

ARC TIME Commercial Long Income PAIF ("TIME:Commercial Long Income" or the "Fund")

Notification of lifting of the suspension in dealing

Date: 12 March 2021

I am pleased to confirm that TIME:Commercial Long Income (and its feeder trust, ARC TIME Commercial Long Income Feeder Trust) will be lifting its suspension in dealing and is now available for subscriptions and redemptions. I would like to begin by thanking you for your patience and continued support, and apologise for any frustration and inconvenience this period of disruption may have caused.

Daily dealing shall recommence on 16 March 2021. Please note that the cut-off for both redemptions and subscriptions to be eligible for dealing on 16 March 2021 is 10am. Dealing is available on this date for all share classes.

Background to the Fund's suspension, COVID-19 and the lifting of the suspension

Dealing in the Fund was temporarily suspended in March 2020 due to its independent valuer including a material uncertainty clause in their property valuations, caused by the outbreak of COVID-19. This was in common with all registered property valuers in the UK at the time. On 30 September 2020 material uncertainty was removed by the independent valuer. However, the Authorised Corporate Director (ACD) and the Depositary had, in accordance with FCA rules, agreed to maintain the suspension of the Fund from 30 September 2020, on the basis of liquidity risks and to notify the FCA thereof.

During this period, we have conducted a substantial number of very positive discussions with existing and prospective investors regarding the performance of the Fund and the robust attributes of the long income asset class. To allow the Fund to reopen with a prudent level of liquidity, the Fund identified around £90 million of net property disposals. These disposals included the sale of the Fund's largest asset and the only office within its portfolio, which was sold ahead of valuation, and completed in early March 2021. The Fund's overall cash levels are expected to have increased to around £130 million or 29% of its net assets as at 15 March 2021 and as a result, the ACD and the Depositary have agreed to lift the suspension on dealing in the shares of the Fund and have notified the FCA of this decision.

Fund performance

We are pleased to report that the Fund has continued to maintain an impressive performance against the IA Direct Property sector, maintaining a top quartile position over the one, three and five year period to 28 February 2021 and with lower volatility than its peers over this time. Since the Fund was launched it has been managed with the focus on income consistency with capital growth prospects through acquiring property with long leases. This, along with the specific features of long income (including the visibility of income through the high Weighted Average Unexpired Lease Term, married with tenant quality and sector sustainability), are the main reasons for this outperformance.

Throughout the period since the outbreak of COVID-19 in early 2020, the Fund has continued to deliver a consistent income return from its portfolio, despite the unprecedented challenges faced throughout the UK. Since August 2020 the Fund has had seven successive months of positive performance. During the last six months the Fund's total return has increased by 1.70% (based on the Class A Gross Accumulation shares) The Fund's performance for the twelve months to 28 February 2021 has been -0.75%, +8.83% over the last 3 years and +20.46% over the last 5 years.

Fund Liquidity Tools

In order to manage liquidity within the Fund and to protect existing investors, it has a number of liquidity tools to pass on the costs of buying and selling assets to those investors redeeming.

The ACD has taken the decision in the best interest of all the shareholders to utilise the dilution adjustment. The Fund, therefore, is swinging its price from 'Offer' pricing to Net Asset Value (NAV). The impact of this will be a single downward movement of circa 4.6% on the price.

Given the period of suspension and expected period of redemptions, the Fund has made a number of property sales to achieve a prudent level of liquidity to reopen. Unless a dilution adjustment is applied, redeeming shareholders would not bear their share of the associated property transaction costs and these costs would otherwise be borne by the Fund and its remaining shareholders. We understand that this will have an impact on the short-term volatility of your investments, but feel the use of the dilution adjustment is the most fair, clear and transparent tool that ensures that the Fund is acting in the best interest of shareholders.

Outlook

Following the completion of its property sales and acquisitions over the last 24 months the Fund has shifted its sector exposure, with the logistics sector now the largest within the property portfolio at 27%, and no exposure to the office sector. The Fund has never had exposure to the more at-risk sectors such as high street retail and shopping centres.

The Weighted Average Unexpired Lease Term ("WAULT") of the portfolio is 47 years which results in significantly greater visibility of income than in traditional commercial property, and hence the name, long income. In a period where rental growth in many sectors of traditional commercial property remains uncertain, one of the key features of long income is the comfort provided by structured rent reviews as compared to open market reviews traditionally associated with commercial property. Within the portfolio 94% of the rent reviews are indexed linked or have a fixed percentage growth. It is worth noting that the portfolio currently has no voids.

The Fund and its property portfolio are well positioned and we anticipate the positive performance in property values to continue, with an annualised income return of between 3% and 3.5% over the next couple of quarters, with that income return expected to grow later in the year and into 2022. However, if the Fund does not receive the anticipated level of redemptions, its return will be impacted by the higher weighting of cash.

The Fund's investment objective and policy has remained unchanged and the Fund will continue to pay distributions in the normal manner every quarter.

We would again like to thank you for your patience and apologise for this period of disruption to the Fund. We will of course, ensure you are kept up to date with any significant developments and for more information about the Fund, along with our Q&A, please visit the Document Library on our website, www.time-investments.com. **We recommend that investors wishing to subscribe or redeem in the Fund, review our [Q&A](#) before doing so.**

For financial advisers, please speak to your Business Development Manager for further information. If you need to remind yourself of the contact details of your local BDM, please check on our website, [here](#).