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GROUP

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9th November 2020

Dear Investor,

The Diversified Property Fund for Charities Factsheet

Highlights - Q4 period to end September 2020:

- **Distribution of 1.753p to be paid on or around 11th November (distribution maintained at same level as Q3).**
- **Rent collection; March quarter's rents 93% collected increasing to 95% with agreed payment plans, June quarter's rent 95% collected increasing to 98% with agreed payment plan, September quarters rent currently 76% collected increasing to 79% with agreed payment plans (June quarter was 68% collected at this same stage after the rent quarter day).**
- **Total return 4.1% comprising 1.4% income and 2.7% capital.**

Distributions

Reflecting the positive performance of DPFC, the distribution of 1.7530p per unit for Q4 (period June to September 2020) is unchanged from the previous quarter's distribution of 1.7530p per unit for Q3 (period March to June 2020). This will be paid to investors on 11th November.

Performance Update

Whist DPFC is not immune to the ongoing impact of Covid-19, the portfolio has proven to be resilient benefitting from a robust level of rental income, generating an income return of 1.4% and capital appreciation of 2.7%.

DPFC	Q4 2020	6 mths	12 mths	3 yrs	5 yrs	Since Inception
Total Return	4.1%	5.4%	7.0%	9.1% pa	10.7% pa	11.2% pa

The key drivers of DPFC's performance are:

- Diversification is key to how we manage property investment risk with diversification by property, occupier, sector use and location.
- 87% of DPFC's rental income is from office and Industrial assets. The industrial properties in the portfolio have seen valuation improvements this quarter as the rental growth achieved is capitalised at improving yields.
- The low retail weighting of just 13% (all retail warehousing) and no exposure to the hospitality sector.
- 75 tenancies with 75.5% of rental income derived from tenants with a D&B risk rating of 'minimal' or 'lower than average' risk.
- A void rate of 1.6% (compared to the AREF benchmark of 9.3%).
- Active asset management where a positive landlord and tenant relationship is promoted. This has resulted in payment plans being agreed to support tenants through cashflow challenges. However, where tenants are able to pay and are choosing not to, they are treated in a fair but firm commercial way.

Of the three principal investment sectors; industrial, office and retail, industrial is the best performing due to strong occupier demand from logistics and trade occupiers and reduced supply fuelling rental growth. This in turn is attractive to investors, whose demand has enhanced yields and capital values. The retail sector remains challenged due to Covid-19 restrictions accelerating retailers' reduction of physical store portfolios, resulting in falling rents and investor appetite. The office sector is currently stable as it will take some time for occupiers to fully assess the impact of remote working on office demand.

The investment market has regained some momentum from the initial lockdown in the Spring and as a result, valuers have now removed the 'material uncertainty' clauses from their valuations.

Rent Collection

The level of rent collection has remained robust quarter on quarter during the Covid-19 period and we have seen tenant's cashflow gradually improve after the initial Lockdown in March. 93% of the March quarter rent has been collected which increases to 95% with agreed payment plans. 95% of the June quarter rent has been collected increasing to 98% with agreed payment plans.

The June rent quarter (DPFC's Q4 accounting period) rent collection is as follows:

Sector	Rent Collected	Portfolio Weighting
Industrial (Industrial & Trade)	92%	59%
Office	94%	18%
Retail Warehouses	100%	13%
All Sectors	95%	100%

The September quarter rent payments are currently at 76% collected increasing to 79% with agreed payment plans. The September quarter rent payments have been made in a timelier manner than the previous two quarters and we are actively managing current tenant dialogue notwithstanding the second lockdown is upon us. Current indications are for the September rent receipts being at a similar level to the previous two quarters.

The rent collection protocol starts a month before the due date with the tenants contacted regularly to ensure prompt payment. Maintaining an appropriate level of communication has reduced the impact of the Government's introduction of certain protections for tenants on how a landlord may seek payment of rent arrears which have been further extended to January 2021.

Asset Management enhances Net Asset Value

The DPFC portfolio is actively asset managed, which is a rigor that starts during the pre-purchase due diligence when a bespoke asset plan for each property is devised on how the income and in turn capital value can be enhanced. The multi-let nature of assets ensure there are multiple asset management opportunities. Each asset plan is regularly reviewed and adjusted to reflect the dynamic operating environment.

As an example, DPFC owns the Inner City Industrial Estate in Glasgow, a city centre trade counter industrial estate of eight units with numerous trade counter occupiers. A rent review provided an opportunity to discuss and agree a 10 year lease extension in addition to settling the rent review at an increase of 28%.

Where the quantity and quality of rental income has improved DPFC's valuers reflect this by increasing capital values which flow through to the NAV of the fund. The Fund's valuers are astute to market movements and trends reflecting them in a timely way.

DPFC Outlook

The impact of Covid-19 and Brexit will unfortunately result in further economic uncertainty. The low growth, low inflation, low interest rate environment we are operating in will see investor's continued search for assets with demonstrable and sustainable revenue streams.

The rental income stream from the DPFC portfolio has proven resilient to date, enabling the distribution to be maintained again. The NAV growth can be derived back to property fundamentals and enhanced cashflows being captured in DPFC's valuers' prudent valuations.

DPFC's high industrial and low retail sector weightings, coupled with financially strong and diversified occupiers, low void rate and the constant active asset management endeavour gives us a good platform for targeting continued robust performance providing an attractive income and resilient capital values in these uncertain times.

Yours faithfully

Paul Hodgson, Fund Manager

Q4 2020 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JULY 2020 - 30th SEPTEMBER 2020

FUND OBJECTIVES

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

KEY FUND DATA

Portfolio value	£64.8m
Net asset value	£64.5m
Number of assets	10
NAV per unit - FRS102 basis	125.67 p.p.u.
NAV per unit - INREV basis	125.83 p.p.u.
Vacancy rate	1.6%
Weighted average lease length to expiry	5.24 years
Weighted average lease length to first break	2.95 years
Aug. 2020 Distribution paid	1.7530 p.p.u.
Distribution for last 12 months	7.2220 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.81%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND REVIEW

Covid-19 continues to present a global heath and economic challenge which is likely to continue for some time to come. DPFC's business is not immune to the impact of Covid-19 but it's strategy and asset management focus has ensured distributions to charity investors have been largely maintained. DPFC's portfolio has the right fundamentals to be resilient in these unprecedented times.

Distribution

The Fund distribution this quarter, payable during November 2020, is 1.7530p per unit, an annualised 5.7% of the opening NAV and has been maintained unchanged from the previous quarter's distribution.

Total return

DPFC's 4.1% total return over the quarter compared favourably to AREF/MSCI All Funds 0.2% total return. The Fund delivered a total return of 7.0% over the last 12 months (AREF/MSCI All Funds -2.8% total return). 11.2% is DPFC's annualised total return since inception (63% total return in absolute terms, 38% distributed, 25% NAV growth).

Value Growth

The value of the DPFC portfolio increased by 2.7% over the quarter. The MSCI/IPD All Property Monthly Index saw values decrease by 0.6% over the quarter. The industrial assets in the Fund were the strongest performers delivering value growth through asset management, rental growth and improved yields. The office assets held their value whilst the retail properties saw value reductions as reduced occupational demand fed into reduced rents and investor sentiment impacting yields. DPFC is only 13% invested in retail properties with 87% of the portfolio being formed of industrial and office properties.

Occupancy

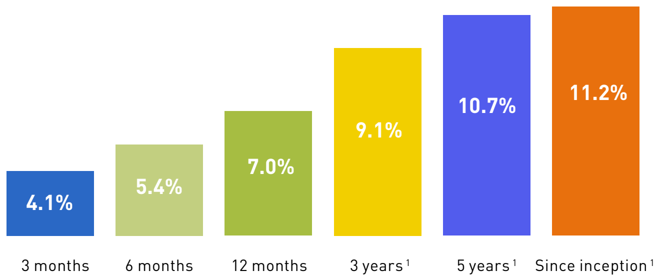
The portfolio was 98.4% occupied at 30th September with 1.6% vacant, comprising two units. AREF/MSCI All Funds Index June vacancy rate was 9.3% (90.7% occupied).

Investment Strategy

DPFC's investment strategy is clear and targets:

- Multi-let properties, a sub-sector of the property market often under-valued with diverse rental income streams spreading occupier risk;
- Well located properties where tenants want and need to be;
- £3m - £12m properties, a strata of the market too large for most private investors and too small for most institutions, resulting in acquisitions at attractive income yield; and
- Multi-let assets suitable to being actively asset managed in line with each property's individual five year asset plans detailing how to deliver performance.

HISTORIC TOTAL RETURNS



1. Annualised

Asset Management

- The Covid-19 restrictions have curtailed how businesses operate. Socially distanced workplaces and remote working are commonplace. During the reporting period June to September we saw the restrictions relaxed and a boost to the economy. This was evident in the speed at which the DPFC tenants were able to pay their rent. We have endeavoured to support tenants facing difficulties agreeing payment plans to help manage cashflow. However, the rent collections rates have been robust. **For the March Quarter 93% of the rent has been collected, agreed payment plans will increase this to 95%. 95% of the June Quarter's rent has been collected, agreed payment plans will increase this to 99%. At the time of writing 76% of the September quarter's rent is collected, agreed payment plans will increase this to 79%.** These collection rates are supported by the strong financial covenant strength of the occupiers, the sector weighting of the portfolio with only 15% retail, a diverse occupier base and the good landlord and tenant relationships we enjoy.
- There are currently 75 tenancies in the portfolio and 76% of the rental income is from tenants with financial covenants D&B rate as "minimal" or "lower than average".
- Each property in the DPFC portfolio has its own unique asset plan which seeks to enhance the rental income stream and in turn capital value. This process provides valuers with many capital value enhancing transactions to capture in the portfolio valuations. The proximity to the property market this requires ensures market trends are appropriately captured.
- The asset management of the portfolio has continued at a pace during these uncertain times. At Inner City Trade Park, Glasgow a rent review provided and opportunity to agree a lease extension with a tenant resulting in an additional 10 years on the lease term in addition to the rent increasing by 28%. This is an example of the strong rental growth seen in the industrial sector. Similarly, rents at Kiln Farm Industrial Estate in Milton Keynes have increased. Here a tenant renewed their lease for 5 years on a stepped rent ultimately increasing by 48%. A tenant at Westerngate Industrial Estate in Swindon sought help due to reduced cashflow during the Covid period. We were able to agree to remove the tenant's break option on granting a rent-free period.
- Go Outdoors are a tenant responsible for 6% of the rental income to DPFC occupying a retail warehouse unit in Penrith serving the Lake District. Following going into administration the phoenix business has taken a lease assignment with a small rental reduction. The assignment completed in early October.

Property Investment Market

- £3.2bn of commercial property investment transactions were recorded in September, up from £1.3bn recorded in August and the highest monthly figure since the onset of Covid in March. Whilst the increase in activity is very positive is low relative to the 5 year monthly average of £5.1bn.
- The increased volume of investment transactions has provided sufficient evidence for valuers to lift the "Material Uncertainty" clauses that had been inserted in valuations.
- Retail – The Covid restrictions and the publics willingness to go into shops has seen online retail sales up by c.40% on their pre-Covid levels. The impact on physical retailers has accelerated their evolution of reduced physical footprints. The cashflow impact has seen numerous CVA's. Reduced occupier demand has seen rents decrease and reduced investor sentiment feeding into yields.
- Office - The Government guidance to work remotely if you can has seen a very limited return to office buildings. Additionally, commuters seem reluctant to use public transport. The already present tend for remote/home working by office workers has been accelerated. It is anticipated that occupiers will require reduced areas although this trend is embryonic, and for socially distance occupation of offices, more space per person is required.
- Industrial – The increase in on-line retailing has resulted in an increase in demand for accommodation from logistics operators, especially in the urban "last mile" locations where DPFC hold industrial assets. This together is constrained supply of accommodation as stock is eroded by higher value alternative uses, is resulting in rental growth and increased investor demand feeding into yields and capital values.

Q4 2020 FACTSHEET

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Diversified Property Fund For Charities

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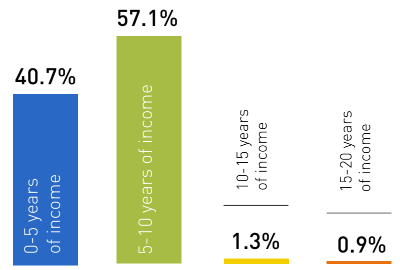
MAJOR TENANTS

Ten largest tenants by income	D & B Category	
Allianz Management Services Ltd	Lower than average risk	6%
DSG Retail Ltd	Minimum Risk	6%
Go Outdoors Retail Ltd	Lower than average risk	5%
JD Sports Gyms Ltd	Lower than average risk	4%
First Intuition Cambridge Ltd	Minimum Risk	4%
MTD (UK & Ireland) Ltd	High risk	3%
Halfords Ltd	Lower than average risk	3%
Graham Tiso Ltd	Higher than average risk	3%
PRP Optoelectronics Ltd	Minimum Risk	3%
Valutech Ltd	Higher than average risk	3%
Total proportion of rent roll		**40%**

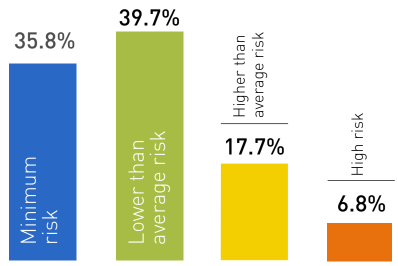
GLOSSARY

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 Total 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

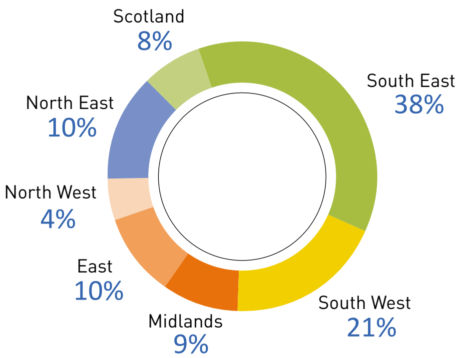
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



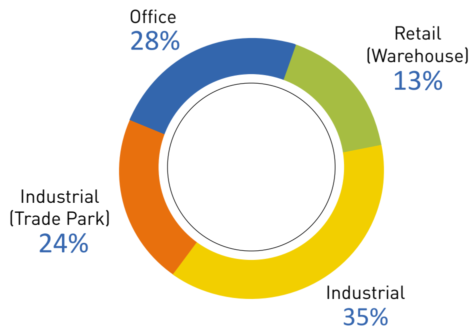
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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