Q3 2022 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st APRIL 2022 - 30th JUNE 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	£90.4m
Net asset value	£86.5m
Number of assets	11
NAV per unit - FRS102 basis	161.01 p.p.u.
NAV per unit - INREV basis	161.14 p.p.u.
NAV per unit - MSCI/AREF basis	159.11 p.p.u.
Vacancy rate	3.6%
Weighted average lease length to expiry	5.10 years
Weighted average lease length to first break	3.63 years
May 2022 Distribution paid	1.9000 p.p.u.
Distribution for last 12 months	7.5416 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.84%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND REVIEW

DPFC has delivered another quarter of attractive returns in an economic environment which is looking increasingly challenged with geopolitical uncertainty, rising inflation forecasts and increasing borrowing rates. Looking to UK PMI (Composite) as a precursor for economic activity it is still expansive at 53.7 for June but some way down from its 9 month high in March of 60.9. We have seen the Bank of England increase the Base Rate to 1.75% with a number of forecasters anticipating the Base Rate will increase to more than 2% by the end of the year as labour markets remain strong and inflation is anticipated to increase from 9.4% in June to double digits by the end of the year. Gilt rates rose from almost 1% in January to c. 2.5% in July before falling back to sub 2% currently. The economic outlook in the UK suggests a recession is increasingly likely. In this environment DPFC's income focused investment strategy is proving resilient. We anticipate income to be a key driver of returns over the next year.

Distribution

The Fund distribution for the June 2022 quarter, payable during August 2022, is 1.9000p per unit, an annualised 4.93% of the opening NAV.

Total return

DPFC has delivered a total return of 5.4% over the quarter (AREF/MSCI All Funds 3.9% total return). A 28.0% total return has been delivered over the last 12 months (AREF/MSCI All Funds 23.3% total return). Since inception DPFC has realised a 13.1% Total Return annualised (112% total return in absolute terms, 50% distributed, 61% NAV growth).

Capital Value Growth

The DPFC portfolio has increased in value by 4.0% over the quarter (MSCI/IPD All Property Index 2.8%). This growth has resulted from principally rental income growth particularly on the industrial assets in the portfolio and a small amount of yield compression. Urban industrial assets account for 62% of the portfolio and values increased by 6.6%.
The office properties in the portfolio decreased in value by 1.6% and now comprise 20% of the portfolio. The retail warehouse properties form 18% of the portfolio and they saw values increase by 1%.

Investment Strategy

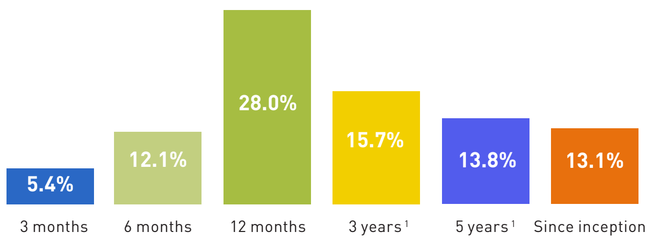
DPFC's investment strategy is clear and targets:

- 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 plan detailing how to deliver performance.

Occupancy

- The portfolio was 96.4% occupied at 30th June with 3.6% vacant (AREF/MSCI All Funds 9.6%). This is a slight decrease from DPFC's 4.2% vacancy rate the previous quarter and will fall further to 2.4% on letting of units currently in solicitors hands.

HISTORIC TOTAL RETURNS



1. Annualised

Asset Management

- The assets that comprise the DPFC portfolio are in strong locations which underpin the level of occupier demand and the low void rate. Investing in assets where occupiers need and want to be supports rental growth at lease events. At Kiln Farm Industrial Estate in Milton Keynes, we have seen two units let this quarter at £8.75 per sqft and £9 per sqft, setting a new rental tone for the estate. The letting at £9 per sqft was especially pleasing as the refurbishment works completed have improved the Energy Performance Certificate (EPC) from an EPC D to an EPC B as part of future proofing the portfolio ahead of the anticipated changes to the Minimum Energy Efficiency Standards. Also, in the industrial sector we have seen a letting this quarter at Grafton Trade Park in Northampton achieving a rental of £8.10 per sqft, a new rental high for the estate. Again the refurbishment works completed prior to the letting saw the EPC improve from an EPC E to and EPC B.
- At the time of writing DPFC has the ability to issue units immediately although the Manager is currently completing due diligence on a number of investors which we anticipate will take up all the currently available units. DPFC is under offer to acquire a property and the completion of this purchase will provide additional capacity for new investor subscriptions.

Property Investment Market

- Monthly investment volumes reached £4.6bn in June, up from £3.8bn in May. The £29.6bn transacted in the first half of 2022 is well ahead of the £27.5bn transacted over the same period in 2021 and the five yearly average of £25.7bn. International capital accounted for half of all transactions. Yields compressed throughout the first half of the calendar year with the greatest compression on retail warehouses and offices outside Central London. We anticipate pricing softening slightly across most asset classes over the next quarter as the market reacts to increased interest rates affecting debt costs and caution on wider economic expectations. This trend will be particularly evident on prime logistic assets where yields have fallen to below 3%.
- Office investment doubled from £880m in May to £1.7bn in June, making it the most transacted asset class by value in June. London office leasing take up exceeded the 10 year quarterly average by 20% during Q2 2022, with pre-lettings reaching a three year high at over 1.1m sq ft. Whilst the supply of new and refurbished accommodation remains constrained, the over supply of secondary accommodation continues to grow. Rental growth has been seen across most markets albeit demand is expected to level off through the summer months as occupiers review the wider economic environment. Forecasts predict rental growth for prime assets for most markets this year.
- Retail investment volumes were subdued in June at £140m, compared to the £500m recorded in May and well below the five yearly average of £520m. Slowing retail sales and inflationary pressures have seen rents decline in town centres although the decline has slowed to 0.7% year on year in June the smallest decline in four years. Retail warehousing is expected to return to rental growth this year.
- Industrial investment transactions regained momentum in June breaking through the £1bn barrier for the first time in three months. By the end of June £7bn had been transacted during the first half of 2022, which is below the £8bn achieved over the same period in 2021 but remains stronger than the other asset classes. Industrial rents increased by an average of 12.2% in the year to the end of June, the strongest rate of growth recorded by the MSCI index. Forecasts suggest that that rental growth will remain into the foreseeable future due to the demand / supply imbalance.
- The economic headwinds discussed above are reducing the depth of the investment market which will see investment yields expand from their recent levels. However, occupier demand remains strong for DPFC's assets as evidenced by the low void rate and attractive rental growth. It is likely the release of rental growth and the active asset management of lease events will work to partially mitigate any yield softening in DPFC's portfolio. With new subscriptions coming into DPFC there are exciting opportunities to buy well relative to the recent norms and we are actively reviewing further potential purchases to enable subscriptions to be drawn down. Property is a long-term investment asset with long term attractive total returns comprising income and capital returns. Income streams tend to be stable and robust whilst capital values can be more volatile in the short term. We consider DPFC's overall distribution and rolling five-year IRR targets remain appropriate and realistic targets in the current economic environment. DPFC's strategy serves to mitigates the impact of weaker markets whilst amplifying returns in strong markets.

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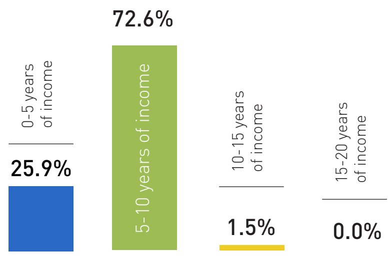
MAJOR TENANTS

Ten largest tenants by income	D & B Category	
Wickes Building Supplies Ltd	Lower than average risk	8%
Allianz Management Services Ltd	Minimum Risk	6%
Go Outdoors Retail Ltd	Higher 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%
Ionic Systems Ltd	High risk	3%
Frost Bodyshop Ltd	Minimum Risk	2%
Total proportion of rent roll		**39%**

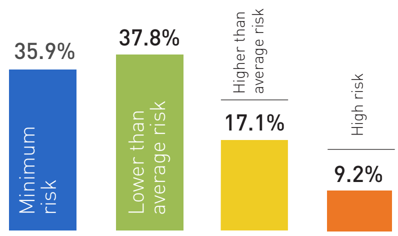
GLOSSARY

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)

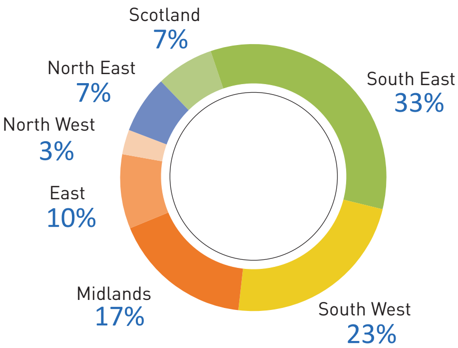
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



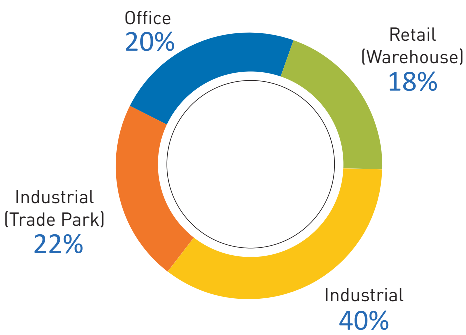
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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