Q2 2022 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JANUARY 2022 - 31st MARCH 2022

FUND OBJECTIVES

- To deliver a sustainable, growing distribution and a target IRR of 7-9% over a rolling five year period.
- 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	£87.0m
Net asset value	£83.1m
Number of assets	11
NAV per unit - FRS102 basis	154.66 p.p.u.
NAV per unit - INREV basis	154.81 p.p.u.
NAV per unit - MSCI/AREF basis	152.76 p.p.u.
Vacancy rate	4.2%
Weighted average lease length to expiry	5.15 years
Weighted average lease length to first break	3.49 years
February 2022 Distribution paid	1.8883 p.p.u.
Distribution for last 12 months	7.5066 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.84%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND REVIEW

At the turn of the year the UK economy was showing signs of recovery from the pandemic although these signs are becoming lost in the geopolitical uncertainty resulting from the Russia / Ukraine conflict. The UK PMI (Composite), an indicator of futureeconomic growth, was at a nine month high in March of 60.9, dropping back to 57.6 in April. The Bank of England has increased the Base Rate to 1% as it endeavours to reduce the level of inflation which increased again in March to 7% and is expected to increase further to 8% or more for the rest of 2022 as households wrestle with the increasing cost of living. It is going to be some time before we see inflation back down to the 2% target set for the Bank of England. 10 year Gilt rates have been steadily rising and are currently close to 2% but we have not seen real estate pricing affected by this. The property market continues to generate rental growth and strong investor interest, particularly in Industrial property which is driving capital values. We remain confident that DPFC is well positioned to continue delivering attractive resilient returns to unitholders. The investment strategy adopted by DPFC has delivered with a Total Return of 24.8% for the 12 months to 31st March 2022.

Distribution

The Fund distribution for the March 2022 quarter, payable during May 2022, is 1.9000p per unit, which represents an annualised 5.23% of the opening NAV.

Total return

DPFC has delivered a total return of 6.4% over the quarter (AREF/MSCI All Funds 5.6% total return) and 24.8% over the last 12 months (AREF/MSCI All Funds 23.1% total return). Since inception the Total Return is 12.7% pa (103% total return in absolute terms, 49% distributed, 55% NAV growth).

Capital Value Growth

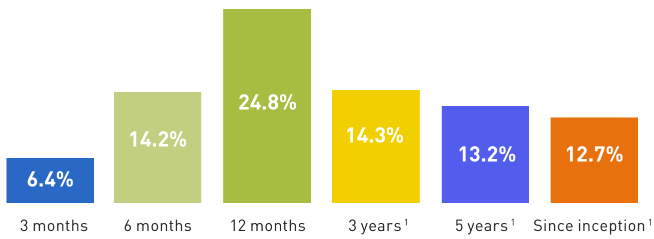
The DPFC portfolio has increased in value by 4.8% over the quarter (MSCI/IPD All Property Index 4.3%). This growth has resulted from both yield compression and rental growth particularly on the industrial assets in the portfolio which saw values grow by 5.2% and now account for 60% of the portfolio. The retail warehouse element of the portfolio, which accounts for 19% of the portfolio saw 6.9% of valuation growth as the strong investor demand for this sub-sector of the retail market was reflected in yield improvements. The office sector, 21% of the portfolio, saw values increase by 1.8%. The portfolio has seen valuation growth of 5.4% pa on average since Fund inception.

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

Occupancy

- The portfolio was 95.8% occupied at 31st March with 4.2% vacant (AREF/MSCI All Funds 9.8%). This is a slight increase from DPFC's 3.6% vacancy rate the previous quarter but will fall to 2.6% on completion of the letting of units currently in solicitor's hands.

Asset Management

- Efficient rent collection has always been focused on by DPFC however, during the Covid pandemic it's profile was raised as tenants cashflows were restricted. The rent collection for the 2021 Financial Year was 100% and with the level of rent collected for each quarter being at the mid to high 90% mark each quarter we believe the rent collection has now normalised post Covid. At 21 days after the quarter day the March Quarter's rent was 97%, in line with pre-pandemic levels. The high level of rent collection is driven by; the portfolio sector weightings i.e. 60% Industrial, 21% office and 19% retail warehouses; the financial strength of the tenants in the portfolio with 67.5% being rated by D&B as minimal or lower than average risk; the diverse base of 74 tenants; and the rent collection protocols in place with the credit controllers who ensure the tenants who can afford to pay the rent do.
- At 34 Clarendon Road, Watford an office occupier has relocated within the building setting a new high rent at the building of £33.45 psf which supports the view that the building offers probably the best quality small office suite accommodation in Watford's prime office area. Additionally, at Riverside House in Maidstone an occupier has agreed to remove their 2022 break option extending their occupation until 2027. Terms have been agreed on four industrial units to let or take early lease surrenders and re-let the units. This leasing activity crystalises further rental growth in the portfolio and will increase the occupancy rate from 95.8% to 97.4%.
- DPFC currently has the ability to issue units immediately although this amount available has reduced this quarter due to an Oxford University College subscribing for units. There are further investors undertaking pre-investment due diligence.
- ESG – In managing the assets in the DPFC portfolio we endeavour to minimise the impact on the environment whilst we transfer to a zero carbon society. 100% of the centrally procured energy is now from renewables with wind accounting for 61%. The portfolio is 100% compliant with the MEES Standards and when we refurbish units we seek to improve the EPC rating targeting an EPC B/C. DPFC has joined the GRESB Benchmark and will be submitting data this summer.

Property Investment Market

- Investment volumes reached c. £5.4bn in March up from £3.9bn in February with the overall Q1 total reaching £13bn, 10% higher than the same quarter last year. Overseas investors accounted for 60% of all activity with US and Asia-Pacific investors being most active. As a general tone, yields are continuing to compress across most sectors and the MSCI all-property yield is at a record low.
- Retail investment transactions totalled £170m in March down from £300m in February, albeit the total spend over the first quarter of 2021 (£1.4bn) is an improvement on the corresponding quarters in both 2020 (£1.1bn) and 2021 (£1.2bn). The investment focus remains on retail parks and supermarkets. Softening rents are likely to continue on high street and shopping centre assets albeit the rate of decline has eased.
- Over £2bn was transacted in the office sector during March, pushing the Q1 total to £5.2bn, one of the strongest quarters since 2018. Rental growth has returned to most locations as demand for space increases with the end of Covid restrictions. Q1 take up figures in London were only marginally below the 10 year quarterly average of 2.8m sq ft with occupier requirements back in line with trend at c. 9m sqft. In the regional markets occupiers seem focussed on the best accommodation in terms of location and specification with ESG considerations being a focus for the larger corporate occupiers with 5,000 sqft plus requirements.
- Industrial transaction volumes reached c. £1.3bn in March up from £1bn in February, with the total for Q1 reaching £3.2bn. Occupier demand remains high in a low supply environment with further upward pressure on rents expected as the supply pipeline is challenged by increasing construction costs and land constrains in urban areas.

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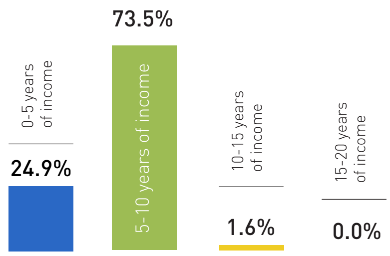
MAJOR TENANTS

Ten largest tenants by income	D & B Category	
Wickes Building Supplies Ltd	Lower than average risk	8%
Allianz Management Services Ltd	Higher than average risk	6%
Go Outdoors Retail Ltd	Lower than average risk	4%
JD Sports Gyms Ltd	Higher than average risk	4%
First Intuition Cambridge Ltd	Minimum Risk	3%
MTD (UK & Ireland) Ltd	High risk	3%
Graham Tiso Ltd	Higher than average risk	3%
PRP Optoelectronics Ltd	Minimum Risk	3%
Halfords Ltd	Lower than average risk	2%
Currys Group Ltd	Lower than average risk	2%
Total proportion of rent roll		**38%**

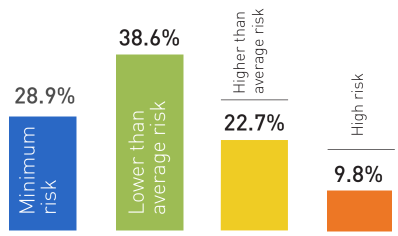
GLOSSARY

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
AREF	Association of Real Estate Funds
MSCI	Morgan Stanley Capital International
MSCI/AREF basis	Adopting this methodology the proposed distribution otherwise payable in the following quarter is deemed paid at the period end and deducted from NAV (FRS102)

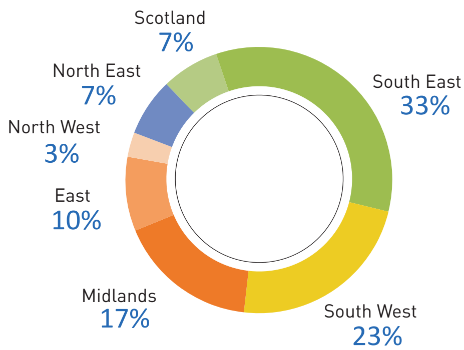
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



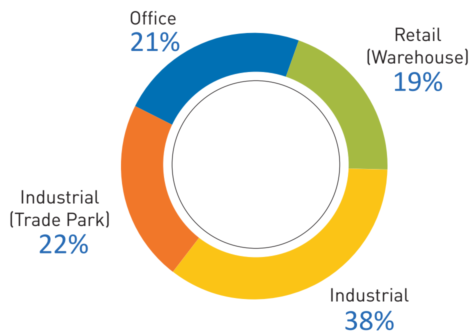
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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