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11th November 2021

Dear Investor,

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

I write summarising DPFC's performance over the period Q4 2020/21 period (July to September 2021) and attaching a copy of the DPFC's Factsheet for the same period.

Highlights – Q4 period to end September 2021:

- **Distribution of 1.8883p to be paid on 11th November, increasing the distribution above it's pre-pandemic level**

- **Rent collection:**

Quarter	Rent Collected	Quarter	Rent Collected
June 2020	99%	March 2021	99%
September 2020	99%	June 2021	98%
December 2020	100%	September 2021 - Quarter Day + 29 days	92%

- **Total return 6.3% comprising 1.4% income and 4.9% capital.** The strong total return is the result of resilient rental income and valuation increases on the properties held.

Performance Update

The portfolio value grew by 4.6% over the quarter has been a key element of the 6.3% performance achieved. The asset management of the portfolio focuses on lease events to achieve optimal rental increases whilst mitigating vacancy risks. The vacancy rate in the portfolio remains low, at 2.5%, relative to the AREF rate of 9.6%. DPFC's and AREF's Total Returns are detailed below:

DPFC	Q4 20/21	12 mths	3 yrs	5 yrs	Since Inception
Total Return	6.3%	17.1%	11.1% pa	11.4% pa	11.5% pa
AREF	4.2%	11.5%	2.7%	4.9%	N/A

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 58% industrial, 23% offices and 19% retail warehouses with no exposure to retail high streets or hospitality. This quarter we have seen the values of DPFC's industrial properties increase further, adding materially to DPFC's returns.
- **Quality Financial Covenants**: 75 tenancies with 70% 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 2.5% measured by rental value which compares favourably to the MSCI benchmark vacancy rate of 9.6% as at the end of September.
- **Active Asset Management:** During the quarter good progress has been made with each property's five-year asset plan. The asset planning process provides a framework to rationalise the risks and opportunities. Being flexible and creative in solving tenant's property needs helps ensure high retention levels at lease renewals and break options, reducing potential vacancy costs which in turn creates value.

Property Market Update

The commercial property investment market is experiencing heightened investor demand. Transaction volumes for the year to date reached £41bn, up on the same point in 2020 and 2019, and in line with the five-year average. It is very competitive to acquire investments in the preferred sub-sectors of the market. There are opportunities to acquire value in the market, however you need to look harder to find the right assets whether they are being openly marketed or are teased out in off-market transactions. The fortunes of the different sectors and sub-sectors remain polarised and fundamentally driven by occupier demand. Reduced occupier demand for high street and shopping centre retail is reducing rents which is feeding into low investor demand and yields. Increased occupier demand in the retail warehouse market has seen rents find their level and the increase in investor demand is driving yield compression. Although office occupiers are returning to their offices, they are evaluating how they will re-utilise their space going forward. This uncertainty is feeding into investor demand and yields. Occupier demand in the multi let, urban industrial sector remains high with constrained supply as few new industrial units are being developed. The level of rental growth is attractive to investors, and this is reflected in the yields being achieved when properties are sold.

Rent Collection

The rent collection rate is resilient averaging 99% since June 2020. The Asset Management team meet weekly with the Credit Controllers to ensure those tenants who are able to pay their rent do promptly.

The June rent quarter (DPFC's Q4 accounting period July to September) rent collection is as follows:

Sector	Rent Collected	Portfolio Weighting
Industrial (Industrial & Trade)	88%	58%
Office	98%	23%
Retail Warehouses	96%	19%
All Sectors	92%	100%

Valuations

The DPFC portfolio is independently valued each quarter by Jones Lang LaSalle. They are working hard to ensure they capture the most current comparable transactions to the properties in the portfolio. The industrial market is most active with values increasing due to rental growth and yield compression. This was evident in the September valuation which saw the portfolio value increasing by 4.6%.

Distributions

The distribution of 1.8883p per unit for Q4 (period July to September 2021) increases the distribution above the pre-Covid level and reflects 5.65% annualised, on the NAV at the start of the quarter. The distribution has increased or been maintained each year since inception, in absolute terms i.e. 1.6404p.p.u. August 2015, 1.8883 p.p.u. November 2021 (May 2015 0.8421p.p.u. ignored as it represented less than a full quarter - the period 15 February 2015 to 31 March 2015). The NAV has increased from 100p.p.u. to 139.23p.p.u over the same time period due to strong portfolio valuation increases, reflective of the portfolio weighting in urban industrial properties. This valuation growth increasing the NAV makes the target distribution of 6-7% of the opening NAV more challenging although the fund's target IRR of 7-9% over a rolling 5 years is being comfortably exceeded i.e. 11.3% IRR to September 2021 over 5 years. Whilst we continue to target increasing distributions in absolute terms each year, to realign stated targets given the valuation growth, a revised target distribution yield of 5-6%pa on the opening NAV for the period is to be considered by the Investor Committee at the next meeting.

DPFC Outlook

The economic recovery from the Covid-19 pandemic is underway and robust cashflows of DPFC's tenants are supporting strong rent collection rates. 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 pandemic. The portfolio is mitigating property investment risks at a portfolio and property level, resulting in DPFC being well placed to continue to deliver attractive returns.

Yours faithfully

Paul Hodgson, Fund Manager

Q4 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JULY 2021 - 30th SEPTEMBER 2021

KEY FUND DATA

Portfolio value	£78.7m
Net asset value	£70.1m
Number of assets	11
NAV per unit - FRS102 basis	139.23 p.p.u.
NAV per unit - INREV basis	139.42 p.p.u.
NAV per unit - MSCI/AREF basis	137.34 p.p.u.
Vacancy rate	2.5%
Weighted average lease length to expiry	5.32 years
Weighted average lease length to first break	3.62 years
August 2021 Distribution paid	1.8650 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 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.

FUND REVIEW

The UK economy continues to expand as it recovers from the restrictions placed on business during the worst of the Covid-19 pandemic. Commercial property occupiers cashflows are improving which is supporting strong rent collection rates. The disciplined implementation of DPFC's clear investment strategy is delivering consistently attractive returns to investors.

Distribution

The Fund distribution for the September 2021 quarter, payable during November 2021, is 1.8883p per unit, an annualised 5.65% of the opening NAV.

Total return

A 6.3% total return has been delivered by DPFC over the quarter (AREF/MSCI All Funds 4.2% total return). A 17.1% total return has been delivered over the last 12 months (AREF/MSCI All Funds 11.5% total return). Since inception DPFC has realised a 11.5% Total Return annualised (84% total return in absolute terms, 45% distributed, 39% NAV growth).

Capital Value Growth

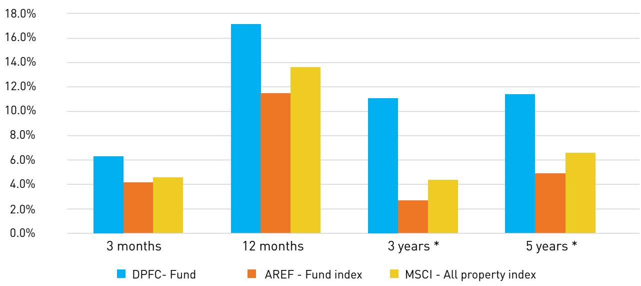
The DPFC portfolio has increased in value by 4.6% over the quarter (MSCI/IPD All Property Index 3.3%). This was due to rental growth being crystalised through the asset management transactions on the portfolio and increased industrial rents are being capitalised at stronger yields by valuers due to the strength of investor demand. Industrial properties, which account for 58% of the DPFC portfolio, grew in value by 7% over the quarter. The performance of the office sector awaits clear direction on how occupiers re-utilise their offices and the evolution of remote working. The retail sector continues to feel the impact of increased online sales and reduced demand for physical stores. This is being felt particularly on the high street and in shopping centres, sectors where DPFC has no exposure. DPFC has only invested in retail warehouses which tend to form an integral part of the multi-channel retailing being used for click and collect and distribution.

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.

HISTORIC TOTAL RETURNS



* Annualised

Occupancy

The portfolio was 97.5% occupied at 30th September with 2.5% vacant (AREF/MSCI All Funds 9.6%).

Asset Management / ESG

- The level of rent collection through the Covid-19 pandemic period has been strong; March 2020 94%, June 2020 99%, September 2020 99%, December 2020 100%, March 2021 99%, June 2021 98%, 21 days after the September 2021 quarter day, 91% has been collected. This strong level of rent collection is due to the sector weightings in the portfolio (58% Industrial, 19% retail warehouse, 23% regional offices), the quality of the tenants financial covenants (70% classed by D&B as "minimal" or "lower than average" risk), the diverse tenant base (75 tenancies) and the proactive landlord and tenant relationships.
- The letting of Unit 44 at Kiln Farm Industrial Estate, Milton Keynes has completed this quarter following the refurbishment of the unit. The letting was at £7.50 per sqft (15% ahead of ERV) for a term of 5 years. The refurbishment of the unit presented the opportunity to enhance its energy efficiency. Prior to the refurbishment, the Energy Performance Certificate (EPC) was an EPC C but the works saw this increase to an EPC B. Unit 74 at Milton Keynes is also being refurbished and the works will see the EPC increase 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. We are however taking the opportunity to future proof the assets when refurbishing as we expect the MEES requirement to increase. Prior to having completed the refurbishment of Unit 74 terms have been agreed to let the unit at £8.25 per sqft demonstrating the strong occupier demand for urban industrial units in the DPFC portfolio. At Trimdon Retail Park, Sunderland, Halfords have renewed their lease for 5 years reinforcing the strength of this retail warehouse location. At 34, Clarendon Road, Watford an office tenant has relocated within the building to an alternative smaller office suite taking a new 10 year lease with tenant's break at year 5 at a rental of £31 per sqft. This is a 30% increase in the rental per sqft.

Investor Subscriptions

- Following the purchase of a retail warehouse unit in Hall Green, Birmingham occupied by Wickes in the Summer, there is currently the capacity for DPFC to issue £4m of new units in the Fund immediately.

Property Investment Market

- Property investment transaction volumes for the year to date were £41bn, up on both 2019 (£36bn) and 2020 (£30.4bn) and in line with the five year average. There are significant amounts of equity looking to be invested in real estate.
- Office investment volumes stand at £11bn for the year to date, up on 2020 (£8.1bn) and marginally below 2019 (£17.7bn). Yields generally remain stable although prime yields are hardening as we are seeing occupier interest in taking space picking up although vacancy rates are generally increasing. The better office buildings in terms of location, specification and sustainability credentials will perform better going forward. Tertiary office buildings are likely be converted to alternative uses.
- Retail investment transaction volumes reached a five month high in September of £755m with the focus being retail warehouses and supermarket assets. DPFC is not invested in high street retail units or shopping centres which are the retail subsectors which have been most impacted by the growth of online retail.
- Industrial investment transaction volumes stabilised in September with £875m transacted taking the total invested over the year to date to £12.3bn which is ahead of every full year figure ever recorded. The imbalance between supply and occupier demand in this sector continues to drive rental growth which is likely to continue in the medium term. DPFC's industrial assets are in the urban industrial and logistics sub-subsector where supply constraints are heightened.

Q4 2021 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JULY 2021 - 30th SEPTEMBER 2021

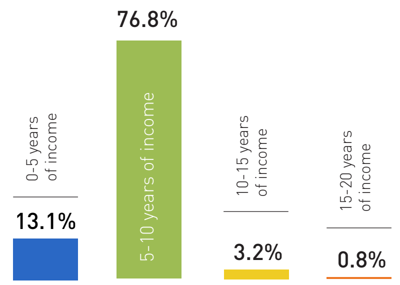
MAJOR TENANTS

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%
DSG Retail Ltd	Minimum 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%
Total proportion of rent roll		**42%**

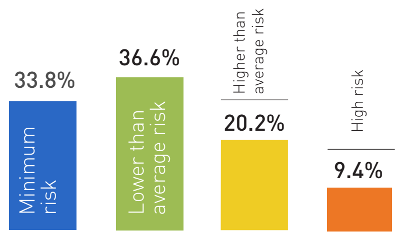
GLOSSARY

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
AREF	Association of Real Estate Funds
MSCI	Morgan Stanley Capital International

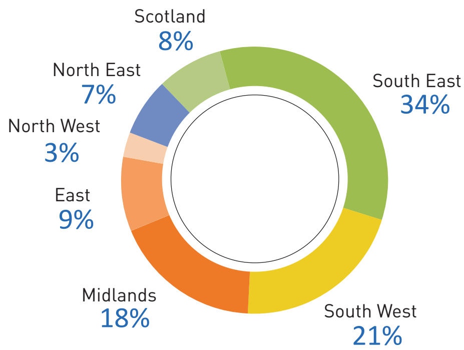
LEASE EXPIRY PROFILE (EXCL. BREAK OPTIONS)



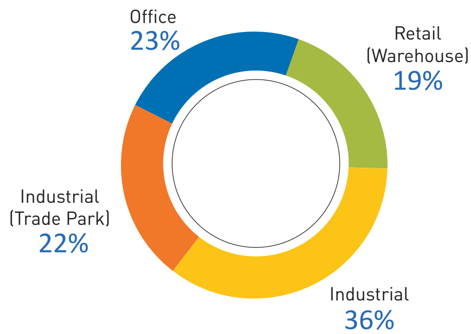
TENANT COVENANTS BY D&B RISK RATING



PORTFOLIO ANALYSIS BY LOCATION



PORTFOLIO ANALYSIS BY SECTOR



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