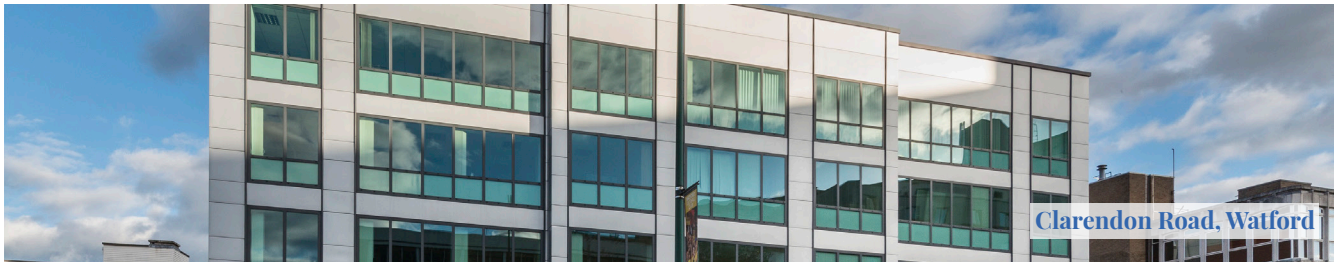


1st JULY 2017 - 30th SEPTEMBER 2017



## 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 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 expertise of the Asset Manager to actively manage the portfolio and drive returns.

## FUND REVIEW



- » The Fund distribution for this quarter is 1.7580p per unit, equivalent to 6.18% annualised, (prior quarter 1.7580p, 6.32% annualised).
- » The Fund return since inception is 12.04% annualised.
- » DPFC launched in February 2015 with a portfolio value of c.£18m being managed on behalf of eight investors. This has now grown to £51.7m of assets being managed on behalf of 15 investors. The investor base is drawn from diverse charitable backgrounds including education, conservation, religious and medical. DPFC currently has additional working capital available for investment and is actively assessing opportunities to add to the portfolio.
- » We continue to seek out principally multi-let properties in strong locations which offer the potential to outperform market returns over the medium to longer term. Targeting assets in the £2m to £12m size range which are typically too large for private investors and too small for most institutions, generally ensures a less crowded market place and the opportunity to acquire at more attractive income yields.
- » The vacancy rate in the portfolio is currently 4.4% comprising four units which are being actively marketed. The portfolio consists of 80 units across the nine different locations offering diversity of income. The diverse rental income stream from low risk tenants supports the sustainability level of DPFC's distributions.
- » It was intended June's General Election would provide the Government with a larger majority, giving a stronger hand to negotiate Brexit terms. The electorate surprised politicians and the Tories are struggling to demonstrate unity in their approach to Brexit.
- » Domestic investors remain acquisitive although selective, preferring quality well located investments. Whilst we have seen inflation increase and a growing expectation that interest rates will follow, commercial real estate still offers a healthy margin over interest costs for debt backed investors and attractive returns relative to other asset classes for equity investors.
- » Performance this quarter has been driven by asset management activity feeding into rental growth and property values. This was particularly evident at Kiln Farm Industrial Estate, Milton Keynes. The portfolio has increased in value this quarter by 1.45% and there is an attractive pipeline of value accretive asset management projects.

## KEY FUND DATA



Portfolio value	£51.7m
Net asset value	£53.0m
Number of assets	9
NAV per unit - FRS102 basis	115.66 p.p.u.
NAV per unit - INREV basis	116.46 p.p.u.
Vacancy rate	4.4%
Weighted average lease length to expiry	4.80 years
Weighted average lease length to first break	3.32 years
August 2017 distribution paid	1.7580 p.p.u.
Distribution for last 12 months	6.8718 p.p.u.
Year end	30-Sep
Total expense ratio (TER) <sup>1</sup>	0.95%
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 0.65%.

## HISTORIC TOTAL RETURNS



Period	%
3 months	4.0%
6 months	6.7%
12 months	12.3%
Since inception Feb 2015 <sup>1</sup>	12.0%

1. Annualised

## MAJOR TENANTS



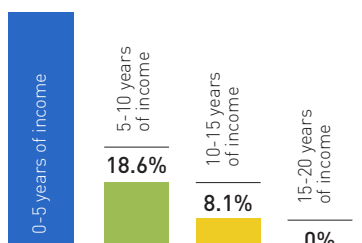
### Ten largest tenants by income

Tenant	Risk Rating	Income %
DSG Retail Ltd	Minimum Risk	8%
Go Outdoors Ltd	Minimum Risk	7%
Halfords Ltd	Minimum Risk	4%
Graham Tiso Ltd	Lower than average risk	4%
Hardware Services Ltd	Lower than average risk	4%
Valutech Ltd	Lower than average risk	3%
Ionic Systems Ltd	Lower than average risk	3%
Gareth John Training Limited	Lower than average risk	3%
Archive Document Data Storage	Minimum Risk	3%
Johnan UK Ltd	Minimum Risk	2%
<b>TOTAL</b>		<b>41%</b>

## LEASE EXPIRY PROFILE (EXCL BREAK OPTIONS)



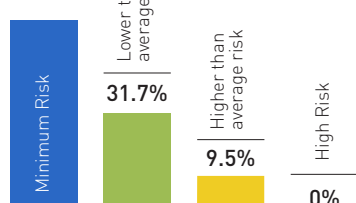
73.3%



## TENANT COVENANTS BY D&B RISK RATING



58.8%



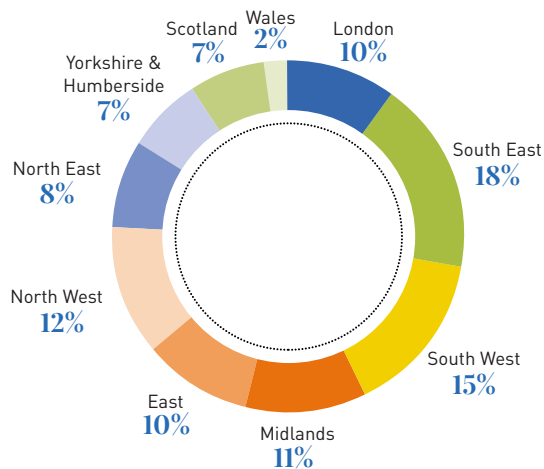
1st JULY 2017 - 30th SEPTEMBER 2017



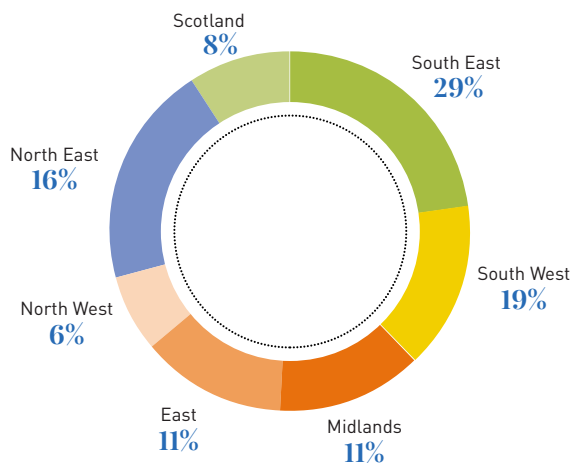
## PORTFOLIO ANALYSIS BY LOCATION



### TARGET



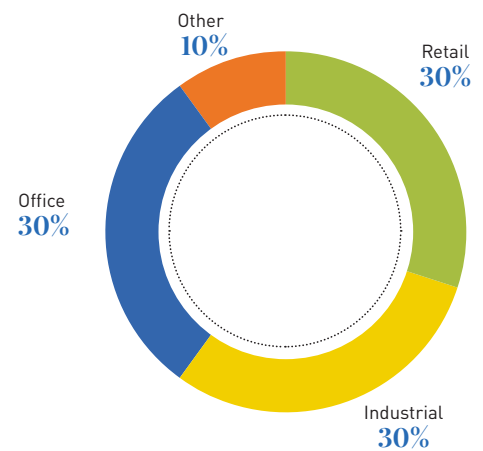
### CURRENT



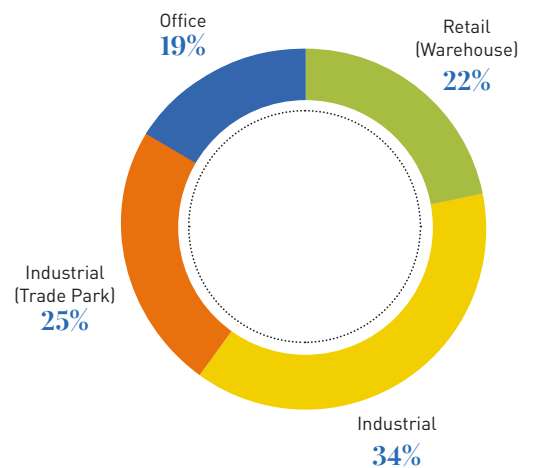
## PORTFOLIO ANALYSIS BY SECTOR



### TARGET



### CURRENT



## 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



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