

#### Key facts

Fund size	£254.8m
Launch date	1 April 1993
Sector	Property other
Base currency	GBP
Dealing frequency	Monthly
Dilution levy	0%

#### 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 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 his 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.

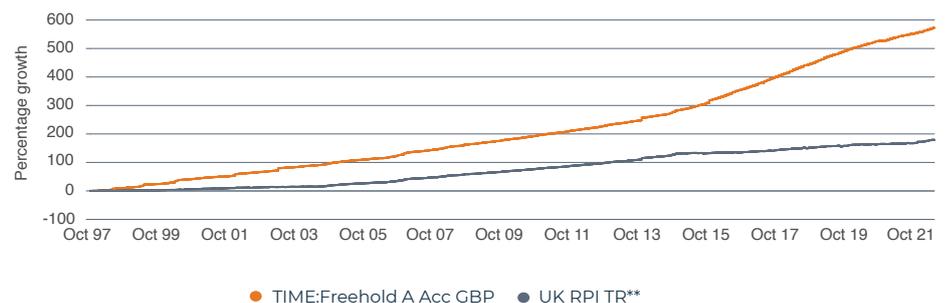


##### TIME experience

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 (%)



#### 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 £400 million commercial long income property fund.

	1 month	6 months	1 year	3 years	5 years
A Acc GBP	0.60	2.89	4.91	17.17	39.53
UK RPI TR**	0.39	3.94	4.86	8.62	16.50

#### Discrete annual performance (%)

12 months to 31 October	2021	2020	2019	2018	2017
A Acc GBP	4.91	4.61	6.76	8.35	9.90
UK RPI TR**	4.86	1.13	2.43	3.27	3.85

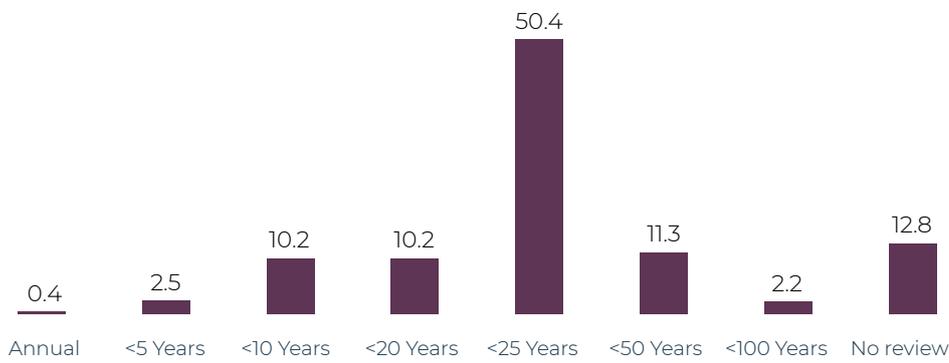
\*Includes capital and income

\*\*Data as at 30 September 2021.

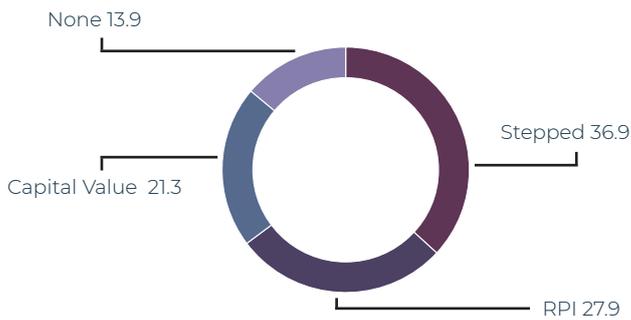
Past performance is not a guide to future performance. Performance data is total return, bid-to-bid, and sourced from Financial Express.

## Portfolio breakdown

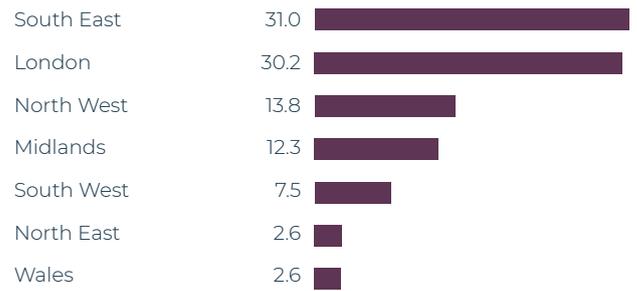
### Rent review frequency (%)



### Rent uplifts (%)



### Region breakdown (%)



## Featured asset - Lockes Wharf, Docklands, London

The property is made up of 437 flats with 977 years remaining on the lease. With views over the Thames to Greenwich Palace and the Royal Naval College, this modern development is convenient for Canary Wharf, with all its amenities and transport links. The property comes with good leisure facilities, including a heated swimming pool, spa, gym and pool tables.



## 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 circa 63,200 ground rents. During this period, the Fund's share price has increased with a total return for the 12 months ended 31 October 2021 of 4.91%.

The Fund's income return is expected to deliver in excess of 4% per annum. In the current market, where interest rates and bond yields are at historic lows, and even traditionally reliable dividend paying equities have reduced or been stopped altogether, we believe that the Fund can continue to offer reliable income returns and the prospect of an element of capital return.

In January 2021 the Government announced proposals to bring forward in its next session of Parliament for legislation to reform the residential leasehold market. These proposals follow from the recommendations for leasehold reform made to the Government by the Law Commission in July 2020. The main focus of the Law Commission's recommendations was to suggest methods of making enfranchisement and extensions of leases quicker, easier and cheaper, saving leaseholders of houses and flats money, whilst ensuring sufficient compensation is paid to landlords to reflect their legitimate property interests.

Parliament is currently debating proposals to implement these recommendations for new ground rents. The Fund's independent valuer has advised that the Government's statement in January 2021 largely reflects the recommendations as put forward by the Law Commission in July 2020. They and we await confirmation of the Government's detailed proposals for legislative changes to existing ground rents.

The leasehold reform bill covering the more complex detail affecting existing leases is not expected to be published until the following Parliamentary term 2022/23, at the earliest. 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. For more information around our building safety initiatives, please review our [Q&A](#).

### FCA consultation on open-ended property funds

In August 2020, the FCA proposed, through its consultation (CP20/15) on open ended property funds, longer redemption notice periods for daily-dealt funds. 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.

This position does not appear to have changed but on 7 May 2021, the FCA released a feedback statement on their ongoing consultation. Within the feedback statement the FCA advised that they had received responses from a wide range of stakeholders, including those involved in the distribution chain (transfer agents, platforms, advisers, wealth managers).

The FCA advised that it will continue to work with industry stakeholders to assess industry concerns, including assessing the conclusions from HMRC's consultation of the impact of the proposals on ISAs, and will not make a decision on whether mandatory redemption notice periods will be introduced "until Q3 2021 at the earliest".

If the FCA does proceed with applying mandatory notice periods for authorised open-ended property funds, which is not certain, they stated that they will allow a suitable implementation period before the rules come into force, "approximately 18 months to 2 years" after the delivery of the policy statement, to allow firms to make operational changes, meaning any changes will not come into force until mid-2023 at the earliest.

We are pleased that the FCA has listened constructively to the industry and stakeholders regarding the real challenges created by the introduction of mandatory redemption notice periods. In particular, the FCA confirmed they are aiming to ensure that the distribution chain operates effectively and allows investors to continue to hold an important asset class enabling them to continue to benefit from direct property within an investment portfolio.

We await the FCA's further consultation announcement later this

## About TIME

TIME Investments is a specialist investment manager focused on delivering long-term investments that seek consistent and realistic 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 20+ years track record in fund management with 30 investment specialists within the renewables, lending and property teams.

year. However, in the meantime there are no changes to the way in which TIME:Freehold is operated.

### 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.

### Outlook

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

The Fund currently holds around 13% of its net assets in cash and daily tradable assets.

A sale of a portfolio of residential ground rents ahead of valuation has been agreed and we expect to complete the transaction during Q4 2021. The sale will create additional liquidity within the Fund in line with FCA recommendations for open ended property funds noted above and will also return the Fund to levels of increased liquidity seen over the past decade. 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](http://www.time-investments.com/document-library) for all updates and information as it becomes available.

For individual shareholders, should you require any further assistance please do not hesitate to contact our Client Services Team on 0345 6001213 or by e-mailing [enquiries@time-investments.com](mailto:enquiries@time-investments.com).

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 [here](#).

## 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%
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### Distributions

Income return (A Acc GBP) 4.75% per annum (based on the last 12 months)

Distribution frequency Biannually

Ex-dividend date	Payment date	Distribution per share (£)
October 2021	November 2021	0.1892
April 2021	May 2021	0.1816

### Platform availability



The above availability is for the Fund only.

### 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 Investments 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 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 reviewing the Key Investor Information Document ("KIID") and the Prospectus and investors should 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 you experience a delay or receive less than you might otherwise expect when selling your 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: November 2021

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