

TIME:Freehold

Long Income Funds

Data as at: **30 June 2022**

Published: **July 2022**

7.10%

1 year total return* (A Acc GBP)

Key facts

| | |
|-------------------|----------------|
| Fund size | £224.9m |
| Launch date | 1 April 1993 |
| Sector | Property other |
| Base currency | GBP |
| Dealing frequency | Monthly |
| Dilution levy | 0% |

Signatory of:



Fund particulars

Fund name

ARC TIME Freehold Income Authorised Fund

Fund structure

ARC TIME Freehold Income Authorised Fund: Sub-fund of ARC TIME Funds, a UK OEIC (NURS)

ARC TIME Freehold Income Authorised Feeder Trust: Sub-fund of ARC TIME Feeder Trusts, a UK Authorised Unit Trust feeder (NURS)

Regulated status

FCA authorised

Depository

NatWest Trustee and Depository Services Limited

Authorised Corporate Director

Alpha Real Capital LLP

Investment Manager

TIME Investments

FATCA GIIN Registration

AWGFG5.99999.SL.826

Fund manager



Nigel Ashfield is the Managing Director at TIME and has over 20 years' experience in fund management and finance. Nigel is the fund manager of TIME:Freehold and

co-fund manager of TIME:Commercial Long Income, our commercial long income property fund.

Fund aim

The investment objective of the Fund is to acquire freehold ground rents which offer a consistent income stream and capital growth prospects. The primary investment of the Fund will be freehold ground rents from properties in the UK.

Fund characteristics



Income security

Our properties generate consistent, long-term cash flows. This is achieved through long tenancies with an over-collateralised ground-rent structure. The ground rent is usually a fraction of the value of the leasehold property, the lessee or the mortgage provider will almost inevitably make payment to avoid forfeiture proceedings.



Lower volatility

The Weighted Average Lease Term (WALT) is more than ten times greater than many traditional UK commercial property funds. This combined with the over-collateralised ground-rent structure removes significant uncertainty in valuation.



Consistent rental growth

The majority of rent reviews are linked to inflation or have a fixed uplift, delivering consistent and relatively predictable levels of rental growth.



Capital growth

The Fund may benefit from capital value increases in its property portfolio. This can happen in several ways, such as rental growth, lease extensions and the shortening lease transferring the full reversionary value of the underlying property to the landlord.



Track record

During a challenging decade for investment, the Fund has protected investors' wealth far more effectively than many other asset classes, with its income stream proving highly secure over the Fund's 28-year history.



TIME experience

The TIME group has a long track record in long income property and manages over £3 billion of UK long income property assets. TIME:Freehold taps into the entire breadth of the award-winning TIME group's investment platform.

Fund performance

Performance since 1997 (%)



| | 1 month | 6 months | 1 year | 3 years | 5 years |
|-------------|---------|----------|--------|---------|---------|
| A Acc GBP | 0.45 | 3.34 | 7.10 | 17.51 | 37.91 |
| UK RPI TR** | 0.75 | 7.25 | 11.66 | 16.56 | 24.07 |

Discrete annual performance (%)

| 12 months to 30 June | 2022 | 2021 | 2020 | 2019 | 2018 |
|----------------------|-------|------|------|------|------|
| A Acc GBP | 7.10 | 4.63 | 4.87 | 7.58 | 9.09 |
| UK RPI TR** | 11.66 | 3.32 | 1.04 | 3.03 | 3.31 |

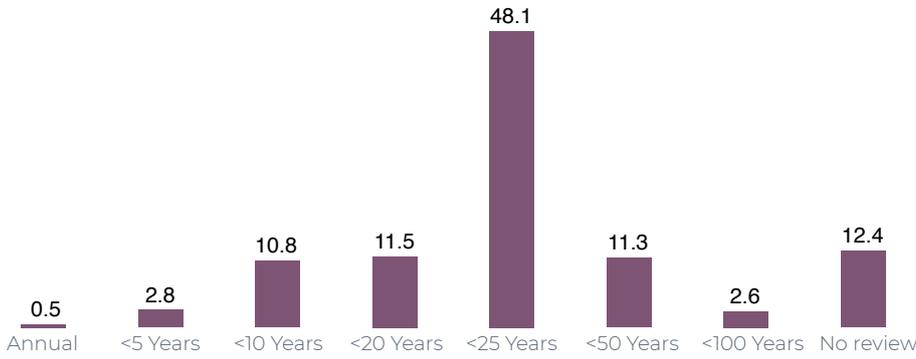
*Includes capital and income

**Data as at 31 May 2022

Source: Financial Express and TIME Investments. Performance data is based on total return, bid to bid, (A Acc). The value of an investment, and any income from it, can fall or rise and investors may not get back the full amount they invest. The past performance of the fund is not a reliable guide to its future performance.

Portfolio breakdown

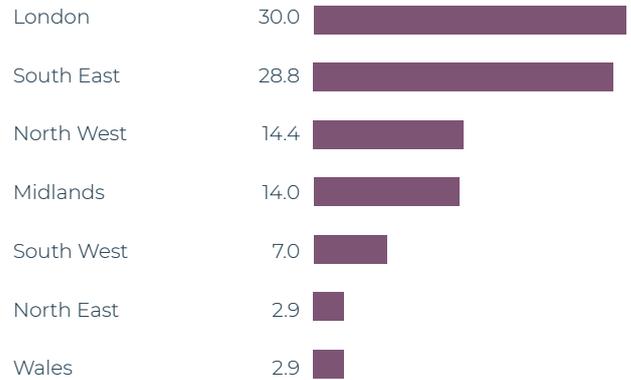
Rent review frequency (%)



Rent uplifts (%)



Region breakdown (%)



Featured asset - Imperial Court, Kennington, London

Imperial Court is very well situated for transport links with less than a 10 minute walk to Vauxhall, Kennington and Oval underground stations. The asset is made up of 83 flats with a lease duration of 978 years and 5 yearly rent reviews linked to RPI.



Fund manager commentary

Fund commentary

Throughout the period since the initial COVID-19 lockdown, the Fund has continued to deliver a consistent income and some capital growth from its portfolio of over 50,000 ground rents. During this period, the Fund's share price has increased with a total return for the 12 months ended 30 June 2022 of 7.10% including income of 5.02% and a capital gain of 2.08%.

The Fund's income return is expected to deliver around 4% per annum. In the current market, we believe that the Fund can continue to offer reliable income returns and the prospect of an element of capital return.

The Fund's income for the year to 31 March 2022 of 4.57% (based on the Class A Gross Accumulation shares) was distributed in November 2021 and May 2022.

We shall continue to monitor and review the Fund's portfolio in light of the Government's residential leasehold market reforms and building safety initiatives. The objective of the ongoing Building Safety Bill is to implement the Government's ambition for long-lasting reform of the building safety system. For more information around our building safety initiatives, please review our Q&A.

Outlook

Since the Fund was launched it has been managed with downside risk to the fore. Liquidity management has remained robust throughout the last few years of uncertainty caused by the Brexit vote, the COVID-19 pandemic and subsequent volatility in the market.

The Fund currently holds around £34 million of its net assets in cash and daily tradable assets. The Fund's strategy remains unchanged, and the portfolio is expected to continue to consist predominantly of residential ground rents with additional liquidity provided by investments in, for example alternative long income assets meeting the Fund's investment objective such as commercial ground rents.

The Fund will continue to be managed in accordance with its investment objective and will pay its distributions in the normal manner every six months.

We recommend that investors wishing to subscribe into or redeem from the Fund review our Q&A before doing so.

Please visit our website www.time-investments.com/document-library for all updates and information as it becomes available.

Latest fund updates

The Leasehold Reform Act 2022

The Leasehold Reform (Ground Rent) Act 2022 came into force on 30 June 2022 and puts an end to ground rents for new long residential leasehold properties in England and Wales. This change in legislation may result in a reallocation in the split between the Fund's income and capital return on voluntary lease extension income. The Fund's independent valuer has advised that the elements covered in The Leasehold Reform (Ground Rent) Act 2022 do not have a material impact on valuation. The second leasehold reform bill covering the more complex detail affecting existing leases is expected to be published within this Parliamentary term 2022/23 but could easily slip into the next term.

FCA consultation on open-ended property fund structures

In August 2020, the Financial Conduct Authority (FCA) proposed a consultation on open-ended property funds. The FCA proposed that longer redemption periods would benefit investors. The FCA also proposed that existing funds like TIME:Freehold, which deal monthly, will not fall under the FCA's proposed new rules and accordingly there should be no change to TIME:Freehold's existing monthly redemption arrangements.

About TIME

TIME Investments is a specialist investment manager focused on delivering long-term investments that seek consistent and attractive risk-adjusted returns. We take a deliberately defensive approach investing in asset-backed and income generating assets, predominantly through infrastructure, real estate and lending. TIME Investments has a long track record in fund management with 30 investment specialists within the renewables, lending and property teams.

On 7 May 2021, the FCA released a feedback statement on their consultation. If the FCA does proceed with applying mandatory notice periods for authorised open-ended property funds, which is, at this time, not certain, the FCA has stated that the proposed changes for authorised open-ended property funds would not be implemented before late-2023 at the earliest.

HMRC consultation on ISA investment in open-ended property funds

HMRC has recognised that the FCA's consultation proposals may run contrary to ISA legislation, which requires ISA investors to be able to access their funds or transfer them to another ISA within 30 days of making an instruction to their ISA manager. Under current legislation such property funds would no longer be ISA eligible investments. This would affect TIME:Freehold as monthly dealing would typically not meet this 30 days accessibility requirement.

In order to mitigate the impact on ISA holders if the FCA's consultation proposals are introduced, HMRC is considering whether to allow existing ISA investments in open-ended property funds to remain within the ISA, while potentially prohibiting 'new' ISA investments in such funds. The HMRC consultation closed on 13 December 2020, with its findings expected to be published this year.

How to invest

Fees

| Share/Unit class | Minimum investment | Minimum top up | OCF |
|------------------|--------------------|----------------|-------|
| A Acc | £5,000 | £1,000 | 1.67% |
| B Acc | £5,000 | £1,000 | 1.67% |
| C Inc | £5,000 | £1,000 | 1.67% |
| D Inc | £5,000 | £1,000 | 1.67% |
| ISA Acc | £1,000 | £1,000 | 1.67% |
| ISA Inc | £1,000 | £1,000 | 1.67% |

| | |
|----------------|-------|
| Initial charge | 1.00% |
|----------------|-------|

Distributions

| | |
|---------------------------|---|
| Income return (A Acc GBP) | 5.02% per annum (based on the last 12 months) |
| Distribution frequency | Biannually |

| Ex-dividend date | Payment date | Distribution per share (£) |
|------------------|-----------------|----------------------------|
| 1 April 2022 | 1 May 2022 | 0.1682 |
| 31 October 2021 | 1 November 2021 | 0.1892 |

Platform availability



Important notice

ARC TIME Freehold Income Authorised Fund ("the Fund" or "TIME:Freehold")

This is a financial promotion as set out in the Financial Services and Markets Act 2000 (FSMA). This document is issued in the UK by TIME Investments, a trading name of Alpha Real Property Investment Advisers LLP, which is the Investment Manager of the Fund with delegated authority from Alpha Real Capital LLP, the authorised corporate director of the Fund. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. Please note your capital is at risk and there is no guarantee that the Fund's investment objective will be achieved. The value of investments and the income from them may fall as well as rise as a result of fluctuations in market, currency or other factors and investors may not get back the original amount invested. Any past performance data cited is not a reliable indicator of future results. Past performance includes that of the Fund's predecessor, The Freehold Income Trust. TIME Investments may source data from third party data providers but accepts no responsibility or liability for the accuracy of third-party data. This document does not constitute investment advice and potential investors are recommended to seek professional advice before investing. Applications for shares in the Fund can only be made via an Application Form and Investors should review the Key Investor Information Document ("KIID"), the Prospectus and carefully read the risk warnings contained within. All documentation is available on request. Specific Fund Information: The underlying investments in the Fund consist wholly or substantially of real property. The value of the real property concerned will generally be a matter of valuer's opinion rather than fact. The Fund invests in assets that may at times be hard to sell. This means that there may be occasions when Investors experience a delay or receive less than they might otherwise expect when selling an investment. For more information on risks, see the Fund's prospectus and KIID. Fund Status: The Fund is a sub-fund of ARC TIME:Funds and is a Non-UCITS Retail Scheme within the meaning of the rules contained in the Collective Investment Schemes Sourcebook (the "FCA Regulations") published by the FCA as part of their Handbook of rules made under the FSMA. Issued: July 2022

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