ESKMUIR
GROUP

Eskmuir FM Ltd
8 Queen Anne Street London W1G 9LD
Telephone: 020 7436 2339 Facsimile: 020 7436 2307

12th May 2021

Dear Investor,

The Diversified Property Fund for Charities (DPFC/Fund) Factsheet

I am pleased to attach DPFC's Factsheet for its Q2 2020/21 period (December to March 2021).

Highlights – Q2 period to end March 2021:

- **Distribution of 1.865p to be paid on 12th May, returning the distribution to it's pre-pandemic level**

- **Rent collection:**

Quarter	Rent Collected	Rent Collected and due through agreed through payment plans
June 2020	98%	99%
September 2020	99%	100%
December 2020	96%	96%
March 2021	95%	96%

- **Total return 4.7% comprising 1.4% income and 3.3% capital.** The resilient level of rental income together with the increase in capital values this quarter have combined to deliver strong Total Returns

Performance Update

Strong rent collection rates together with property values increasing have driven performance this quarter. Property capital value increases are from crystalising rental growth at lease renewals and rent reviews along with maintaining the consistently low vacancy rate:

DPFC	Q2 20/21	6 mths	12 mths	3 yrs	5 yrs	Since Inception
Total Return	4.7%	7.0%	12.5%	9.7% pa	11.1% pa	11.7% pa

The key drivers of DPFC's performance are:

- **Diversification:** DPFC seeks to mitigates property investment risk at a portfolio and property level through diversification of property, tenancies, sector use and location
- **Sector Weighting**: DPFC's portfolio is 62% industrial, 26% offices and 12% retail warehouses with no exposure to retail high streets or hospitality. The performance in the industrial sector continues to support DPFC's returns.
- **Quality Financial Covenants**: 72 tenancies with 74.6% of rental income derived from tenants with a D&B risk rating of 'minimal' or 'lower than average' risk
- **Low Vacancy Rate:** The void rate was 2.7% measured by rental value (compared to the AREF benchmark of 9.7%) at the end of March. The void rate will reduce to 2.1% with the letting of one of the four vacant units which is under offer.
- **Active asset management:** Each property in the portfolio has a bespoke five -year asset plan allowing the risks and opportunities to be rationalised and managed. Being flexible and creative in solving tenant's property needs in the portfolio helps ensure high retention levels at lease renewals and break options which in turn creates value.

Directors: P.A. Hodgson, J.A. Harding, N.J. Treble*
Company Secretary: J.A. Harding
* Non Executive

Registered No. 09249737 (England & Wales)
VAT No. 212 3452 54

Property Market Update

Commercial property investment transaction volumes remain subdued at £7.5bn for the quarter to 31st March 2021 which is significantly below the £14.2bn quarterly five-year average. For March 2021 the retail and office sectors recorded transaction volumes below their monthly averages for 2020. There is currently an oversupply of retail accommodation in the UK particularly in the shopping centres and high street shop sub-sectors. However, out of town retail warehouses, which are more suited to socially distanced shopping and lend themselves readily to the multi-channel retailing model, are seeing improved occupier and investor demand. Office occupiers are working out how they will use their office space going forward and this evolution is reducing office investor appetite. The industrial sector continues to perform well. The growth in online retailing has increased demand from logistics operators which together with the reduced supply from industrial sites being developed for alternative uses, is continuing to drive rental growth attracting investors to the sector.

Rent Collection

The March 2021 rent collection rate has been the strongest since the start of the Covid-19 pandemic. At the time of writing 95% of the March quarter day rent was collected and we expect the total rent, including rents paid monthly and on agreed payment plans to match that achieved for each quarter since the onset of Covid-19. The Asset Management team meet weekly with the Credit Controllers to ensure those tenants who are able to pay their rent do promptly.

The December rent quarter (DPFC's Q2 accounting period Dec to March) rent collection is as follows:

Sector	Rent Collected	Portfolio Weighting
Industrial (Industrial & Trade)	96%	62%
Office	95%	26%
Retail Warehouses	98%	12%
All Sectors	96%	100%

Valuations

The portfolio is independently valued each quarter by Jones Lang LaSalle. The value of the portfolio increased this quarter by 3.2% principally due to rental growth being crystalised at lease events and improved yields on the industrial assets in the portfolio.

Distributions

The resilient nature of the rental income has provided DPFC with the cashflow to make a distribution of 1.865p per unit for Q2 (period January to March 2021), moving the distribution back to it's pre- Covid-19 pandemic level, an increase of 6.4% on the most recent February distribution of 1.753p per unit. The 1.865p per unit distribution will be paid to investors on 12th May.

DPFC Outlook

The successful roll out of the Covid-19 vaccine programme in the UK gives cause for optimism for the second half of the year, when a consumer led economic recovery is forecast. This bodes well for DPFC's tenants' cashflows, and in turn their ability to pay rent to DPFC. DPFC's investment strategy, focused on well located, multi-let properties in the £3m-£12m bracket which are receptive to being asset managed, has demonstrated it's resilience during the pandemic and leaves the fund in an attractive position to further enhance incomes and values as the economy improves.

Yours faithfully

Paul Hodgson, Fund Manager

Q2 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JANUARY 2021 - 31st MARCH 2021

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	£67.3m
Net asset value	£67.1m
Number of assets	10
NAV per unit - FRS102 basis	130.90 p.p.u.
NAV per unit - INREV basis	131.01 p.p.u.
Vacancy rate	2.7%
Weighted average lease length to expiry	5.16 years
Weighted average lease length to first break	3.51 years
Feb. 2021 Distribution paid	1.7530 p.p.u.
Distribution for last 12 months	7.0120 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.81%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND REVIEW

The successful roll out of the Covid-19 vaccine programme in the UK and the decline in Covid-19 cases supports a more positive outlook for the second half of the year. The disciplined implementation of DPFC's investment strategy has driven the returns.

Distribution

The Fund distribution for the March 2021 quarter, payable during May 2021, is 1.8650p per unit, an annualised 6.0% of the opening NAV. Payment at this level now matches the distribution made just before the Covid-19 pandemic struck.

Total return

A 4.7% total return has been delivered by DPFC over the quarter, comparing favourably to AREF/MSCI All Funds 2.2% total return. A 12.5% total return has been delivered over the last 12 months (AREF/MSCI All Funds 2.5% total return). Since inception DPFC has realised a 11.7% Total Return annualised (72% total return in absolute terms, 41% distributed, 31% NAV growth).

Value Growth

The value of the DPFC portfolio increased by 3.2% over the quarter (MSCI/IPD All Property Monthly Index 0.6%). The value growth in the portfolio has principally been derived from the industrial portfolio which accounts for 62% of the total portfolio value. The industrial assets have seen strong rental growth which has been crystalised at rent reviews, lease renewals and new lettings. This rental growth has proved attractive to investors resulting in further yield compression. Retail warehouse assets form 12% of the portfolio and values have slightly reduced reflecting the competitive market rents in this sub-sector of the retail market. The retail tenants in the portfolio have generally been able to trade through the pandemic as their units serve their multi-channel retailing model. The remaining 26% of the portfolio comprises office properties which have seen little valuation movement as office occupiers are working out how they would like to use their office space going forward.

Occupancy

The portfolio was 97.3% occupied at 31st March with 2.7% vacant, comprising four units. The letting of one unit is in solicitors hands, on completion the void rate will fall to 2.1%. AREF/MSCI All Funds Index for March was 9.7% (90.3% occupied).

Investment Strategy

DPFC's investment strategy is clear and targets:

- Multi-let properties, a sub-sector of the property market often undervalued 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 often 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 plan detailing how to drive performance.

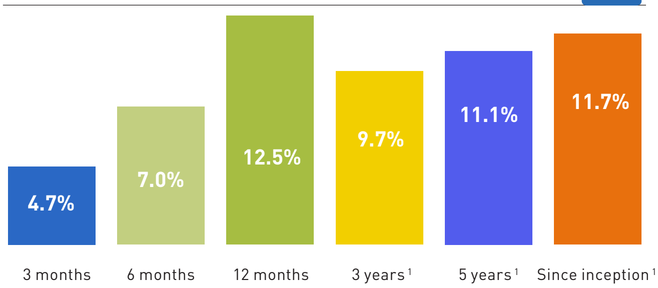
Asset Management

- The lockdown restrictions during the first quarter of the year have seen the cashflows of non-essential retail, hospitality and leisure business severely reduced. DPFC has little exposure to these sectors which is reflected in the strong rental collection rates achieved during the pandemic. The 2020 rent collection rates were: March quarter 96%, June quarter 99%, September quarter 99%, December quarter 96%. The 2021 March quarter rent is 95% collected at the time of writing. This level of rent collection has been possible due to the sectors invested in, the quality of tenants' financial covenants, the diversity of occupiers, the landlord and tenant relationships and the focus placed on ensuring those tenants who are able to pay their rent do.
- There are currently 72 tenancies in the portfolio and 75% of the rental income is from tenants with financial risk covenants D&B rate as "minimal" or "lower than average".
- Risk is managed and mitigated at both a portfolio and property level. At a portfolio level the clear investment strategy and the investment operating criteria serve to mitigate risks and target performance. At a property level five-year asset plans bespoke to each asset are prepared which target optimising income and value through undertaking asset management initiatives on each lettable unit. This rigour provides DPFC independent valuers with transactional evidence to include in the portfolio valuations each quarter. Importantly, we are constantly revisiting properties asset plans to see if there are further initiatives which can be undertaken to enhance incomes and values.
- The asset management on the portfolio continues unabated by the pandemic. At Westerngate Industrial Park, Swindon a tenant vacated their unit in February paying the rent up to the end of their tenancy in June. An agreement for lease was signed with a new occupier to take occupation once the unit was refurbished. The works were completed, and the new tenant took occupation in April at a rental 26% higher than the previous tenancy. At Ransomes Europark, Ipswich a reversionary lease has been agreed with City Plumbing Supplies for a further five years from 2024 with a tenant break option in 2024. The tenant received a five-month rental incentive which is to be repaid if the break option is exercised. Where tenants request flexibility in their leases, we endeavour to accommodate and price it appropriately.

Property Investment Market

- Investment transaction volumes were c. £3bn in March taking the total up to c. £7.5bn for the first quarter of 2021, materially below the £14.2bn quarterly five- year average. More than half of the purchases were by overseas investors.
- Retail investment appetite was subdued with c. £274m transacted in March, 35% below the 2020 monthly average. With reduced occupier demand feeding into increased voids and lower rentals, the value of high street shops remains under pressure. The retail warehouse market has however found it's level due in part to how these units form part of the multi-channel retailing model successful retailers utilise.
- Office investments volumes were c. £700m for March, noticeably lower than the 2020 monthly average of £1.1bn. Investors are observing how occupiers intend to use their office space going forward. Remote working has been a success for many office occupiers, and it is likely this will result in reduced office demand. However, before the pandemic the regional office markets were not over supplied so these markets are unlikely to see an excess of vacant accommodation.
- Industrial accommodation remains in demand by occupiers fuelling rental growth and investor demand. Industrial investment transactions totalled £1bn in March, 15% above the 2020 monthly average. The supply of urban industrial accommodation which DPFC invests in is constrained as redevelopment for higher value alternative land uses has reduced the available stock.

HISTORIC TOTAL RETURNS

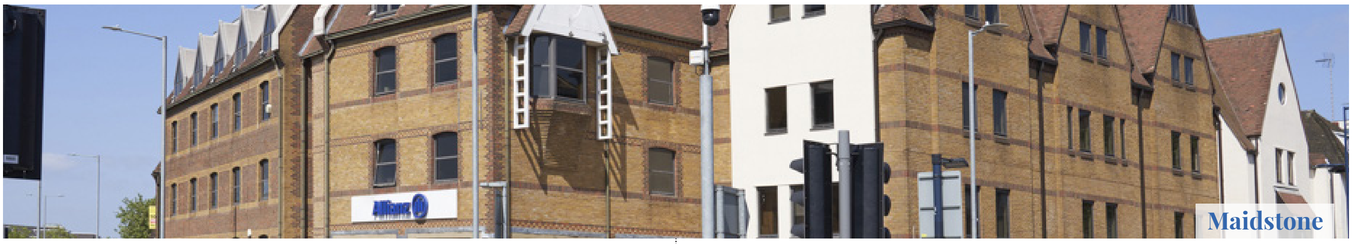


[1] Annualised

Q2 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JANUARY 2021 - 31st MARCH 2021



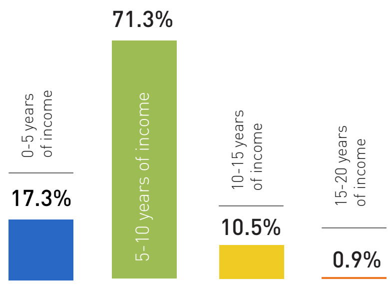
MAJOR TENANTS

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	Minimum Risk	4%
First Intuition Cambridge Ltd	Minimum Risk	4%
MTD (UK & Ireland) Ltd	Higher than average 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%**

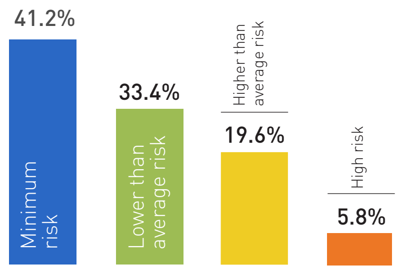
GLOSSARY

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

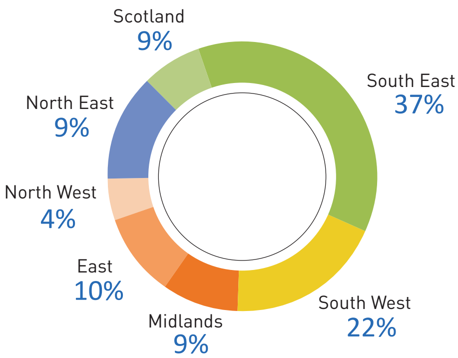
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



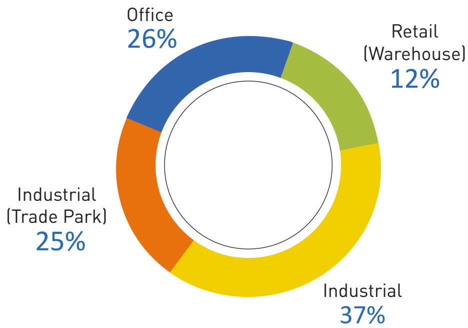
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



Paul Hodgson,
Fund Manager

Eskmuir FM Ltd, 8 Queen Anne Street, London, W1G 9LD

T. 020 7436 2339

www.dpfc-eskmuir.co.uk

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.

Sanne Fiduciary Services (UK) Limited, is authorised and regulated by the Financial Conduct Authority under Firm reference number 448301.