

1st JANUARY 2018 - 31st MARCH 2018



## FUND OBJECTIVES

- » A target distribution yield of 6-7% pa.
- » A UK domiciled 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 teams skill set to actively manage the portfolio and drive returns.

## FUND REVIEW

- » The Fund distribution for this quarter is 1.7580p per unit, equivalent to 6.08% annualised.
- » The Fund return since inception is 12.01% annualised.
- » This quarter DPFC delivered a total return of 2.2% which compares favourably to the AREF/ MSCI All Funds 1.9% total return. Over the last 12 months DPFC's Total Return of 12.0% also outperforms the AREF/MSCI All Funds 8.1% Total Return.
- » The distribution paid since inception (February 2015) to 31 March 2018 has been 19.60p per unit. Over that same period the NAV has increased from 100p per unit to 118.04p per unit. This is a Total Return of 38%.
- » The DPFC portfolio saw a valuation increase of 1.4% over the quarter, this compares favourably to the 1.1% increase achieved by the IPD/ MSCI All Property Index. The DPFC portfolio saw valuation increased where lettings, lease renewals and lease regearings were completed in line with each property's bespoke five year asset plan. The multi-let nature of the portfolio and the industrial weighting were also drivers of performance.
- » The vacancy rate in the portfolio at the start of the quarter was 3.0% which reduced to 0.6% by the end of the quarter. The IPD/MSCI All Property Monthly Index for March recorded a 10.3% vacancy rate. Of the 79 units in the

portfolio there is currently only one vacant. Part of DPFC's investment strategy is to acquire good quality multi-let assets with relatively short leases offering a higher income yield. Through implementing the properties individual asset plans we actively seek to enhance rentals, occupancy and income.

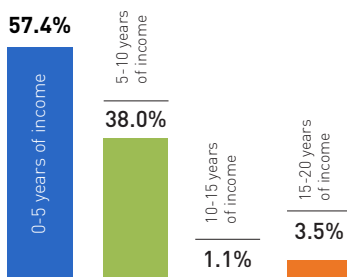
- » DPFC has a clear investment strategy. The fund invests in principally multi-let properties in strong locations which offer the potential for their rental income streams to be enhanced through implementing detailed asset plans. The average value of a property in the fund is c. £5.5m and acquisitions in the £2m-£12m band are targeted. This is a less crowded strata of the investment market; too small for most institutions and too big for most private investors, which offers higher income yields.
- » The lettings at Milton Keynes and Northampton this quarter have enhanced the reversionary nature of the portfolio. The level of rental growth we are seeing will add to future income growth.
- » Whilst economic performance in the UK surprised on the upside for 2017 the first estimate of Q1 2018 GDP of 0.1% has been lower than expected. This coupled with lower inflation, lower retail sales, lower manufacturing output and Sterling strengthening suggests that when the Bank of England's Monetary Policy Committee meet in May the widely anticipated Base Rate rise looks less likely. Unemployment

## KEY FUND DATA

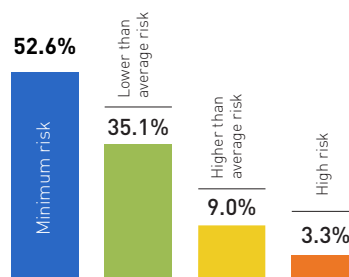
Portfolio value	£53.1m
Net asset value	£54.1m
Number of assets	9
NAV per unit - FRS102 basis	118.04 p.p.u.
NAV per unit - INREV basis	118.71 p.p.u.
Vacancy rate	0.6%
Weighted average lease length to expiry	4.87 years
Weighted average lease length to first break	3.34 years
August 2017 distribution paid	1.7580 p.p.u.
Distribution for last 12 months	6.9824 p.p.u.
Year end	30-Sep
Total expense ratio (TER) <sup>1</sup>	0.80%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

1. TER is calculated as total fund expenses divided by NAV. TER on a stabilised basis assuming £200m fund size, is 0.64%.

## LEASE EXPIRY PROFILE (EXCL BREAK OPTIONS)



## TENANT COVENANTS BY D&B RISK RATING



## HISTORIC TOTAL RETURNS

Period	%
3 months	2.2%
6 months	5.1%
12 months	12.0%
Since inception <sup>1</sup>	12.0%

1. Annualised

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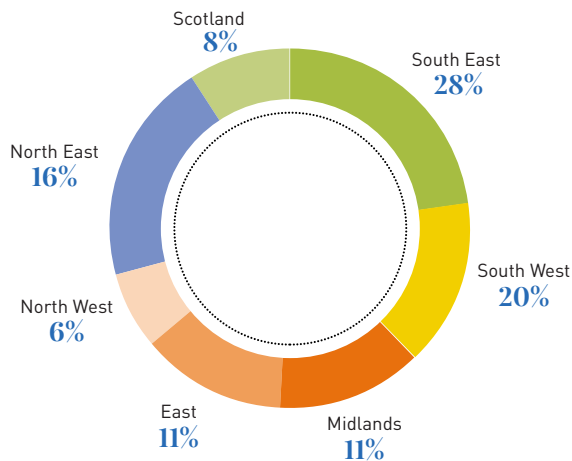


## MAJOR TENANTS

### Ten largest tenants by income

DSG Retail Ltd	Minimum Risk	7%
Go Outdoors Ltd	Minimum Risk	6%
JD Sports Gyms Ltd	Minimum Risk	5%
Hardware Services Ltd	Minimum Risk	4%
Halfords Ltd	Lower than average risk	4%
Graham Tiso Ltd	Lower than average risk	4%
Frost Bodyshop Ltd	Lower than average risk	3%
Lok 'N' Store	Lower than average risk	3%
Valutech Ltd	Lower than average risk	3%
Iseki France	Minimum Risk	3%
<b>TOTAL</b>		<b>42%</b>

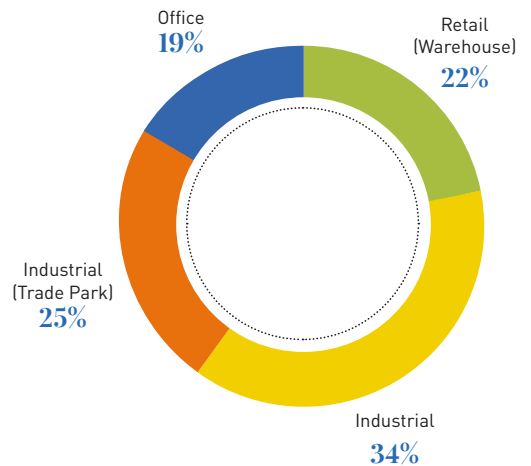
## PORTFOLIO ANALYSIS BY LOCATION



## GLOSSARY

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	Dun & 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

## PORTFOLIO ANALYSIS BY SECTOR



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