

Fund suspension

As a result of material uncertainty in the Fund valuer's opinion of property values, caused by the outbreak of the Novel Coronavirus (COVID-19), dealing in the shares of the Fund and units in its feeder trust has, in accordance with FCA rules, suspended on 18 March 2020. This suspension is in common with other authorised open-ended property funds, which also suspended in that same week on the same material uncertainty basis. The Fund has not suspended for liquidity or performance purposes and without the material uncertainty opinion from the valuer the Fund would have continued to accept dealing instructions and operate as normal. Please see the fund manager commentary section for a fuller update.

Key facts

Fund size	£311.8m
Launch date	1 April 1993
Sector	IA Direct Property
Base currency	GBP
Dealing frequency	Monthly†

Fund particulars

Fund name

Freehold Income Authorised Fund

Fund structure

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

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

†Currently suspended

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 £450 million commercial long income property fund.

TIME:Freehold

Long Income Funds

Data as at: **31 March 2020** Published: **April 2020**

5.23%

A Acc GBP
1 year return

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 aim is to achieve a total return for the Fund in excess of 5% per annum for Shareholders.

Fund characteristics



Capital appreciation prospects

The value of the fund's freehold ground rent portfolio is determined by an independent valuer on a monthly basis, applying a multiple to each of the current ground rents. This multiple is influenced by the outstanding term of each lease plus the potential for future increases in the rent. Contrary to commercial property values, capital appreciation arises as leases approach expiry, because payment from tenants to extend their lease rises as the lease length shortens.



Experienced specialist investment team

TIME:Freehold taps into the entire breadth of the award-winning TIME Group's investment platform. This brings a wealth of experience and expertise, spanning long income, renewables, infrastructure, and real estate.



The security of ground rents

As the freeholder, the fund has the right to start forfeiture proceedings if there's non-payment of the ground rent. As the ground rent is usually a fraction of the value of the leasehold property, the lessee or his mortgage provider will almost inevitably settle up rather than present the fund with such a windfall.



Consistently positive income returns

Due to the nature and longevity of ground rents, the income returns tend to be very predictable. During a challenging decade for investment, the fund has protected investors' wealth far more effectively than many other asset classes.



Reliable income and reliable indexation

As the freeholder, the fund charges an annual ground rent to the leaseholder. If the leaseholder fails to meet their small ground rent, they are in danger of forfeiting their lease, so this income stream has proved highly secure over the fund's 26-year history.

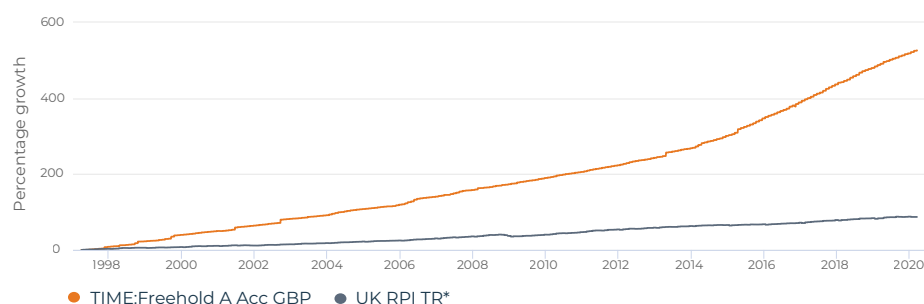


Lower volatility

Ground rents are a form of property investment, but historically their values have been far less volatile than residential or commercial property.

Fund performance

Performance since 1997 (%)



	1 month	6 months	1 year	3 years	5 years
A Acc GBP	0.10	2.71	5.23	24.42	49.85
UK RPI TR*	0.48	0.10	2.46	8.79	13.75

Discrete annual performance (%)

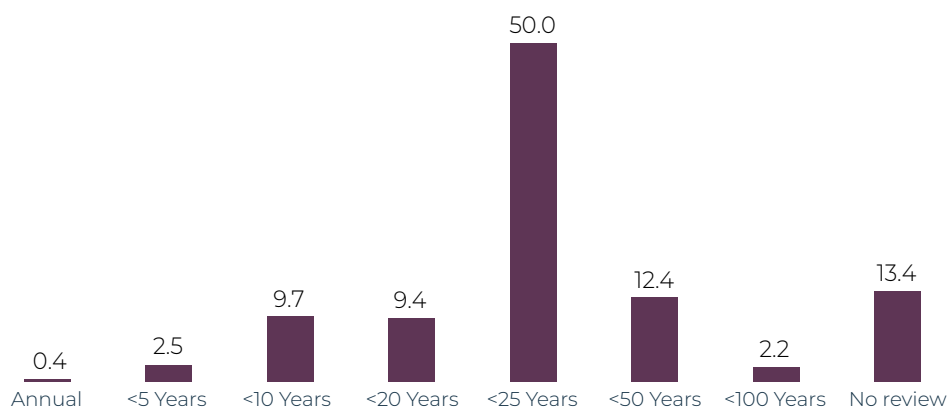
12 months to 31 Mar	2020	2019	2018	2017	2016
A Acc GBP	5.23	8.53	8.94	9.69	9.79
UK RPI TR*	2.46	2.48	3.61	3.23	1.29

*Data as at 29 February 2020.

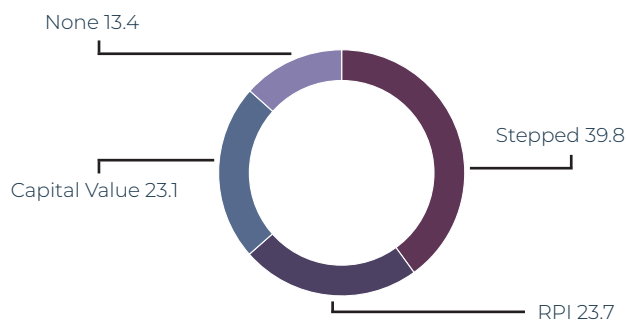
Past performance is not a guide to future performance. Performance data is total return, bid-to-bid, and sourced from Financial Express.

Portfolio breakdown

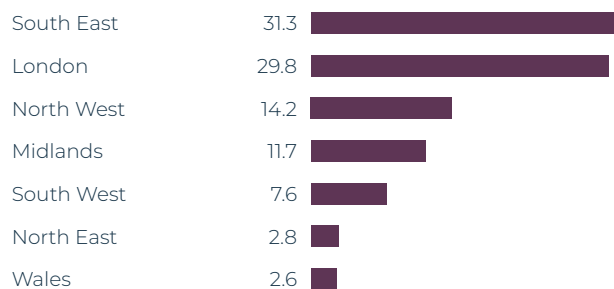
Rent review frequency (%)



Rent uplifts (%)



Region breakdown (%)



Featured asset - Lockes Wharf

With spectacular views over the Thames to Greenwich Palace and the Royal Naval College, this modern development is very convenient for Canary Wharf and all its amenities and transport links. The asset was purchased in April 2003 with 978 years remaining on the lease. The property is made up of 437 units with a rent review every 25 years.



Fund manager commentary

The Fund continues its 27 year track record of positive inflation beating returns, generating a total return for the twelve months to 31 March 2020 of 5.23% (inclusive of income of 4.58% and capital gains of 0.65%), exceeding its target total return.

The Fund's next income distribution, for the six month period ended 31 March 2020, of 2.42% will be distributed at the end of May 2020.

The Fund's assets are very long dated (with an average lease length in excess of 100 years) and have much greater security of income than standard property. The Fund owns over 64,400 freeholds with a gross annual ground rent income of circa £9.0 million. 87% of its freeholds have a form of inflation protection through periodic uplifts linked to Retail Price Index (RPI), property values or fixed uplifts.

As of 13 June 2019, a 5% dilution levy will be applied to subscriptions into the Fund. This levy remains constantly under review at each dealing day (currently dealing is suspended).

Following on from the Government's consultation on "Tackling unfair practices in the leasehold market" which ran from July 2017 to September 2017 and its subsequent response paper which was issued in December 2017; the Government asked the Law Commission to consider further measures that could assist existing leaseholders of houses and to prioritise enfranchisement solutions, focussing on making it quicker, easier and cheaper to enfranchise.

The Law Commission issued a paper in July 2018 which set out a number of potential solutions followed by a detailed consultation paper in September 2018 which detailed proposals for a new coherent and streamlined enfranchisement regime for leaseholders of houses and flats.

In January 2020, the Law Commission published its report on valuation in enfranchisement ("Report on options to reduce the price payable"), which will be followed later this year by three further reports attending to other aspects of leasehold reform. The main focus of the report was to suggest methods of making enfranchisement 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.

The independent valuer of the Fund, BNP Paribas, values the property portfolio in light of the current market conditions and taking into account the uncertainty of any legislative initiatives. The valuer has commented that nothing in this report gives sufficient clarity or creates additional concern that would cause a change to the existing valuation approach.

We therefore await the additional Law Commission reports expected in Spring 2020 as well as a decision from the Government and Parliament at some point thereafter. For the time being, until there is more clarity on any proposed reforms to the residential leasehold market, the fund is expected to continue to avoid acquiring further properties, unless contractually committed to do so (at present the value of property exchanged but not completed is £0.08 million). Any gains derived from the Fund's property portfolio are likely to arise from uplifts in rental income as leases pass through their review periods or through lease extensions.

About TIME

At TIME Investments we have created a platform for predictability and consistency to help our clients rest easy. We provide carefully considered investments that seek to deliver predictable returns in an unpredictable world. The group manages over £3.5 billion of renewables, infrastructure, and property investments in both private and public vehicles. TIME Investments has a 20+ years track record in fund management with 42 investment specialists within the renewables, lending and property teams.

Fund suspension

As a result of material uncertainty in the Fund's valuer's opinion of property values, caused by the outbreak of the Novel Coronavirus (COVID-19), dealing in the shares of the Fund and units in its feeder trust has, in accordance with FCA rules, been suspended effective of 9am on 18 March 2020. This suspension is in common with other authorised open-ended property funds, which also suspended in that same week on the same material uncertainty basis and has been discussed and agreed with the Depositary. The Fund is not suspending for liquidity or performance purposes and without the material uncertainty opinion from the valuer the Fund would have continued to accept dealing instructions and operate as normal.

The outbreak of the pandemic virus COVID-19 has had and continues to have a significant adverse effect on global markets. Whilst less affected than equity markets, the UK property sector is not immune to these unprecedented set of circumstances. The Fund's valuer, BNP Paribas, has advised us that as a result of the ongoing emergency caused by COVID-19, there is material uncertainty over the value of the property assets of the Fund. Consequently, dealing in the shares of the Fund and the units of its feeder trust, Freehold Income Authorised Feeder Trust, is suspended effective of 18 March 2020.

It is currently unclear how long the suspension will continue, as it is linked to the ongoing effects of the COVID-19 and is not related to the liquidity of the Fund, which has been unaffected. However, until such time as the valuer confirms that material uncertainty in the valuation of the property assets no longer exists, the Fund will remain suspended. The decision whether to remain suspended will be under continuous review (and we shall report this to the FCA at least every 28 days). On 15 April 2020, as material uncertainty continues to prevail in the opinion of value by the independent valuer, the ACD and Depositary of the Fund agreed to continue the suspension of the Fund and to notify the FCA thereof.

At this stage it is too early to say what the impact of COVID-19 will have on the short term performance of the Fund. The Fund will continue to be managed in accordance with its investment objective and will pay its distributions in the normal manner. We will also continue to publish monthly prices, which can be viewed [here](#) so you can value your investment. However, any dealing instructions we receive during this period of suspension will be rejected until such time as the suspension on dealing in the Fund is lifted. For more information as it becomes available, including our Q&A, please visit our [website](#).

For individual shareholders, should you require any further assistance please do not hesitate to contact our Client Services Team on 0345 600 1213 or by e-mailing 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	1.7%
B Acc	£5,000	£1,000	1.7%
C Inc	£5,000	£1,000	1.7%
D Inc	£5,000	£1,000	1.7%
ISA Acc	£1,000	£1,000	1.7%
ISA Inc	£1,000	£1,000	1.7%

Distributions

Income return (A Acc GBP) 4.58% per annum (based on the last 12 months)

Distribution frequency Biannually

Ex-dividend date	Payment date	Distribution per share (£)
April 2020	May 2020	0.1720
October 2019	November 2019	0.1539

Platform availability



The above availability is for the Fund only.

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 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. 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 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: Achieving the Fund's investment objective will depend on a wide range of factors relating to the wider economy, regulations or specifically to infrastructure and renewable energy, property companies and bonds into which the Fund invests. There may be limited diversification across sectors and assets. In addition the value of any investment in equity markets is volatile and the Fund's share price may be volatile due to movements in the prices of the underlying equity and fixed interest security holdings. 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: April 2020

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