

1st JULY 2018 - 30th SEPTEMBER 2018



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 properties 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

Distribution

- » The Fund distribution in respect of this quarter is 1.7740p per unit, over the financial year the distribution equated to 7.0480p (2017: 6.8718p) or 6.09% of the opening NAV (2017: 6.30%).

Total return

- » The Fund return since inception is 12.12% annualised.
- » DPFC delivered a total return of 2.7% which compares favourably to the AREF/ MSCI All Funds 1.7% total return. Over the last 12 months DPFC's Total Return of 10.7% also outperforms the AREF / MSCI All Funds 9.9% Total Return.

Performance

- » A Total Return of 44% has been achieved by the Fund since inception (February 2015) through to 30th September 2018. This has comprised of a distribution of 23.13p per unit and NAV increase from 100p per unit to 120.93p per unit.

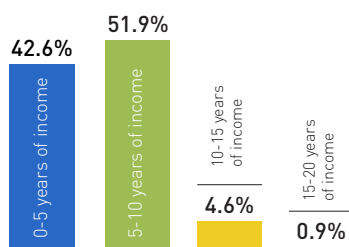
Value Growth

- » The DPFC portfolio increased in value by 1.6% over the quarter, this compares favourably to the 0.4% increase achieved by the IPD/MSCI All Property Index. The valuation growth was driven by lettings, lease renewals and lease regearings completing in line with each asset's bespoke five year asset plan. Additionally, the multi-let nature of the portfolio and the industrial weighting contributed to this performance.

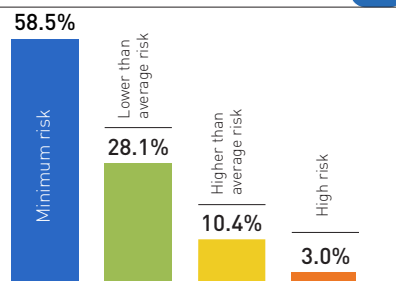
Occupancy

- » The vacancy rate has reduced from 3.7% at the start of the quarter to 0.5% at the 30th September. The IPD/MSCI All Property Monthly Index for September recorded a vacancy rate of 10.3%. The portfolio consists of 88 units and the only unit which is not income producing is under offer to a new tenant, we expect to complete a lease with them very soon. The portfolio is made up of well-located properties which meet the demands of today's occupiers which has helped ensure the vacancy rate and void cost are optimised.

LEASE EXPIRY PROFILE (EXCL BREAK OPTIONS)



TENANT COVENANTS BY D&B RISK RATING



KEY FUND DATA

Portfolio value	£62.2m
Net asset value	£61.3m
Number of assets	10
NAV per unit - FRS102 basis	120.93 p.p.u.
NAV per unit - INREV basis	121.57 p.p.u.
Vacancy rate ¹	0.5%
Weighted average lease length to expiry	4.98 years
Weighted average lease length to first break	3.15 years
August 2018 distribution paid	1.7740 p.p.u.
Distribution for last 12 months	7.0480 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.82%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

¹ 1.3% excluding rent guarantees.

and assets under management have grown by 20% over the course of the year.

The Economy

- » GDP growth Q2 0.4% up from 0.2% in Q1. Economic growth is sluggish. The Treasury's consensus forecast is 1.3% for 2018 and 1.5% for 2019. The composite Markit Purchase Managers Index is broadly flat around 54, but importantly above the 50 expansion threshold. CPI inflation increased a little to 2.7% in September and unlikely to prompt a further Base Rate increase from the current 0.75%. The BREXIT cloud of uncertainty looks set to prevail feeding into cautious business investment and subdued economic growth. In this environment the DPFC portfolio of properties in strong locations with a low vacancy rate is well placed.

Property Investment Market

- » Investment volumes were £6.3bn for September, 36% higher than this year's monthly average resulting in £15.8bn for the quarter, suggesting by the end of the year £55bn - £60bn of investment property will have been transacted. Overseas investors are still a significant proportion of the market accounting for two thirds of capital transactions in July with a focus on Central London Trophy assets. Retail is a sector which continues to evolve as we see the impact of online sales growth which now accounts for c.20% of UK retail sales. Investors have targeted prime retail locations and retailers relevant to their customer base embracing multi-channel retailing. Office investments in the regional cities where rents have now hurdled £30 per sqft and locations which have seen the supply reduced due to residential conversions are popular. The industrial sector continues to see strong pricing as investors endeavour to acquire assets where attractive rental growth is forecast. The DPFC portfolio's weighting of industrial properties is performing well, supporting rental income and capital value growth.

HISTORIC TOTAL RETURNS

Period	%
3 months	2.7%
6 months	5.4%
12 months	10.7%
3 years (pa)	11.3%
Since inception (pa)	12.1%

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MAJOR TENANTS

Ten largest tenants by income	D & B	
Allianz Management Services Ltd	Minimum Risk	7%
DSG Retail Ltd	Minimum Risk	6%
Go Outdoors Ltd	Minimum Risk	5%
JDSports Gyms Ltd	Lower than average risk	4%
MTD (UK & Ireland) Ltd	Higher than average risk	4%
Halfords Ltd	Minimum Risk	3%
Graham Tiso Ltd	Lower than average risk	3%
Frost Bodyshop Ltd	Lower than average risk	3%
Lok 'N' Store	Minimum Risk	3%
Crowe UK LLP	Minimum Risk	2%
TOTAL		40%

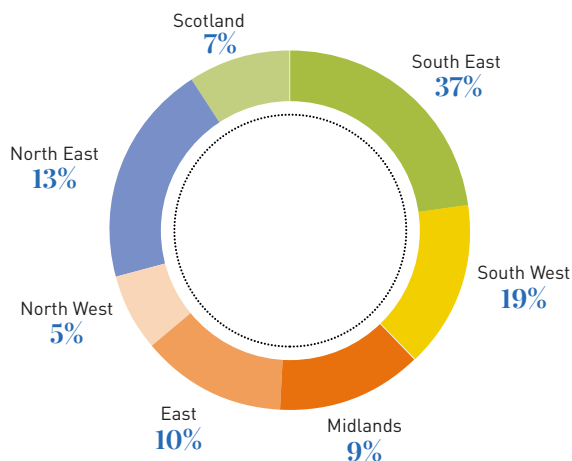


GLOSSARY

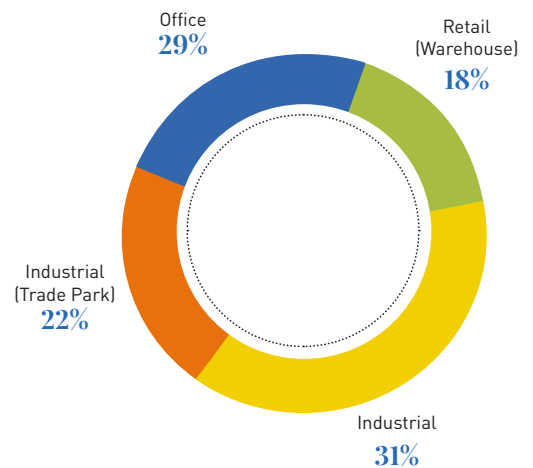


NAV per unit	Net Asset Value of the Trust prepared at the reporting date divided by units in issue
FRS102	Accounting basis on which accounts are prepared
INREV	European Association for Investors in Non-Listed Real Estate Vehicles. Utilising their reporting recommendations certain costs related to vehicle 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 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 LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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