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GROUP

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12th August 2021

Dear Investor,

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

I am pleased to attach DPFC's Factsheet for its Q3 2020/21 period (April to June 2021).

Highlights – Q3 period to end June 2021:

- **Distribution of 1.865p to be paid on 12th August, maintaining the distribution at both the same level as last quarter and it's pre-pandemic level**

- **Rent collection:**

Quarter	Rent Collected
June 2020	99%
September 2020	99%
December 2020	100%
March 2021	99%
June 2021 (Quarter day plus 40 days	94%

- **Total return 2.8% comprising 1.4% income and 1.4% capital.** Consistently strong levels of rental income and increasing capital values have led to resilient total returns.

Performance Update

The speed and level of rental collection this quarter has been the strongest since the start of the Covid-19 pandemic. The valuation growth has been achieved through rental growth being crystalised and an element of yield improvement on the industrial assets. The reduction of the vacancy rate in the portfolio to 2.0% reinforces the portfolio is made up of quality assets in the locations tenants need and want to be.

DPFC	Q3 20/21	6 mths	12 mths	3 yrs	5 yrs	Since Inception
Total Return	2.8%	7.6%	14.2%	9.7% pa	11.5% pa	11.8% pa

The key drivers of DPFC's performance are consistent:

- **Diversification:** DPFC seeks to mitigates property investment risk at a portfolio and property level through diversification of property, tenancies, sector use and location
- **Sector Weighting**: DPFC's portfolio is 57% industrial, 23% offices and 20% retail warehouses with no exposure to retail high streets or hospitality. The performance in the industrial sector continues to support DPFC's returns.
- **Quality Financial Covenants**: 75 tenancies with 77% 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 2.0% measured by rental value (compared to the AREF benchmark of 9.7%) at the end of June. The void rate reduced from 2.7% last quarter as a result of the letting activity on the portfolio.
- **Active asset management:** Each property in the portfolio has a bespoke five -year asset plan allowing the risks and opportunities to be rationalised and managed. Being flexible and creative in solving tenant's property needs in the portfolio helps ensure high retention levels at lease renewals and break options which in turn creates value.

Property Market Update

Commercial property investment transaction volumes in Q2 reached £14bn which is more than the corresponding quarters in 2019 and 2020, and broadly in line with the £14.2bn quarterly five-year average. However, the fortunes of the different sectors were polarised and fundamentally driven by occupier activity. High street and shopping centre retail is still evolving as we see reduced occupier demand and rents reducing which is feeding into low investor demand and yields. The retail warehouse market has seen an increase in occupier demand which has fuelled investor interest and seen yields compress. The office sector continues to wait for occupiers to resolve how they wish to use office space going forward which will define the demand for accommodation impacting on rental levels and ultimately investor demand and asset pricing. The industrial sector continues to see high levels of occupier demand with a reduced supply of accommodation where higher value alternative uses have seen some estates redeveloped principally for housing. The rental growth resulting in the industrial sector is attractive to investors and yields are therefore compressing.

Rent Collection

The rent collection rate continues to improve with the June 2021 rent collection rate being the best since the start of the pandemic. 40 days after the June quarter day 94% of the rent has been collected. The Asset Management team meet weekly with the Credit Controllers to ensure those tenants who are able to pay their rent do promptly.

The March rent quarter (DPFC's Q3 accounting period April to June) rent collection is as follows:

Sector	Rent Collected	Portfolio Weighting
Industrial (Industrial & Trade)	99%	57%
Office	100%	23%
Retail Warehouses	100%	20%
All Sectors	100%	100%

Valuations

The portfolio is independently valued each quarter by Jones Lang LaSalle. The value of the portfolio increased this quarter by 1.6% principally due to rental growth being crystalised at lease events and improved yields on the industrial assets in the portfolio.

Distributions

The distribution of 1.865p per unit for Q2 (period April to June 2021) is maintaining the distribution at the same level as last quarter and back to the pre-Covid level. The 1.865p per unit distribution will be paid to investors on 12th August.

DPFC Outlook

The consumer spending led economic recovery in the UK made possible by the successful vaccination programme bodes well for DPFC's tenants cashflows and their ability to continue to their pay rent. This backdrop with assist DPFC in the considered implementation of it's clear investment strategy targeting well located, multi-let properties in the £3m-£12m bracket which are receptive to being asset managed. DPFC's returns have been resilient during the pandemic and the fund is well placed to see incomes and values improve as the economy expands.

Yours faithfully

Paul Hodgson, Fund Manager

Q3 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st APRIL 2021 - 30th JUNE 2021

KEY FUND DATA

Portfolio value	£75.2m
Net asset value	£70.1m
Number of assets	11
NAV per unit - FRS102 basis	132.65 p.p.u.
NAV per unit - INREV basis	132.86 p.p.u.
Vacancy rate	2.0%
Weighted average lease length to expiry	5.24 years
Weighted average lease length to first break	3.51 years
May 2021 Distribution paid	1.8650 p.p.u.
Distribution for last 12 months	7.1240 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.82%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

FUND OBJECTIVES

- A target distribution yield of 6-7% pa.
- A target IRR of 7-9% 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.

FUND REVIEW

The Government has lifted the Covid-19 restriction in England and Scotland is following a similar path, enabling the economy to open up which bodes well for commercial property tenants' cashflows and DPFC's rental income. A considered approach to implementing DPFC's clear investment strategy has maintained consistent returns for investors throughout the pandemic.

Distribution

The Fund distribution for the June 2021 quarter, payable during August 2021, is 1.8650p per unit, an annualised 5.7% of the opening NAV.

Total return

A 2.8% total return has been delivered by DPFC over the quarter, (AREF/MSCI All Funds 3.8% total return). DPFC targets assets offering consistent reoccuring returns over the longer term. The 14.2% total return delivered over the last 12 months (AREF/MSCI All Funds 8.5% total return) demonstrates this. Since inception DPFC has realised a 11.8% Total Return annualised (76% total return in absolute terms, 43% distributed, 33% NAV growth).

Value Growth

The DPFC portfolio increased in value by 1.6% over the quarter (MSCI/IPD All Property Monthly Index 2.6%). Yield compression and rental growth on the industrial assets which make up 57% of the portfolio have seen values increase. Demand for industrial investments is resulting in transaction prices in excess of valuations. Retail warehouse properties make up 20% of the portfolio and there are a number of asset management transactions on these properties which are advanced and when completed we anticipate valuation improvements. Office properties comprise 23% of the portfolio and valuations have been broadly neutral as investors wait to see how occupiers use of office accommodation evolves.

Occupancy

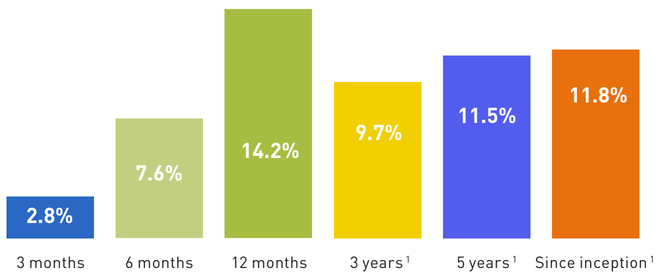
The portfolio was 98.1% occupied at 30th June with 1.9% vacant, comprising three units. AREF/MSCI All Funds Index for June was 9.7% vacant (90.3% occupied).

Investment Strategy

DPFC's investment strategy is clear and targets:

- Multi-let properties, a sub-sector of the property market often undervalued 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.

HISTORIC TOTAL RETURNS



1. Annualised

Asset Management

- As the Government's Covid-19 lockdown restrictions are being eased tenants cashflows are improving which has been reflected in the speed that rent is paid. The collection of rents for both the March and June quarter days has been stronger than the previous quarters affected by the pandemic. There have been very few bad debts in the DPFC portfolio as is demonstrated by the collection rates; March 2020 94%, June 2020 99%, September 2020 99%, December 2020 100%, March 2021 99% and June 2021 94% after 40 days although we expect overall payments to be in line with previous quarters. The level of rent collection is a reflection of; the sectors the portfolio is invested in (57% Industrial, 20% retail warehouse, 23% offices), the strength of the tenants' financial covenants (77% D&B risk rated minimal or lower than average), the diverse occupier base (75 tenancies) and the strong landlord and tenant relationships in place.
- There are currently 75 tenancies in the portfolio and 77% of the rental income is from tenants with financial covenants D&B rate as "minimal risk" or "lower than average risk".
- Working flexibly with occupiers to help solve their real estate needs is key to the landlord and tenant relationships we nurture. At Kiln Farm Industrial Estate in Milton Keynes a tenant with a lease expiry in 2030 had a break option in 2025 and an outstanding rent review. Due to the pandemic they were keen to delay the rental increase from the rent review. A stepped rent was agreed in return for the break option being removed. Industrial rental growth is also being evidenced at Milton Keynes where lettings at £7.50 psf are evidencing an enhanced rental tone. An important part of keeping a high occupancy rate in the portfolio is ensuring the properties purchased are where tenants need and want to be. DPFC's office property in Clarendon Road, Watford offers good quality small office suites in the town's prime office location between the town centre and the train station. Two tenants in this building have decided not to exercise their break options this quarter which has helped the Fund reduce the vacancy rate this quarter to just 2.0%. Higher occupancy ensures lower void cost and increased income.
- With over £2m of new subscriptions in DPFC to be invested and having other investors going through the verification process we have acquired another investment for DPFC. This completed in June with the purchase of a retail warehouse in Hall Green Birmingham which is occupied by Wickes for almost £7m (NIY to DPFC 6.4%). The property offers great flexibility with many asset management possibilities whether it be to extend the current occupiers lease, open up the planning to include food retail or subdivide the property.

Property Investment Market

- Investment transaction volumes increased in May exceeding £6bn helping Q2 to reach £14bn, more than was achieved in the corresponding period for 2019 or 2020. International investors accounted for 60% of all activity by volume.
- Investor appetite for office properties increased with June transactions of £2.7bn close to 50% above the five year monthly average. The business park subsector attracted £765m of transactions one of its best months on record. Occupier demand reduced in 2020 but there is increasing evidence of this being more balanced with 2m sq ft of take up in Q2 2021. Office take up is expected to be 25% below trend over the next year as occupiers assess the impact of Hybrid working regimes although overseas investors continue to acquire office investments.
- Retail investment volumes for June reached £420m, in line with the 2020 monthly averages, with supermarkets and retail parks being the focus of activity. Rents in many locations have now been rebased as we see the accelerated retail evolution continue.
- Demand for industrial investments continues to be very strong with more than £1bn of transactions in June. Yields are compressing due to anticipated rental growth and competition to gain exposure to the sector. Occupier demand remains robust and supply is constrained which is driving rental growth, especially in urban areas.

Q3 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

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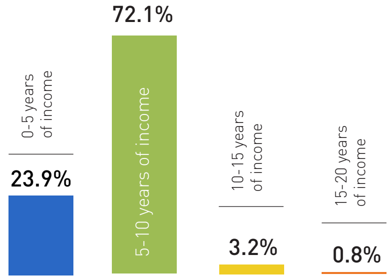
MAJOR TENANTS

Ten largest tenants by income	D & B Category	
Wickes Building Supplies Ltd	Lower than average risk	8%
Allianz Management Services Ltd	Lower than average risk	6%
DSG Retail Ltd	Minimum Risk	5%
Go Outdoors Retail Ltd	Lower than average risk	4%
JD Sports Gyms Ltd	Minimum Risk	4%
First Intuition Cambridge Ltd	Minimum Risk	3%
MTD (UK & Ireland) Ltd	Higher than average risk	3%
Halfords Ltd	Lower than average risk	3%
Graham Tiso Ltd	Higher than average risk	3%
PRP Optoelectronics Ltd	Minimum Risk	3%
Total proportion of rent roll		**42%**

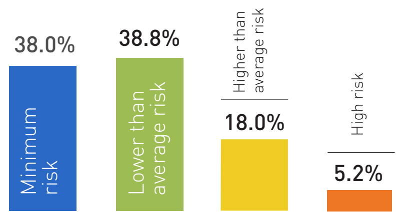
GLOSSARY

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

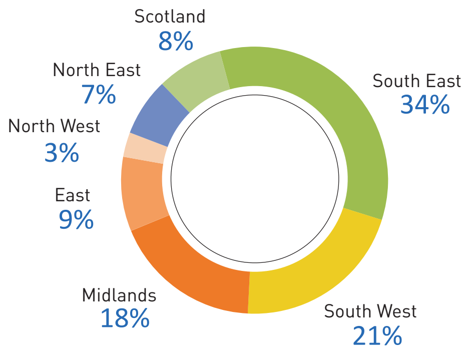
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



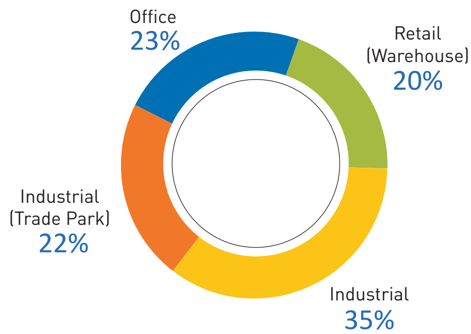
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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