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GROUP

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11th February 2022

Dear Investor,

The Diversified Property Fund for Charities (DPFC/Fund) Factsheet

I write to outline DPFC's performance over the period Q1 2021/22 period (September 2021 to December 2022) and attach a copy of the DPFC's Factsheet for the same period.

Highlights – Q1 period to end December 2022:

- **Distribution of 1.8883p to be paid on 11th February, maintaining it at the same level as last quarter, above it's pre-pandemic level**

- **Rent collection:**

Quarter	Rent Collected	Quarter	Rent Collected
June 2020	99%	June 2021	99%
September 2020	100%	September 2021	99%
December 2020	100%	December 2022 - Quarter Day + 47 days	95%
March 2021	100%		

- **Total return 7.4% comprising 1.4% income and 6.0% capital.** A large part of the total return this quarter resulted from the strong valuation increases.

Performance Update

The portfolio value grew by 5.6% over the quarter which was integral in delivering a total return of 7.4%. Each property in the portfolio has an individual 5 year asset plan detailing the asset management endeavours required to drive returns and concentrates on lease events to achieve optimal rental increases whilst mitigating vacancy risks. The vacancy rate in the portfolio has increased slightly this quarter to 3.6% but remains low relative to the AREF rate of 9.8%. DPFC's and AREF's Total Returns are detailed below:

DPFC	Q1 21/22	12 mths	3 yrs *	5 yrs *	Since Inception *
Total Return	7.4%	23.0%	12.9% pa	12.2% pa	12.2% pa
AREF	7.5%	19.1%	6.2%	7.0%	N/A

* annualised

The key drivers of DPFC's performance remain consistent:

- **Diversification:** At both portfolio and property level DPFC seeks to mitigate property investment risk through diversification of properties, tenancies, sector use and location
- **Sector Weighting**: DPFC's portfolio is 60% industrial, 21% offices and 19% retail warehouses with no exposure to retail high streets or hospitality. The industrial assets were again the strongest performers in the portfolio both in terms of rental growth and capital value.
- **Quality Financial Covenants**: 75 tenancies with 69% of rental income derived from tenants with a D&B risk rating of 'minimal' or 'lower than average' risk
- **Low Vacancy Rate:** The void rate was 3.6% measured by rental value which compares favourably to the MSCI benchmark vacancy rate of 9.8% as at the end of December.
- **Active Asset Management:** Working in a flexible and creative way to solve tenant's property needs in DPFC's properties helps support high retention levels at lease renewals and break options, reducing potential vacancy costs which in turn creates value.

Property Market Update   INFLATION AND BASE RATE RISES

2021 was a good year for real estate investment with transaction volumes reaching £60bn, 5% ahead of the five-year average. Industrial assets were the most sought after by investors with £17bn of sales being achieved, 50% higher than the previous record year, 2017. Investor demand was driven by attractive rental growth as a result of strong occupier demand and constrained supply, particularly in the urban industrial sector where DPFC invests. The retail sector also saw increased demand from investors, but they were targeting the retail warehouse subsector which is well suited to the retailers who have adopted the multi-channel retailing model. The high street and shopping centres are however still suffering from reduced occupier demand resulting in reducing rents and weak investor sentiment. The office sector has stabilised as we have seen office occupiers returning to their office buildings and embracing flexible/agile/hybrid working partners. It is expected occupiers will target the best office properties with excellent ESG credentials going forward and tertiary office properties are likely to be suited to alternative uses.

Rent Collection

The rent collection rate is resilient averaging 99% since June 2020. The key drivers of DPFC's performance discussed above are integral to the high level of rent collection achieved through out the pandemic. Additionally, the Asset Management team meet weekly with the Credit Controllers to evaluate those tenants who may need support with payment plans and those who can and should pay.

The September rent quarter (DPFC's Q1 accounting period October to December) rent collection is as follows:

Sector	Rent Collected	Portfolio Weighting
Industrial (Industrial & Trade)	99%	60%
Office	100%	21%
Retail Warehouses	100%	19%
All Sectors	99%	100%

Valuations

JLL DPFC's independent valuers have reported a 5.6% increase in the value of the portfolio over the quarter. Whilst we have seen the retail warehouse market improvements feed into the DPFC portfolio valuations, the industrial assets saw the most significant growth.

Distributions

The distribution of 1.8883p per unit for Q1 (period October to December 2021) maintains the distribution at the same level as the previous quarter above the pre-Covid level and reflects 5.38% annualised, on the NAV at the start of the quarter. The distribution has been paid out of the quarters cashflow and has now increased or been maintained each year since inception. The level of valuation growth, which is the product of rental growth and yield compression, has exceeded the level of rental growth. The strong valuation growth has seen the IRR target set of 7-9% over a rolling 5 years exceeded i.e. 11.8% however the value increases mean the relationship of the distribution as a percentage of the NAV needs to be realigned which will be considered by the Investors Committee when they next meet.

DPFC Outlook

Whilst GDP growth is slowing, inflation and interest rates are increasing, generally DPFC's tenants have robust cashflows which supports the strong rent collection rates achieved. The disciplined implementation of DPFC's clear investment strategy targeting well located, multi-let properties in the £3m-£12m bracket which are receptive to being asset managed has provided resilient returns to investors throughout the challenging pandemic period. The portfolio is well placed to continue to deliver attractive returns.

Yours faithfully

Paul Hodgson, Fund Manager

Q1 2022 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st OCTOBER 2021 - 31st DECEMBER 2021

FUND OBJECTIVES

- A target distribution yield of 6-7% pa.
- A target IRR of 7-9% pa over a rolling five year period through maintaining and increasing rental income and targeting capital value increases over the period at least in line with inflation.
- 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	£83.1m
Net asset value	£78.4m
Number of assets	11
NAV per unit - FRS102 basis	147.29 p.p.u.
NAV per unit - INREV basis	147.45 p.p.u.
NAV per unit - MSCI/AREF basis	145.40 p.p.u.
Vacancy rate	3.6%
Weighted average lease length to expiry	5.29 years
Weighted average lease length to first break	3.57 years
November 2021 Distribution paid	1.8883 p.p.u.
Distribution for last 12 months	7.3713 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.84%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND REVIEW

The UK economy continues to recover from the restrictions placed on it during the Covid-19 pandemic, although the pace of growth appears to be slowing. Inflationary pressures have been building with inflation having increased to 5.4% in December, the highest it has been since March 1992. It is anticipated we will see further inflation as energy prices increase before inflation eases in the second half of the year. The Bank of England's Monetary Policy Committee acted in December increasing the base rate from it's record low of 0.1% to 0.25%, the first increase in three years. Real estate has historically performed well in inflationary environments with rental growth offering a degree of inflation hedging. Due to the positive gap between real estate yields and the ten year Gilt rate there is some capacity within the real estate yields to accommodate an increase in interest rates with minimal impact on pricing. DPFC's tenants continue to trade well resulting in high levels of rent collection and a low vacancy rate in the portfolio. DPFC's clear investment strategy structurally supports the resilient returns being delivered.

Distribution

The Fund distribution for the December 2021 quarter, payable during February 2022, is 1.8883p per unit, an annualised 5.38% of the opening NAV.

Total return

A 7.4% total return has been delivered by DPFC over the quarter (AREF/MSCI All Funds 7.5% total return). A 23.0% total return has been delivered over the last 12 months (AREF/MSCI All Funds 19.1% total return). Since inception DPFC has realised a 12.2% Total Return annualised (94% total return in absolute terms, 47% distributed, 47% NAV growth).

Value Growth

The DPFC portfolio has increased in value by 5.6% over the quarter (MSCI/IPD All Property Index 6.6%). Yields and rents have both improved over the quarter. Yield compression in the industrial sector, which accounts for 60% of the DPFC portfolio, continues as we see strong investor sentiment backed by rental growth projections. Yields in the office sector (DPFC 21%) remained stable as occupiers evolve their hybrid / agile working formats. Retail warehouses (DPFC 19%) have seen yields compress as this subsector of the retail market is part of multichannel retailing model and has been more suited to socially distanced retailing. The rental income from the portfolio continues to increase as higher market rents are crystalised at lease events. Valuation growth is however stronger than rental growth as it is the product of both rent and yield improvements.

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 often 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 drive performance.

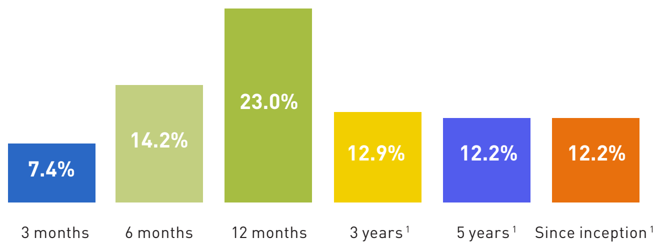
Occupancy

- The portfolio was 96.4% occupied at 31st December with 3.6% vacant (AREF/MSCI All Funds 9.8%). This is a slight increase from DPFC's 2.5% vacancy rate the previous quarter.

Asset Management

- Throughout the pandemic the rent collection from the DPFC portfolio has been consistently strong. 99% of the September quarter's rent has been collected which matches the average over the trailing 12 months. At 20 days after the December quarter 95% of the rent demanded had been collected. There are both structural and management reasons why the level of rent collection has been resilient. Structurally, the portfolio sector weightings (60% industrial, 19% retail warehouse, 21% regional offices), the quality of the tenants' financial covenants (c.70% classed by D&B as "minimal" or "lower than average" risk) and the diverse tenant base (75 tenancies) all support portfolio performance. The management systems in place working closely with the credit controllers ensure those tenants who are able to pay do.
- Unit 74 at Kiln Farm Industrial Estate, Milton Keynes has been refurbished and the works have improved the EPC from an EPC D to an EPC B. The Minimum Energy Efficiency Standards (MEES) places a legal requirement of at least an EPC E to be able to let units. However, it is expected the minimum EPC level required will increased to EPC C or B in 2030. We are therefore taking the opportunity to future proof the assets when we refurbish them. The unit was pre-let whilst the refurbishment was being completed to a courier company at £8.25 per sqft which is the first letting over £8.00 per sqft on the estate. Maintaining high levels of occupancy in the portfolio is achieved in part by engaging with tenants before lease events to understand their property needs and if appropriate agreeing terms that are mutually beneficial. At Ransomes Europark in Ipswich we have agreed with a tenant of a 19,000sqft unit to remove their break option on granting them a small rent-free period enabling them to extend their mezzanine floor to accommodate the businesses growth over the remaining 6 years of their lease. DPFC has a longer term certain to a good tenant and the tenant can fund improving the property to meet their business needs.
- DPFC is pleased to welcome an Oxford University College as a new investor. There remains capacity for further units to be issued and discussions are progressing with a number of potential investors.

HISTORIC TOTAL RETURNS



1. Annualised

Property Investment Market

- Total investment transactions during 2021 are expected to have reached £60bn, 5% ahead of the five-year average and higher than the totals recorded in 2020 (£46.9bn) and 2019 (£53.7bn). Overseas capital accounted for 47% of all transactions by value during 2021 (down slightly from 51% in 2020) with US based investors being the most active whilst investment from both the Middle and Far East softened.
- Retail investment sales totalled £6.6bn in 2021, the highest annual figure since 2017, with £1bn being transacted in December alone, the first time that sales threshold has been crossed in four years. The most active sub-sector during 2021 was retail warehousing with investors attracted by the subsector's performance during lockdown and the relative returns compared to industrial assets. The weight of money pursuing the retail warehouse subsector has resulted in yield compression however retail yields more generally have now stabilised. Retail occupier demand for in town units remains weak and rents continue to decline although at a slower pace.
- The level of investment in the office sector during 2021 (£17bn) was below the five-year average (£19.7bn) however, it was almost 30% higher than the value of sales in 2020. Overseas capital accounted for 55% of transactions by value. Yields have stated to harden in the core City & West End markets. The supply pipeline is set to release 9m sq ft of space into the London office market alone during 2022, one of the highest levels seen in the past 20 years, albeit 55% of that space has already been leased, reflecting occupier flight to quality.
- Industrial assets were the top performing sector in 2021 with sales reaching £17bn, 50% higher than the previous record year of £11bn in 2017. £2.1bn was transacted in December alone. Yields are expected to harden again this year albeit at a slower pace. Occupier demand continues to exceed supply particularly in urban locations where rental growth reached 6% year on year during Q3 2021. Supply in the logistics subsector is now at its lowest level on record. Rents are forecast to continue to grow throughout 2022.

Q1 2022 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st OCTOBER 2021 - 31st DECEMBER 2021

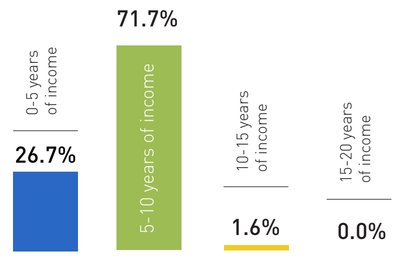
MAJOR TENANTS

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	Lower 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	Minimum Risk	2%
Total proportion of rent roll		**38%**

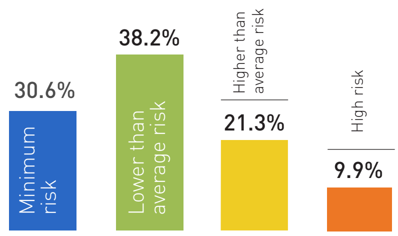
GLOSSARY

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)

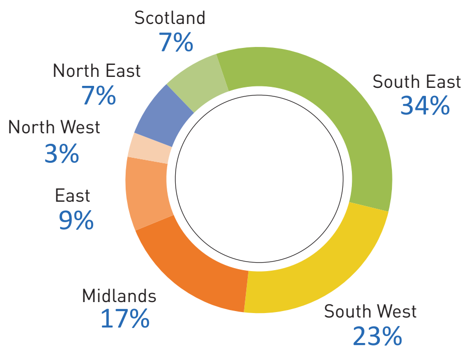
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



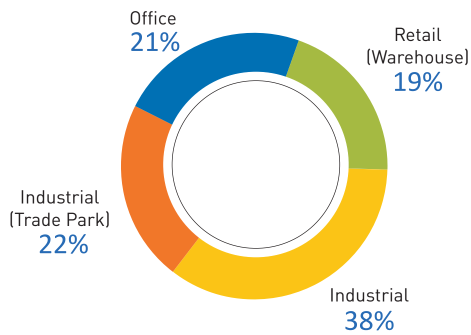
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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