



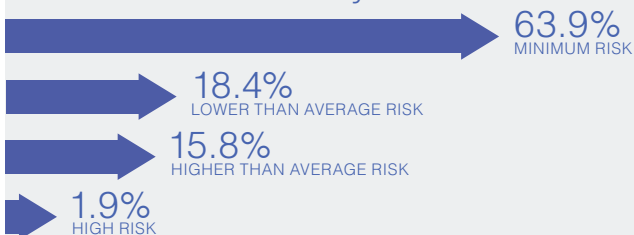
Fund Objectives

- A target distribution yield of 6-7% pa
- Tax efficient investment for charity investors
- A clear investment strategy for a diverse real estate portfolio in the primary sectors of industrial, retail and offices. Focused on multi-let opportunities which provide a diverse and sustainable income stream
- Delivering a target IRR of 7-9% over a rolling five year period through maintaining and increasing rental income and targeting capital value increases at least in line with inflation
- Utilise the experienced and proven management team's skill set to actively manage the portfolio and drive returns

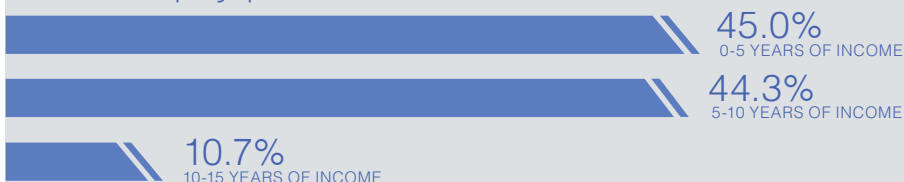
Fund Review

- The Fund distribution for this quarter is 1.6970p per unit, equivalent to 6.37% annualised.
- The Fund return is 12.4% annualised.
- All original seed investor subscriptions have been placed.
- Three seed investors have committed to making additional subscriptions of £2.8m. The investor base has been further expanded with a commitment of £1.2m received from a Livery Company.
- In addition to the Investor commitments, the Fund has c.£0.5m available in working capital and is in the late stages of agreeing a £5m revolving debt facility with RBS. A total of £9.5m is therefore available to acquire investment property
- During the quarter the Fund completed its acquisition of 35 Hills Road Cambridge, a three storey office building located between the town centre and railway station.
- Prior to the purchase of the Milton Keynes property the portfolio was 100% occupied. At purchase the Milton Keynes property had 7 units vacant. 2 units have since been let, 1 is in solicitors hands and discussions are underway with prospective tenants to let the remaining 4 units. All rents achieved and being discussed with prospective tenants exceed the prudent view taken at purchase.
- The vacancy rate is currently 4.25%, down from the 5.8% quoted last quarter.
- The UK economy has slowed during the quarter with GDP growth down to 0.5%, the strength of the service sector was offset by a slowdown in manufacturing. Inflation has been running effectively at zero and the Bank of England's Base Rate has remained static at 0.5%.
- There has been very little development outside London in recent years which coupled with good occupier demand is resulting in rental growth in certain locations. Rental income and asset management are going to be the drivers of returns in the coming twelve months as we see yield compressions impact reduce. The level of uncertainty there is with other asset classes currently should encourage investors that property is a dependable source of sustainable income. The indication Base Rates are likely to remain low for longer is positive for the property market as is the rental growth we are seeing. Both of these factors support valuations.
- Q1 has been another successful quarter for the DPFC with the Distribution Yield maintained at 6.37% (annualised) and the portfolio steadily increasing in value. The purchase of the office property in Hills Road, Cambridge, the letting up of industrial units in Milton Keynes together with a Livery Company subscribing for units in the Fund are all highlights this quarter.

Tenant Covenants by D&B Risk Rating



Lease expiry profile (excl break options)



Key Fund Data

(as at 31 December 2015)

Portfolio value	£36.1m
Net asset value	£37.0m
Number of assets	7
NAV per unit - FRS102 basis	106.82 p.p.u.
NAV per unit - INREV basis	107.87 p.p.u.
Vacancy rate	4.3%
Weighted average lease length ¹	4.2 years
May 2015 Distribution paid	0.8421 p.p.u.
August 2015 Distribution paid	1.6404 p.p.u.
November 2015 Distribution paid	1.6754 p.p.u.
Year end	30-Sep
Total expense ratio (TER) ²	0.67%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

¹ Earlier of break or expiry

² TER is calculated as total fund expenses divided by NAV on a stabilised basis assuming £200m fund size. Current TER is 0.89%.

Historic Fund Returns

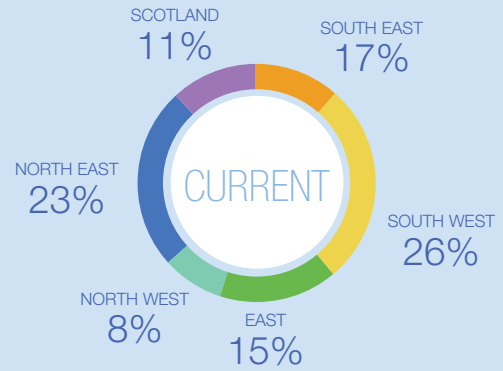
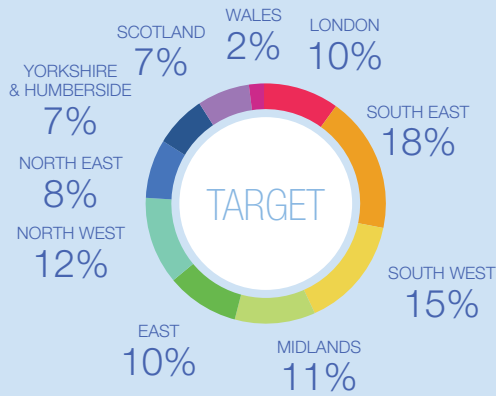
Period	%
3 months	2.7
6 months	5.5
12 months	n/a
3 years	n/a
5 years	n/a
Since inception	11.0

Major tenants

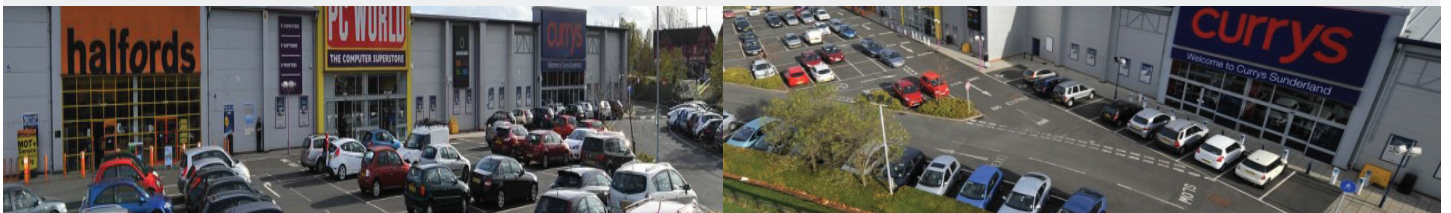
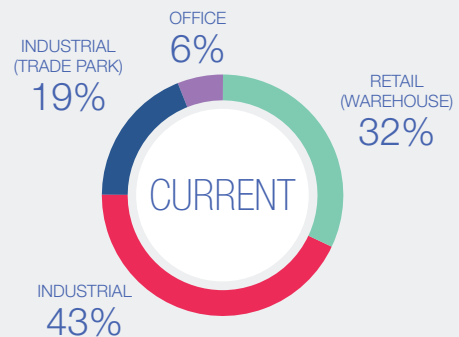
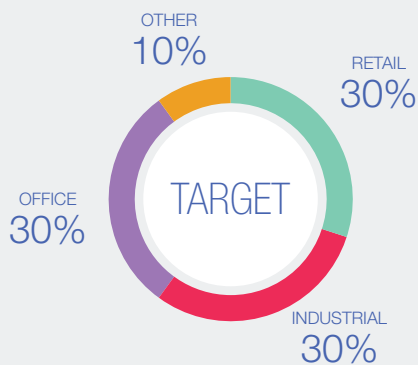
Ten largest tenants by income

DSG Retail Ltd	17%
Go Outdoors Ltd	8%
Halfords Ltd	5%
Graham Tiso Ltd	5%
Hardware Services Ltd	4%
Valutech Ltd	4%
Ionic Systems Ltd	4%
Gareth John Training Limited	3%
Archive Document Data Storage	3%
Johnan UK Ltd	3%
Total	56%

Portfolio analysis by location



Portfolio analysis by sector



Glossary

Term	Explanation
NAV per unit	Net Asset Value of the Trust prepared at the reporting date divided by units in issue
FRS102	Accounting basis on which accounts are prepared
INREV	European Association for Investors in Non-Listed Real Estate Vehicles. Utilising their reporting recommendations certain costs related to vehicle setup and property acquisition are added back to net assets and amortised over a five year period.
SEDOL & ISIN numbers	UK and International identifier of The Diversified Property Fund for Charities as an investment security
D&B	Dunn & Bradstreet provide data and analysis which is used to determine credit worthiness and relative risk of tenants
p.p.u.	Pence per unit
Historic Fund Returns	Calculated over the reference period as the sum of closing NAV per unit less opening NAV per unit plus distributions per unit, all divided by opening NAV per unit

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Prepared by Eskmuir FM Limited, Fund Manager to The DPFC and registered as an AIFM with The Financial Conduct Authority under Firm reference number 659240.

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