short to medium term, and consequently potentially the future income distributions in August 2020 and beyond, but by supporting tenants through this difficult period, the Fund is focused on the value of its property portfolio in the long term.

The resilience of the Fund's overall property portfolio is demonstrated by its diversification over a number of sectors, with over 70% of its properties either let to the Government (18%) or in sectors such as food stores, logistics and ground rents.

The property portfolio of the Fund will next be valued by the independent valuer at 31 May 2020 but we shall provide a further update on the Fund in mid-May 2020.

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