DPFC
Diversified Property
Fund For Charities

Report and Financial Statements

For the financial year ended 30 September 2016

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Financial Highlights

	Year ended 30 September 2016	Period ended 30 September 2015
Turnover	£3.2m	£1.2m
Operating profit	£2.6m	£1.0m
Earnings per unit	9.69p	7.68p
Net assets per unit (FRS 102 basis)	109.15p	105.69p
Net assets per unit (INREV basis)	110.14p	106.68p

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The Investment Advisory Board (IAB) of the Asset Manager meets on a quarterly basis to discuss performance and strategy and provides investment advisory services to the Trustees. The members of the Investment Advisory Board are: Stuart Beevor (Chairman); Paul Warren; Paul Hodgson; Jim Harding; and John Sullivan.

Chairman's Review

9.6%
Total return
for the year

I am pleased to report that The Diversified Property Fund for Charities (DPFC) has performed strongly, in its first full year of operation, providing a distribution yield of 6.4% and a total return of 9.6%. This is particularly commendable given the challenging business environment and the modest returns seen across the broader property investment market.

DPFC has seen steady growth through the year with additional investor subscriptions being applied to carefully selected investment acquisitions. The post year end purchase of the office property in Watford's Clarendon Road has increased DPFC's funds under management to £50m, which is a significant milestone. Following this purchase, which was partly financed by a new revolving working capital facility, DPFC is now open for new investor subscriptions.

The Investment Advisory Board has worked closely with the Fund Manager during the year to help support the decision making and operation of the Fund, which has delivered this year's strong performance. The Fund and Asset Manager has proven experience and skills which is being applied effectively to DPFC's clear strategy. As a consequence DPFC is developing a strong track record in accordance with its objectives and is in a good position to continue on its current trajectory in the year ahead.

Stuart Beevor, Chairman
Investment Advisory Board

Manager's Report

The Diversified Property Fund for Charities was launched in February 2015. This report covers the year ended 30 September 2016, which is the first full year of operation since launch.

A distribution yield
to investors of
6-7%
is being targeted.

Fund Objective

The Fund has been established with the aim of delivering an IRR of circa 7-9% ungeared over a rolling five year period. It is anticipated the majority of this target will be delivered through sustainable income returns, with the capital appreciation expected to be at least in line with inflation. A distribution yield to investors of 6-7% is being targeted.

Investment Strategy

The Fund's investment strategy is to principally invest in multi-let properties, a sub-sector of the property market undervalued by investors, with diverse income streams, in strong locations which are receptive to being actively asset managed to "add value" through enhancing income and capital values. The Investment Operating Criteria for DPFC was set at inception and targets diversity of: location; sector; occupier; assets; and leasing profile.

Economic & Real Estate Market Outlook

The lead up to the June EU referendum saw investment volumes slow as uncertainty increased and investors delayed transacting. This coincided with the latter stages of the property cycle with slowing rental and capital growth. The uncertainty peaked immediately after the referendum when listed property share prices dropped and some of the unitised property Funds closed or imposed redemption discounts. This initially resulted in a softening of property values, principally in the London office market which is most likely to be impacted by Brexit. However, the market for DPFC's assets swiftly rebounded as the economy has fared better than many feared and investors have realised Brexit is going to be a lengthy process. Indeed, the ultimate terms of the UK's relationship with Europe need to be much clearer before the impact of Brexit can be fully assessed.

The prevalence of political and economic uncertainties globally (e.g. US election ramifications and elections in France and Germany) are feeding into reduced economic growth forecasts for the UK in the year ahead. However, with gilt yields and interest rates near their record lows, there is a good case for investing in property, which provides a resilient income stream.

DPFC
Diversified Property
Fund For Charities

The weak Sterling exchange rate and global uncertainties have made the UK attractive for overseas investors maintaining, particularly, London's safe haven status.

Fund performance

Investors have enjoyed a total return of 9.6% for the year (2015: 8.2%) and 11.2% annualised since launch in February 2015 (2015: 12.9%). The Investment Property Databank (IPD) benchmark, which excludes acquisitions and disposals, recorded total returns for the year of 3.2% (2015: 9.3%).

The Net Asset Value per unit at 30 September 2016 was 109.15p per unit (2015: 105.69p per unit).

The Distribution Yield to investors was **6.4%** for the period

The distribution yield was 6.4% for the financial year (2015: 3.9%).

This strong performance was achieved through implementing the clear investment strategy which principally targets multi-let properties. As at the end of December, DPFC consists of nine properties and seventy two tenancies, producing a diverse and sustainable rental income stream to support the attractive distribution yield. The low level of vacant accommodation in the portfolio, 0.94% (2015: 5.79%), compares favourably to the IPD vacancy rate as at September 2016 of 10.1% (2015: 10.7%). Each property has a five year investment asset plan which enables lease events to be managed proactively to minimise void costs.

Property portfolio & acquisitions

Two properties were acquired during the year (Hills Road, Cambridge and Grafton Trade Park, Northampton) for a total of £7.7m, utilising funds raised from the issue of units. In December 2016, after the year end, an office property in Watford was acquired for £7m, financed by existing cash resources, the issue of units and a new revolving working capital bank facility. This enables new investors to invest in DPFC immediately rather than waiting for property investments to be purchased before the subscription may be drawn.

Unit issues and investor commitments

A total of 4.6m units were issued during the year (2015: 34.5m) to five investors raising a total of £5.0m (2015: £35.4m). Following the completion of the purchase of the Watford, Clarendon Road office property subsequent to the year end, all investor commitments have been fully drawn.

Bank debt

DPFC's strategy is an ungeared one. However, in order to assist the efficient timing of investor subscriptions and property acquisitions a £6.5m revolving working capital bank facility has been agreed and completed subsequent to the year end, helping to finance the Watford property acquisition. The income yield from property investments will deliver a healthy margin over the debt costs (LIBOR + 1.5%). The level of working capital is limited to a maximum of 20% of GAV.

Results and distributions

Total Comprehensive Income for the year was £3.48m (2015: £1.75m) comprising operating profit of £2.60m (2015: £1.05m) and unrealised revaluation surpluses on investment property of £0.88m (2015: £0.70m). Distributions totalling £2.22m - 6.73p per unit - were paid in the year to 30 September 2016 (2015 period: £0.49m, 2.48p per unit). A further distribution totalling £0.66m (1.70p per unit) was paid after the year end in respect of results to 30 September 2016. Distributions are paid quarterly and equated to an average 6.32% pa (2015: 6.37% pa) of quarterly Net Asset Value. Total Expense Ratio (TER) for the year was 0.99% (2015 period: 0.79%).

Strategy and outlook

The strategy being adopted by DPFC is clear and remains unchanged. It aims to deliver an attractive and sustainable distribution yield to investors whilst maintaining and increasing capital values at least in line with inflation. This will be achieved through principally investing in UK multi-let properties, with diversified income streams, in strong locations, offering the potential to be asset managed to "add value" through enhancing income and capital values.

We are operating in a period of increased political and economic uncertainty but the DPFC business model is one which amplifies returns in a good market and mitigates the impact of an uncertain market as we have seen in 2016. With the working capital facility in place, the Manager will continue to seek additional investors to subscribe for units in the DPFC. Then in turn additional properties will be acquired which comply with the Investment Operating Criteria. The returns targeted by the DPFC have during the 2016 financial year been delivered and the Fund is developing an attractive track record. DPFC is well positioned to continue to perform.

Going concern

The Fund's business activities, together with the factors likely to affect its future development, performance and position are set out in the Manager's Report. The financial position of the Fund is set out in the Balance Sheet and the accompanying notes to the financial statements.

The Manager believes in the portfolio's future performance given the operating profit of £2.60m and healthy balance sheet with cash reserves of £1.55m and net assets of £42.69m as at the end of September 2016.

DPFC funds under management are £50m at the post year end date of 31st December 2016. The Manager believes the diverse portfolio of investment properties, the asset management experience of the Eskmuir team and the low level of vacant accommodation in the portfolio will help mitigate business risks in the coming year.

The Manager, after making reasonable enquiries, is of the opinion that the Fund has adequate resources to continue its operations for the foreseeable future. Accordingly, a going concern basis is adopted when preparing the financial statements.

Paul Hodgson, Managing Director
Eskmuir FM Ltd
15 February 2017

Statement of The Manager's and Trustees' Responsibilities

The Trust Deed requires the Manager to prepare financial statements for each accounting period in accordance with FRS 102, which give a true and fair view of the financial affairs of the Fund at the end of that year and of its profit for the financial year.

In preparing the financial statements, the Manager is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether FRS 102 has been complied with, subject to any material departures being disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is also responsible for:

- Keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time, the financial position of the Fund.
- Safeguard assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- Appointing the auditor of the Fund; and
- Ensuring maintenance and integrity of the corporate and financial information included in the Fund's website.

The Manager shall also, whenever requested to do so and in accordance with the Trust Deed, furnish to the Trustee all such information and explanations as the Trustee may require in relation to such transactions or dealings or the conduct of the affairs of the Fund (in so far as such conduct is in the hands of the Manager) and shall produce to the Trustee from time to time on demand all documents in the possession or power of the Manager relating to the matters aforesaid.

The Trustee may accept and shall not be bound to verify information and documents so given or produced by the Manager (including any valuation made or obtained by it for the purposes of the Trust Deed) unless the Trustee has actual notice of any irregularity.

Independent Auditor's Report to The Unitholders of The Diversified Property Fund for Charities

We have audited the non-statutory financial statements of the Diversified Property Fund for Charities ("DPFC" "Trust") for the year ended 30 September 2016, which comprise The Statement of Comprehensive Income, The Statement of Change in Net Funds attributable to Unitholders, The Balance Sheet, The Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the DPFC Trustee's in accordance with our engagement letter dated 30 November 2016 and solely for the purpose of ensuring the DPFC Trustee's can meet the requirements of the DPFC Trust Deed. Our audit work has been undertaken so that we might state to the Trustee's those matters we are required to state to them in an independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Fund Manager and auditor

As explained more fully in the statement of Manager and Trustee's responsibilities, the Manager is responsible for the preparation of the non statutory financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of; whether the accounting policies are appropriate to the Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Manager; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 30 September 2016 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Trust Deed requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- that the balance sheet and income statement are not in agreement with the books of account; and
- we have not received all the information and explanations we require for our audit.

Deloitte LLP
Chartered Accountants
London, United Kingdom
15 February 2017

Statement of Comprehensive Income

	Note	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Turnover	**3**	3,192	1,244
Other operating income		4	2
TOTAL INCOME		3,196	1,246
Administrative expenses	**4**	(599)	(200)
OPERATING PROFIT		2,597	1,046
Gains arising on revaluation of investment properties	**7**	883	701
TOTAL COMPREHENSIVE INCOME		3,480	1,747
Basic and diluted earnings per unit		9.69p	7.68p

Statement of Change in Net Funds Attributable to Unitholders

	Note	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Opening unitholders' funds		36,474	–
Operating profit for the year / period		2,597	1,046
Other comprehensive income	**7**	883	701
Distributions paid during the year / period	**6**	(2,218)	(487)
Unit issues	**11**	4,954	35,214
Closing unitholders' funds		42,690	36,474

Balance Sheet

As at 30 September	Note	2016 £000	2016 £000	2015 £000	2015 £000
FIXED ASSETS					
Investment properties	**7**		42,610		33,580
CURRENT ASSETS					
Debtors	**8**	868		280	
Cash at bank and in hand		1,547		3,744	
		2,415		4,024	
CREDITORS: amounts falling due within one year	**9**	(2,335)		(1,130)	
NET CURRENT ASSETS			80		2,894
TOTAL ASSETS LESS CURRENT LIABILITIES			42,690		36,474
NET ASSETS			42,690		36,474
TRUST CAPITAL AND RESERVES					
Trust capital	**11**		40,168		35,214
Profit and loss reserve:					
Revaluation reserve	**12**		1,584		701
Retained earnings	**13**		938		559
UNITHOLDERS' FUNDS			42,690		36,474
UNITS IN ISSUE (000's)	**11**		39,112		34,509
NET ASSETS PER UNIT - FRS 102 BASIS (pence)	**14**		109.15		105.69
NET ASSETS PER UNIT - INREV BASIS (pence)	**14**		110.14		106.68

These financial statements were approved by the Manager on 15 February 2017 and signed on its behalf by Paul Hodgson.

P A Hodgson
Eskmuir FM Limited

Statement of Cash Flows

	Note	Year ended 30 September 2016 £000	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000	Period ended 30 September 2015 £000
NET CASH FLOWS FROM OPERATING ACTIVITIES	**A**		3,151		1,803
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment property		(7,684)		(32,550)	
Capital expenditure on investment properties		(400)		(236)	
NET CASH FLOWS FROM INVESTING ACTIVITIES			(8,084)		(32,786)
CASH FLOWS FROM FINANCING ACTIVITIES					
Units issued		4,954		35,214	
Distributions paid		(2,218)		(487)	
NET CASH FLOWS FROM FINANCING ACTIVITIES			2,736		34,727
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR / PERIOD			(2,197)		3,744
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR / PERIOD			3,744		–
CASH AND CASH EQUIVALENTS AT END OF PERIOD / YEAR	**B**		1,547		3,744

Notes to The Statement of Cash Flows

A. Reconciliation of net income to net cash flows from operating activities

	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Operating profit	2,597	1,046
Increase in debtors	(588)	(278)
Increase in creditors	1,205	1,128
Lease incentive amortisation	(63)	(93)
Net cash flow from operating activities	3,151	1,803

B. Analysis of changes in cash and cash equivalents

	30 September 2015 £000	Cash flow £000	Non-cash changes £000	30 September 2016 £000
Cash at bank and in hand	3,744	(2,197)	–	1,547

1. ACCOUNTING POLICIES

Although non-statutory, these financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards FRS 102, as directed by the Trust Deed. The particular accounting policies adopted and applied consistently in the current year are described below.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and to include the fair valuation of certain financial instruments to the extent required or permitted under accounting standards and as set out in the relevant accounting policies below. They are stated in thousands of pounds Sterling (£'000), the currency of the country in which DPFC operates. The Manager's statement on going concern is made in the Manager's Report.

Investment properties

In accordance with FRS 102, fully completed properties held for their long-term investment potential are held at market value and revalued annually. Any surplus or deficit arising from revaluation is transferred to a revaluation reserve except that permanent diminutions in value are included in the Statement of Comprehensive Income. No depreciation is provided in respect of investment properties.

Acquisitions and disposals of investment properties are accounted for in the period in which contracts become unconditional.

Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting year and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

Property investment transaction costs are capitalised and reported as part of the net gain or loss on investments in the Statement of Comprehensive Income.

Turnover

Turnover represents rental income receivable for the year from investment properties exclusive of VAT. Surrender premiums received during the year are included in net rental income. Rental income billed in advance is recorded as deferred income and included as part of creditors due within one year.

Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such. Lease incentives are spread on a straight-line basis from the lease start date until the end of the lease.

Capital contributions paid to tenants are capitalised and amortised in line with the provisions of FRS 102.

Distributions

It is the policy of the Fund to distribute all income net of expenses to the unit holders quarterly. Income can be retained in the Fund at the discretion of the Manager.

Taxation

As an exempt unauthorised unit trust whose investors are all charities, the Fund qualifies for exemption from corporation tax, tax on capital gains and stamp duty.

Investor returns

Investor returns are calculated by dividing the total return per unit in the year by the opening NAV per unit. Total return comprises the distributions paid per unit in the year and movement in NAV per unit. Preliminary and redemption charges are not taken into account in the calculation. As the prior period is for less than one year, the results for the period ended 30 September 2015 are grossed up to produce an annualised return.

Financial assets

The Company's financial assets comprise cash at bank and in hand and debtors.

Cash at bank and in hand includes deposits with banks and other short-term highly liquid investments. Cash at bank is measured at its nominal value which is a fair approximation of its fair value.

Financial assets (continued)

Cash and cash equivalents comprise cash in hand and is subject to insignificant risk of changes in value.

All debtors are short-term trade receivables which have a maturity of three months or less and are non-interest bearing. Consequently, no disclosure of fair value is required as the nominal value is a reasonable approximation of fair value.

Trade receivables are measured at transaction price (including transaction costs).

Financial liabilities

Trade payables are measured at transaction price (including transaction costs).

Interest income

Interest income is income received on monies held on deposit with banks.

Interest income and expense is recognised in the profit and loss account for all interest-bearing financial instruments held at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the year to maturity or repayment.

In calculating effective interest, the Company estimates cash flows considering all contractual terms of the financial instrument. Fees and costs are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate.

Going concern

The financial statements have been prepared using the going concern basis of accounting. See page 6 for more information.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in note 1, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant accounting judgements exercised during the current year (2015: none).

Key sources of estimation uncertainty

Investment properties were revalued to fair value as at 30 September 2016 based on a valuation by Jones Lang LaSalle, Chartered Surveyors, an independent professionally qualified valuer with recent experience in the location and class of the investment property being valued. The valuation basis is market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. During this valuation, an element of judgement is made by the contracted external professional, which in the opinion of the Fund Manager, mitigates any estimation risks where possible, relying on industry expertise. However, in using this method, an inherent risk of estimation uncertainty remains.

3. TURNOVER

	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Rental income	3,245	1,268
Lease extension premiums	4	–
Rents payable	(57)	(24)
	3,192	1,244

Turnover, profit and net assets derive solely from the Fund's single principal activity carried out wholly within the United Kingdom.

4. ADMINISTRATIVE EXPENSES

	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Asset management fees	157	71
Fund management fees	79	35
Fund administration fees	19	10
Trustee fees	31	15
Operator fees	20	14
Valuation fees	12	6
Audit fees	9	8
Property costs	220	21
Other	52	20
Total administrative expenses	599	200

The Fund has no operating leases (2015: none).

5. STAFF COSTS

The Fund has no employees (2015: none).

6. DISTRIBUTIONS

	Year ended 30 September 2016 £000	Period ended 30 September 2015 £000
Quarter ended 30 September (paid November 2015)	457	–
Quarter ended 31 December (paid February 2016)	587	–
Quarter / period ended 31 March (paid May 2016 / May 2015)	581	158
Quarter ended 30 June (paid August 2016 / August 2015)	593	329
Distributions paid during year / period to 30th September	2,218	487
Add: Distributions Proposed at year / period end	664	457
Less: Distributions proposed at prior period end	(457)	–
Total distributions proposed in respect of the year / period	2,425	944

7. INVESTMENT PROPERTIES

	Freehold £000	Leasehold £000	Total £000
At 1 October 2015	29,680	3,900	33,580
Property acquisitions	2,287	5,397	7,684
Additions	328	72	400
Movement in lease incentives	65	(2)	63
Revaluation surplus	710	173	883
As at 30 September 2016	33,070	9,540	42,610
At cost			
At 30 September 2015	29,071	3,715	32,786
At 30 September 2016	31,686	9,184	40,870

Investment properties were externally valued as at 30 September 2016 by Jones Lang LaSalle, Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuer is a qualified independent valuer who holds a recognised and relevant professional qualification and has recent experience in the relevant locations and the category of properties being valued. The Valuation basis is open market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties.

8. DEBTORS

	2016 £000	2015 £000
Rents receivable	168	90
Prepayments and accrued income	1	17
Other balances recoverable from tenants	4	–
Other debtors - funds held by agents	695	173
	868	280

Other debtors above relate to amounts collected from tenants by property agents but not yet paid over to the Fund. The agents hold these monies in designated client accounts and pay the balances over to the Fund on a periodic basis.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £000	2015 £000
Deferred rental income	629	672
Trade creditors and accrued expenses	302	218
VAT	200	151
Sundry creditors	1,204	87
Other creditors	–	2
	2,335	1,130

There are no creditors falling due after more than one year.

DPFC received subscription monies from The Rufford Foundation of £1,012,500 which was not applied to units at balance sheet date and is outstanding as a sundry creditor. This balance accrued interest at 0.25% p.a.

The units were issued after the balance sheet date, to part fund the purchase of Clarendon Road, Watford, as detailed in note 16.

10. FINANCIAL COMMITMENTS

Land and Buildings	2016 £000	2015 £000
Leases which expire:		
After five years	1,303	317

11. TRUST CAPITAL

	Number of units issued 000's	Net proceeds from issue of units £000
Units issued 12 November 2015	117	124
Units issued 4 December 2015	7	7
Units issued as at 16 June 2016	4,479	4,823
	4,603	4,954
As at 1 October 2015	34,509	35,214
As at 30 September 2016	39,112	40,168

Units in the Fund are redeemable with six months written notice, subject to the terms of the Trust Deeds.

12. REVALUATION RESERVE

	2016 £000	2015 £000
As at 1 October	701	–
Revaluation surplus for the year / period	883	701
As at 30 September	1,584	701

13. PROFIT AND LOSS RESERVE

	2016 £000	2015 £000
As at 1st October	559	-
Operating profit for the year / period	2,597	1,046
Distributions paid (Note 6)	(2,218)	(487)
As at 30 September	938	559

14. INREV RECONCILIATION

	Year ended 30 September 2016 Per unit (pence)	2016 £000	Period ended 30 September 2015 Per unit (pence)	2015 £000
NAV as at 30 September on FRS 102 basis	109.15	39,112	105.69	36,474
Setup costs*	0.23	92	0.34	119
Property acquisition costs*	0.76	296	0.65	226
NAV as at 30 September on INREV basis	110.14	39,500	106.68	36,819

	Year ended 30 September 2016 Per unit (pence)	2016 £000	Period ended 30 September 2015 Per unit (pence)	2015 £000
Operating profit for the year / period on FRS 102 basis	6.63	2,597	3.03	1,046
Amortisation of setup costs*	(0.07)	(27)	(0.05)	(17)
Operating profit for the year / period on INREV basis	6.56	2,570	2.98	1,029
Revaluation surplus for the year / period on FRS 102 basis	2.26	883	2.03	701
Add back and amortisation of property acquisition costs*	0.76	296	0.65	226
Revaluation surplus for the year / period on INREV basis	3.02	1,179	2.68	927
Net movement in comprehensive income for the year / period on FRS 102 basis	8.89	3,480	5.06	1,747
Amortisation of setup costs*	(0.07)	(27)	(0.05)	(17)
Add back and amortisation of property acquisition costs*	0.76	296	0.65	226
Net movement in funds for the year / period on INREV basis	9.58	3,749	5.66	1,956

* INREV Guidelines 2014:
(l) Under FRS 102, vehicle set-up costs are charged immediately to income after the inception of a vehicle. Per INREV, such costs should be capitalised and amortised over the first five years of the term of the vehicle.
(m) Property acquisition expenses should be capitalised and amortised over the first five years after acquisition of the property.

15. RELATED PARTY TRANSACTIONS

For the year ended 30 September 2016, amounts payable to the Manager, Eskmuir FM Ltd, and Asset Manager, Eskmuir Asset Management Ltd, were £78,690 and £157,380 respectively for services provided (2015: £35,362 and £70,724 respectively). Sums outstanding at balance sheet date were £21,305 and £42,610 respectively (2015: £16,790 and £33,580 respectively).

At the balance sheet date, amounts of £nil (2015: £32,635) were payable to Eskmuir Securities Ltd, a wholly owned subsidiary of the ultimate parent of the Fund Manager and Asset Manager.

During the year to 30 September 2016, amounts payable to the Trustees' (Sanne Group Nominees 1 (UK) Limited and Sanne Group Nominees 2 (UK) Limited) and Operator (Sanne Group Administration Services (UK) Limited) were £52,306 and £20,000 respectively (2015: £46,423 and £13,836 respectively). Amounts outstanding at balance sheet date were £13,332 and £6,000 respectively (2015: £11,089 and £6,000 respectively).

DPFC received subscription monies from The Rufford Foundation of £1,012,500 which was not applied to the issue of units until after the balance sheet date and is therefore disclosed as a sundry creditor as at 30 September 2016.

16. POST BALANCE SHEET EVENTS

Since balance sheet date, DPFC purchased an additional investment property at 34 Clarendon Road, Watford, for £7m. This was funded by an issue of units and a drawdown from a new £6.5m revolving working capital facility with The Royal Bank of Scotland (RBS). Interest is to be charged at 1.5% p.a. over LIBOR.

17. CONTROLLING PARTIES

Sanne Group Nominees 1 (UK) Limited and Sanne Group Nominees 2 (UK) Limited are Trustees of The Diversified Property Fund For Charities and exert joint control over decision making of the Fund.

DPFC
Diversified Property
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