

Key facts

Fund size	£276.8m
Launch date*	9 June 2014
Sector	IA Direct Property
Base currency	GBP
Dealing frequency	Daily, 10am

Fund particulars

Fund name

ARC TIME Commercial Long Income PAIF

Fund structure

ARC TIME Commercial Long Income PAIF: Sub-fund of ARC TIME:Trusts II, a UK OEIC (NURS)

ARC TIME Commercial Long Income Feeder Trust: Sub-fund of ARC TIME:Trusts II, 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

050ZIX.99999.SL.826

*Past performance includes that of Commercial Freehold Fund which merged by share exchange with Commercial Long Income PAIF on 1 April 2019.

Fund managers



Nigel Ashfield is the Managing Director at TIME and has over 20 years' experience in fund management and finance. Nigel has responsibility for

over £1 billion of tax efficient investments and is also fund manager of TIME:Freehold, a ground rent fund with a 29 year track record of positive annual returns, and TIME:Commercial Long Income.



Roger Skeldon has over 15 years' experience in fund management, finance and commercial property, primarily focused on long

income property and the deployment of capital into sectors such as logistics. He has been at TIME Investments for over 10 years and is Fund Manager for TIME:Commercial Long Income, TIME:Social Long Income and TIME:Property Long Income and Growth.

TIME:Commercial Long Income

Long Income Funds

Data as at: **31 January 2023**

Published: **February 2023**

Fund aim

The aim of the Fund is to offer shareholders a consistent income stream with some capital growth prospects through acquiring property with long leases including commercial freehold ground rents and commercial freehold property which benefit from long leases.

Fund characteristics



Income consistency

Our properties aim to generate consistent income. This is achieved through long, high quality tenancies, the financial strength of the tenants, and/or an over-collateralised ground rent structure.



Inflation linked

Around 94% of rent reviews are linked to inflation or have a fixed uplift, rather than being subject to open-market negotiation. The majority of the rent reviews are upwards only.



Diversified portfolio

The portfolio is made up of properties around the UK, across many different sectors of the economy.



Lower volatility

The Weighted Average Lease Term (WALT) is more than five times greater than many traditional UK commercial property funds. This removes significant uncertainty in valuation around the potential loss of tenants.



Track record

The TIME group has a long track record in long income property and manages over £3 billion of UK long income property assets.

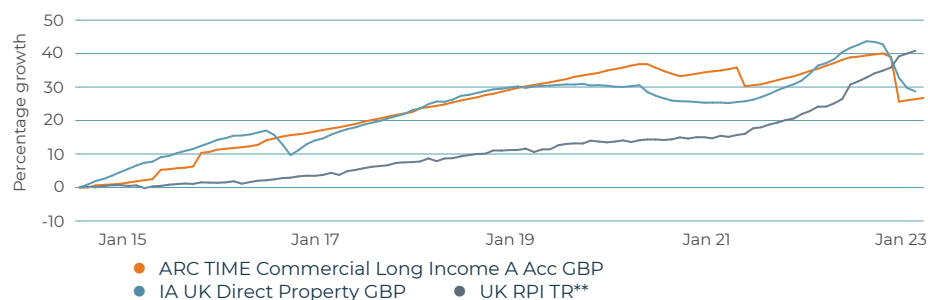


Capital growth

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 yield shift.

Fund performance

Performance since launch (%)



	1 month	3 months	6 months	1 year	3 years	5 years	Since launch
A Acc GBP	0.28	0.86	-9.32	-7.06	-7.11	1.87	26.73
IA UK Dir. Prop.	0.24	-2.80	-10.08	-5.92	-0.97	2.64	29.02
UK RPI TR**	0.59	3.68	6.00	13.44	23.47	29.59	40.62

Discrete annual performance (%)

12 months to 31 January	2023	2022	2021	2020	2019
A Acc GBP	-7.06	0.75	-0.79	4.43	5.02
IA UK Dir. Prop.	-5.92	9.52	-3.89	0.07	3.58
UK RPI TR**	13.44	7.55	1.20	2.21	2.70

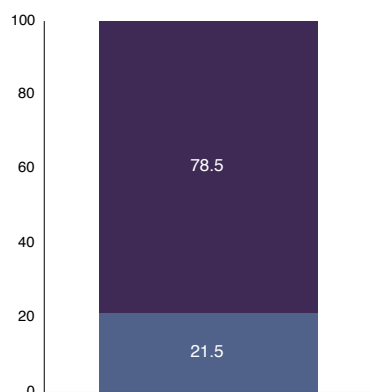
*Includes capital and income

**Data as at 31 December 2022

Source: Financial Express and TIME Investments. Performance data is based on total return (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.

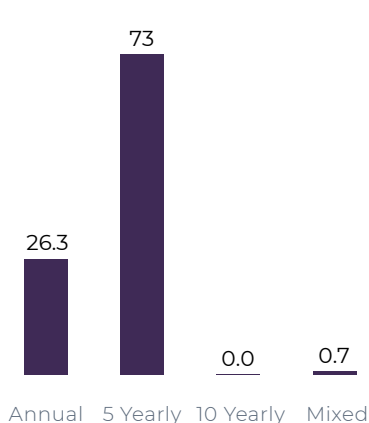
Portfolio breakdown

Long lease vs Ground rent (%)

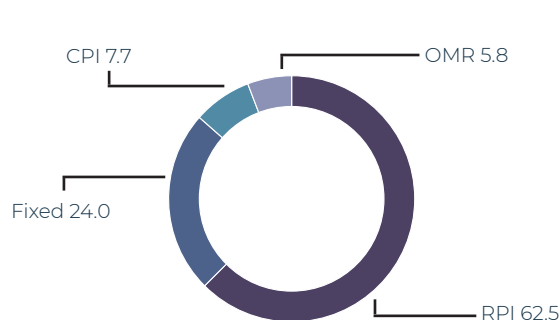


■ Long lease (WALT* 24 years)
 ■ Ground rent (WALT* 153 years)
 Overall WALT* (to break) 51 years
 *WALT = Weighted Average Lease Term

Rent review frequency (%)



Rent review type (%)



Sector weighting (%)

	Long Lease	Ground Rent	Total
Hotel	23.6	6.3	29.9
Logistics	25.9	0.0	25.9
Leisure	16.6	6.7	23.3
Supermarket	8.2	0.0	8.2
Healthcare	0.0	3.6	3.6
Car Showroom	2.4	0.0	2.4
Retail Warehouse	1.8	0.6	2.4
Nursery	0.0	2.1	2.1
Mixed (Industrial/Office)	0.0	1.3	1.3
Industrial	0.0	0.6	0.6
Student Accomodation	0.0	0.3	0.3

Region breakdown (%)

East Midlands	20.9	
South West	20.5	
South East	14.2	
East of England	10.9	
Yorkshire and Humber	9.2	
North West	6.5	
West Midlands	4.9	
Scotland	3.7	
London	3.6	
North East	3.6	
Other	2.0	

Top 10 holdings (%)

DHL, Manton Wood	21.4
PGL, Liddington	14.2
DPD, Tipton	5.3
Holiday Inn, Southend	5.3
Premier Inn, Peterborough	5.0
Travelodge, Kingston	3.6
Premier Inn, Great Yarmouth	3.6
St Martins Care	3.1
Asda, Gillingham	3.1
Peter Bull	2.5

Featured asset - DPD Delivery Unit

TIME:Commercial Long Income's construction of a delivery unit located in Tipton, Midlands was completed in September 2019. The asset was purchased for £14.7 million and let on a 25 year lease to DPD Group UK starting from the completion date of 23 September 2019. The rent review of the property is five yearly with a Net Initial Yield of 4.62%.



Fund manager commentary

During 2022 there was significant financial market volatility which saw property values across the real estate market suffer negative valuation movements through Q3 and Q4 2022. These valuation movements reflected changes in the financial environment and specifically the financial return that buyers require when assessing the acquisition of a property. This required rate of return was impacted by both the change to the risk-free rate and the cost of debt which both rose significantly in a very short space of time. This resulted in a negative property portfolio valuation and negative Fund performance during October 2022.

More recently we have seen a stabilising in a number of factors, and at the recent Bank of England ("BoE") Monetary Policy Committee ("MPC") meeting there was commentary that the UK is perhaps past peak inflation, and the expected UK recession is anticipated to be less severe and shorter than was forecast in October 2022. This has started to feed into financial markets with the UK 10-year gilt yield coming down from its 12-month high of 4.4% in early October 2022 to around 3.6% currently. Importantly the UK 5yr SONIA swap rates, one of the key metrics for lending against real estate, has fallen from a high of 5.5% in October 2022 to c 3.9%.

Because of this market uncertainty the Fund instructed its Independent Valuer (Cushman & Wakefield) to carry out mid-month valuations for the time being, the first of which occurred on the 15 November 2022. We believe the increase in valuation frequency is in the interest of all investors to better reflect the most recent valuations and transaction evidence more frequently. The increased frequency of valuations is not permanent and is just related to the current period of market uncertainty.

The Independent Valuer's valuation of the property portfolio has not seen a negative portfolio valuation since the end of October 2022, including the most recent valuation at 15 February 2023. This is reassuring and reflective of valuation movements we have seen more recently in 2023 across the commercial property sector.

The Fund has continued to deliver a consistent income return from its portfolio and the Fund has no vacant properties. Operational stability in the Fund's underlying sectors remains, supporting the full occupancy which remains within the portfolio.

Liquidity within the Fund improved during December 2022 and into 2023 following the completion of asset sales (at valuation) and current liquidity stands at 4.5% of net asset value. The Fund has other asset sales in solicitors' hands to further enhance liquidity and these are being progressed at values which support the Independent Valuer's opinion of the portfolio valuation.

The Fund's price remains at Bid to reflect this position, and to ensure redeeming shareholders share the costs of any disposals at that time.

Fund performance

The Fund's total return for the month of January 2023 was 0.28%, made up of an income return of 0.42% and a capital loss of 0.14% (due to capitalised expenses). For the 12-month period ended 31 January 2023 the Fund produced a total return of -7.06%, comprising an income return of 4.27% and a capital loss of 11.33%.

The Fund's income for the quarter to 31 December 2022 of 1.17% (based on the Class A Gross Accumulation shares) will be paid at the end of February 2023.

Outlook

There remains the potential for further volatility across many asset classes, although we have seen some settling down in many aspects. Inflation remains high and we are entering a period of recession, but there are some positive indicators with the BoE signaling peak inflation and a more positive outlook than previously forecast.

The general consensus in the markets is that inflation might have reached its peak, with an expectation of it falling through 2023 and into 2024. The BoE base rate is expected to peak during Q1 this year and while the bank recently raised the base rate from 3.5% to 4.0%, some of the wording within the MPC report has now softened around rate levels. If inflation is reducing and the UK is in a recessionary period, then there is the possibility that interest rates may reverse relatively quickly from the peak.

The long-term fundamentals of the Fund and its portfolio remain strong. The buildings and their tenants remain unchanged, and the Fund continues to have 100% occupancy. The Fund continues to focus on investing in sectors with supportive long-term dynamics and avoids more volatile sectors such as high street retail and shopping centres, which are going through structural change. In terms of the leases within the Fund, the WALT (weighted average lease term) of the portfolio is 53 years with 94% of the rent reviews being linked to an inflation index or a fixed percentage growth.

If we are entering a period of recession alongside a level of entrenched inflation, the profile of the long income property sector with the visibility of rental growth and tenant occupancy in economically sustainable sectors is attractive compared to other investments. The Fund is anticipated to deliver a net income return of c4.5% (on assumption of standard fees and cash levels), alongside attractive rental growth delivered through its inflation linked and structured rent reviews. Please visit our website for all updates and information as it becomes available.

Latest fund updates

FCA consultation on open-ended property fund structures

The Financial Conduct Authority (FCA) has proposed a consultation on open-ended property funds. The FCA has proposed that longer redemption periods would benefit investors. 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 until mid-2024 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. 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, and we have no visibility as to when its findings will be published.



Signatory of:



How to invest

Fees

Share/Unit class	Minimum investment	Minimum top up	OCF
A-B	£5,000	£1,000	1.37%
C-D	£5,000	£1,000	1.37%
F-H	£5,000	£1,000	1.62%
M-N	£5,000,000	£100,000	1.12%
O-P	£5,000,000	£100,000	1.12%
S-T	£5,000,000	£100,000	1.37%
I-J	£5,000	£1,000	1.37%
K-L	£5,000	£1,000	1.62%
Q-R	£5,000,000	£100,000	1.12%
U-V	£5,000,000	£100,000	1.37%

Distributions

Income return (A Acc GBP) 4.27% per annum (based on the last 12 months)

Distribution frequency Quarterly

Ex-dividend date	Payment date	Distribution per share (£)
3 January 2023	28 February 2023	0.0163
1 October 2022	30 November 2022	0.0142
1 July 2022	31 August 2022	0.0140
1 April 2022	31 May 2022	0.0140

Ratings and awards



Important notice

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. 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 after 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 II 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: February 2023

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INVESTMENTS

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Alpha

Authorised Corporate Director:
Alpha Real Capital LLP

Platform availability



The above availability is for PAIF only.

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.

TIME Investments is the trading name of Alpha Real Property Investment Advisers LLP which is registered in England and Wales with company number OC355196. Both TIME Investments and Alpha Real Capital LLP are authorised and regulated by the Financial Conduct Authority. FCA registration number 534723 and 436048 respectively.