DPFC

Diversified Property Fund For Charities

Report and Financial Statements

for the financial year ended

30 September 2020

KEY DATA

Distribution Yield	Distribution Paid in 2020 Maintained at 2019 Level
5.8%	

Total Return	Total Return Since Inception
7%	11.2% pa

Distribution Yield (Target)	IRR (Target)
6-7%	7-9%

Increase in NAV	NAV
1.9%	£64m

Occupancy	Occupiers
98.4%	73

PORTFOLIO

Milton Keynes, Kiln Farm Industrial Estate

Size: 121,400sqft
Occupiers: 16

Swindon, Westerngate

Size: 168,400sqft
Occupiers: 9

Watford, Clarendon Road

Size: 24,000sqft
Occupiers: 12

Penrith, Ullswater Road

Size: 26,800sqft
Occupiers: 1

Northampton, Grafton Trade Park

Size: 84,400sqft
Occupiers: 13

Cambridge, Hills Road

Size: 6000sqft
Occupiers: 1

Glasgow, Inner City Trading Estate

Size: 51,400sqft
Occupiers: 9

Ipswich, Ransomes Europark

Size: 52,300sqft
Occupiers: 4

Sunderland, Trindon Retail Park

Size: 43,000sqft
Occupiers: 3

Maidstone, Medway Bridge House & Riverside House

Size: 39,000sqft
Occupiers: 5

Contents

FINANCIAL HIGHLIGHTS

	Year ended 30 September 2020	Year ended 30 September 2019
Net rental income	£4.8m	£4.8m
Operating Profit	£3.9m	£3.9m
Earnings per unit	8.69p	10.32p
Net assets per unit (FRS 102 basis) - see note 15	125.67p	124.18p
Net assets per unit (INREV basis) - see note 15	125.83p	124.56p
Distributions per unit paid during the year	7.2220p	7.2242p

DPFC
Diversified Property Fund For Charities

CHAIRMAN'S REVIEW

7.0%

Total return for the year

The Diversified Property Fund for Charities ('DPFC', 'Fund') has had another strong year delivering a total return of 7.0% (2019: 8.7%) comprising 5.8% (2019: 6.0%) distribution and 1.2% (2019: 2.7%) capital appreciation. It is particularly encouraging that this has been achieved during a period when the Covid-19 pandemic took hold.

The portfolio increased in value by 1.4% over the year comparing favourably to the MSCI/IPD All Property Index which decreased by 2.7%. Rising property values and modest investor subscriptions and resulted in the Net Asset Value (NAV) increasing from £63.2m to £64.5m. Since inception, the total Fund return has been 11.2% pa.

The fortunes of the various sectors of the property market have differed materially during the pandemic. Trends already evident have accelerated resulting in residential and industrial warehousing benefitting whereas leisure and retail, with the exception of supermarkets and some retail warehousing, have been negatively impacted.

DPFC's objective is to deliver an attractive growing dividend and capital values which grow at least in line with inflation. The Fund's strategy focusses on good quality multi-let properties, in good locations with strong occupational demand. As a result, the Fund has a 59% weighting to industrial warehousing properties, 28% in offices and only 13% in retail warehousing, with no exposure to high street retail and leisure properties. The benefits of this strategy, when combined with the focus and active management expertise of the Manager, has seen a consistently low vacancy rate during the year and strong rent collection averaging 98% for the year, increasing to 99% with payment plans (2019: 100%).

The distribution to unitholders of 7.22p per unit for the year, increased in the first two quarters and then reduced modestly in the second half of the year as the effects of Covid-19 on rent collection were cautiously observed. However, it is pleasing that the overall annual distribution paid was maintained at the same level as the previous year, and importantly was fully covered by net income. This shows the resilience of the portfolio in challenging conditions.

The fifth anniversary of the Fund launch was celebrated during the year and the clear, focussed strategy is delivering a strong performance track record. The Fund is open to new investors who are attracted by the income distribution and take a long-term view on property investment.

Although the pandemic continues to create significant uncertainty, the Investment Advisory Board is confident DPFC's portfolio is well positioned to continue to offer investors attractive risk adjusted returns.

Stuart Beevor, Chairman
Investment Advisory Board

MANAGER'S REPORT

5.8%

Distribution yield

7.22p

distribution paid in 2020 maintained at the 2019 level

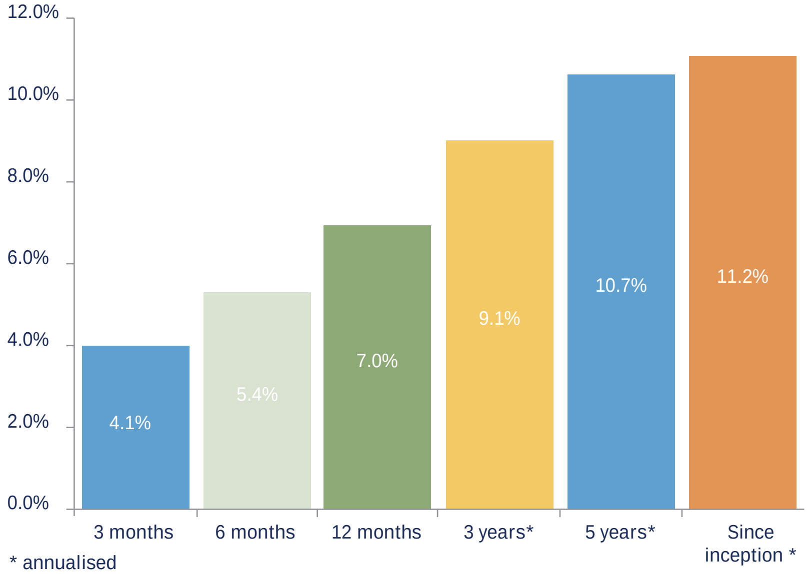
The year to the end of September 2020 started positively but then saw the evolving consequences of the Covid-19 pandemic unfold. Governments across the globe introduced restrictions limiting the movement of their people and the social, health and economic consequences continue today. The current roll out of the vaccination programme gives some optimism for a return to normality later during 2021.

The impact on the real estate industry has differed by sector with retail and leisure properties being the most adversely affected whereas industrial warehousing assets have seen a positive impact. Industrial warehousing and many office tenants have continued to operate and been able to pay rent. Conversely, many retail tenants have endured periods of closure and not paid rent. DPFC's portfolio has an industrial warehousing bias with a diverse tenant base resulting in an average of 98% of the rent being received for the Fund's financial year.

DPFC's quality portfolio, attracting strong occupational demand, delivered a total return of 7.0% comprising a 5.8% distribution paid to investors and 1.2% Net Asset Value (NAV) capital growth. We are very mindful how charities incomes have fared during the pandemic and how important DPFC's distributions are to its investors. I am delighted the level of distribution paid in 2020 has been maintained at the same level as in 2019. The average increase in the distribution has been 1.8% pa since inception.

Since launch DPFC has delivered a total return to investors of 63.2%, equivalent to 11.2% annualised. This comprises of distributions totalling 37.6%, equivalent to 6.66p per unit pa and Net Asset Value (NAV) growth of 25.7%, equivalent to 4.55p per unit pa. The annualised Total Returns demonstrate consistently attractive returns since inception.

Historic Total Returns - To 30 September 2020



Fund Objective

DPFC's objective is to deliver a target IRR of circa 7-9%pa, ungeared over a rolling five year period and a target distribution yield to investors of 6-7%pa. To achieve these objectives, the Manager targets delivering a sustainable and growing distribution along with capital appreciation and capital appreciation at least in line with inflation. DPFC's clear investment strategy has been devised to achieve these objectives when combined with the external forces which influence the real estate market, and the asset management skill set applied by the Manager. Whilst there may be short term fluctuations in how these factors influence performance, they combine over the longer term to serve the objectives set.

Investment Strategy

DPFC's investment strategy is clear and targets principally multi-let properties in strong locations in the £3m-£12m value range which have the potential for adding value through active asset management. This strategy serves to mitigate risk at a portfolio and property level.

At a portfolio level the investment operating criteria set for the Fund seek diversification of location, sector, occupier and leasing profile. Importantly in these uncertain times, the diversity of occupier ensures, should any one tenant be unable to pay their rent, the impact on the Fund's ability to maintain a sustainable distribution to investors (unit holders) is mitigated.

Through implementing each property's five-year asset plan it is possible to further mitigate property specific risks to progressively enhance rental income and, in turn, a property's capital value. This objective assessment of the risks and opportunities enables returns to be optimised. The MSCI/IPD market data on lease events concludes that 80% of tenants do not exercise break options and 34% of tenants renew their leases. This adds additional value relative to the contractual lease position and the assumed vacant property costs factored into a valuation cashflow.

Strong locations where tenants need and want to be helps to mitigate voids, and void costs, resulting in a low vacancy rate in the portfolio. Targeting multi-let properties with shorter average weighted unexpired lease terms (AWULT) is an opportunity to acquire properties with a higher income yield. By proactively managing existing and prospective tenant relationships DPFC has a consistently low vacancy rate, which at the year-end was 1.6% (AREF 9.3%) and an AWULT to lease expiries of 5.2 years (2019: 5.5 years).

"Clear Investment Strategy

Multi-let properties, strong locations, £3m - £12m value range and active asset management"

1.6%

Vacancy rate

Investment Strategy (continued)

The £3m-£12m asset size is generally a little too large for most high-net-worth investors and a little too small for most institutional investors. As this strata of the market is not overly crowded there is the potential to acquire assets at higher income yields.

Fund Performance

In view of the strong rent collection, the Fund paid aggregate distributions of 7.22p per unit for the 2020 financial year, being the same level as the prior year. The distribution was fully covered by net income.

This is considered a positive outcome given the impact of Covid-19 pandemic. The distribution yield for the financial year was 5.8% (2019: 6.0%) - calculated as a percentage of the NAV per share at the start of the year. Part way through the year the distribution was reduced to 94% of the prior quarter distribution. A prudent step as we observed how Covid-19 might impact revenues. Overall, the portfolio is reversionary with passing rents approximately 3.1% below the market rent assessed by the Fund's valuer, Jones Lang LaSalle. This provides scope for rental income to grow as lease events occur.

We are aware of the importance many of DPFC's investors place on the reoccurring income the Fund distribution provides. The distributions detailed in the graph below show how the distribution has steadily increased prior to the 2020 year and has then been maintained at the same level as 2019 on an annual basis. As the increase in property values has been stronger than the increase in rental values the Distribution Yield, expressed as percentage, reduced slightly over the period.

DPFC distributions:

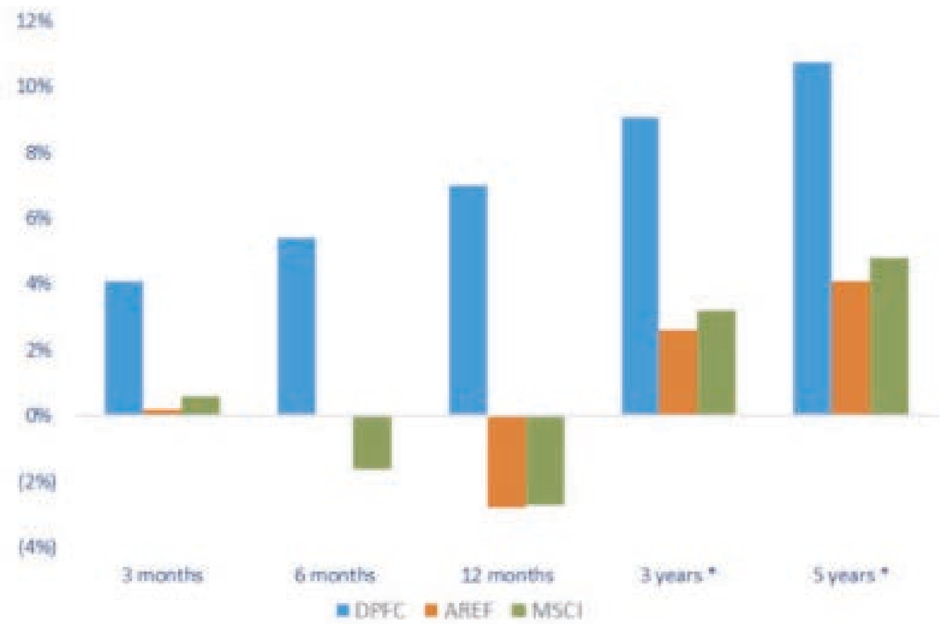
Through the steady increase in portfolio value and the ability to retain profits, we have seen the FRS102 NAV per unit at 30 September 2020 increased by 1.2% to 125.67p per unit (2019: 124.18p per unit).

DPFC NAV growth:

Fund Performance (continued)

DPFC's relative performance at a property and Fund level is pleasing. Combining the Distribution and NAV growth, the total return was 7.0% for the year (2019: 8.7%) and 11.2% annualised since launch in February 2015 (2019: 11.8%). The MSCI/IPD All Property Index benchmark, recorded total returns for the year to the end of September of -2.7% (2019: +2.9%). The Association of Real Estate Funds (AREF) benchmark delivered a total return for the year of -2.8% (2019: +1.5%).

Relative Performance – DPFC Total Returns Relative to Benchmarks



* annualised

Property Portfolio and Market Overview

Investment volumes were lower in 2020 as investors took stock of the Covid-19 situation and Brexit.

Occupier demand varied significantly with industrial warehousing remaining buoyant with annual rental growth for DPFC of 5%. The retail market was weak overall but supermarkets and retail warehousing did relatively well compared to high street retailing which suffered from Covid-19 restrictions and the long-term trend to on-line retail activity. Overall, retail rents have been reducing as vacancy rates rise.

The growth of online sales has been positive for industrial and logistics assets with the "last mile" logistics demand and the booming home improvements market, where occupiers who serve the trade market, being especially active. Positive rental growth and low vacancy rates have resulted. The DPFC portfolio is weighted with "urban logistics" industrial assets which have benefited from these trends.

For a number of years, the office sector has been experiencing a trend for increased remote working. The Government's directive to work from home if possible has served to demonstrate that technology can support remote working. Over the coming months we will see office occupiers review office utilisation and a greater versatility in working practices is likely.

The DPFC portfolio is particularly well positioned to take advantage of current market conditions and trends which have been accelerated during the pandemic.

The industrial sector weighting in the portfolio is 59% comprising 35% industrial warehousing and 24% trade parks. This is a positive weighting, and we would look to invest further when opportunities arise.

59%
Industrial sector weighting

73

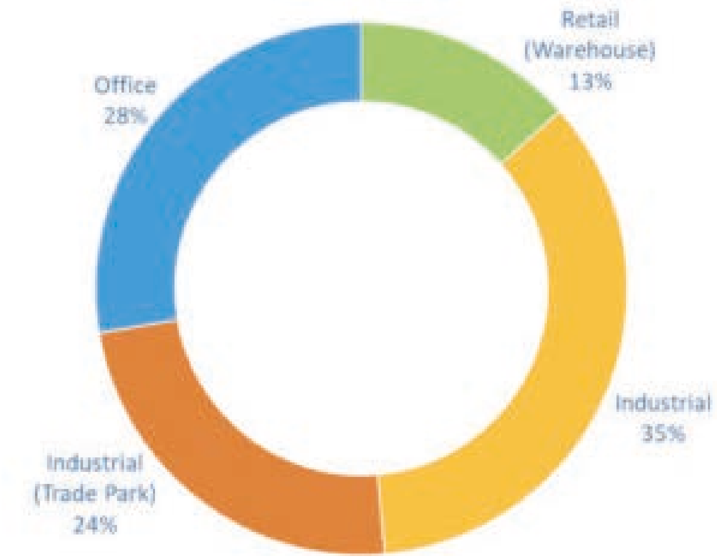
Tenants, diverse occupier base

Property Portfolio and Market Overview (continued)

The office weighting is 28% comprising office buildings in Cambridge, Watford and Maidstone. We are happy with the quality of the properties and the local market conditions. However, we would be cautious in considering further acquisitions in this sector in the near term.

DPFC has adopted a cautious approach to the retail sector investing in retail warehouses which can readily support retailers multi-channel retailing models. Only 13% of the portfolio is invested in retail warehouses where all the occupiers have either continued trading as essential retailers through the pandemic or have used the premises to complement their on-line presence for "click and collect".

The diversity of the portfolio by sector is detailed in the pie chart below:



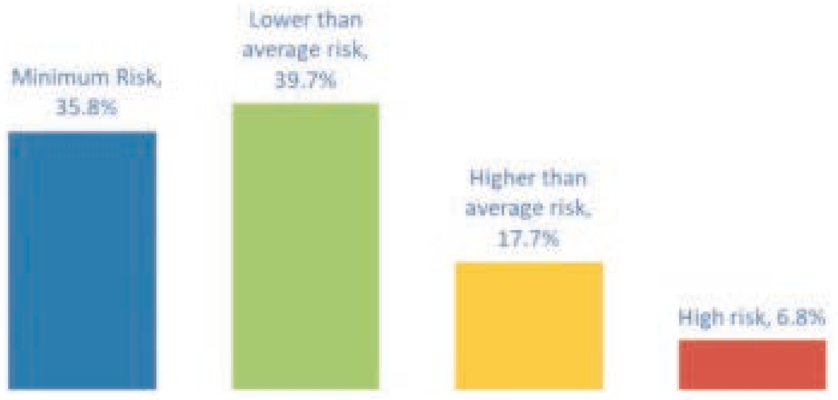
75.5%

Rental income from D&B minimal or lower than average risk

At the 2019 year end the portfolio sector split was: Industrial 33%, Industrial (Trade Park) 22%, Office 28% and Retail 17%. The portfolio contains 10 properties with an average lot size of circa £6.5m. The multi-let nature of these properties provides a diverse occupier base of 73 tenants.

The quality of the income from this diverse occupier base is very good as shown in the chart below, 75.5% of the rental income is derived from tenants with a D&B risk rating of "minimum" or "lower than average risk".

Tenant Covenant by D&B Risk Rating



The quality of the tenant's financial covenants has been an important element of why the rent collection has been so strong during the Covid-19 period.

Property Portfolio and Market Overview (continued)

Overall, 98% of rent charged in respect of the financial year has been collected rising to 99% once rent to be paid through payment plans is taken into account (2019: 100%).

To support the timely collection of rents, the Manager meets weekly with the credit control team to review the actions required, which very few landlords do. Where appropriate, tenants who need help through payment plans are supported, however we seek to ensure tenants who can pay, do so.

98%

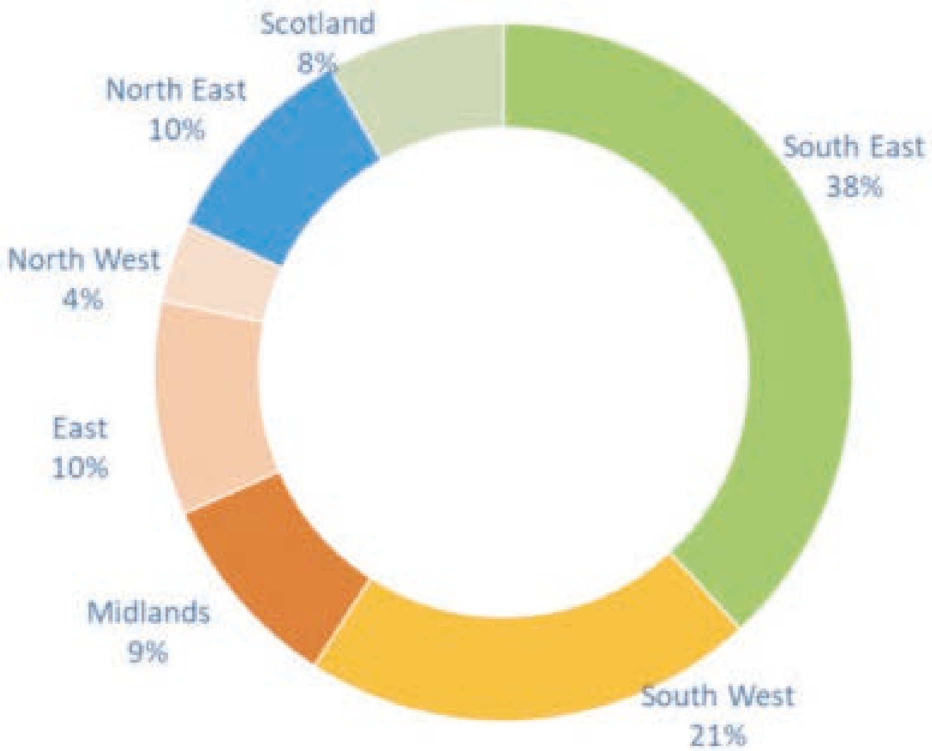
Rent collection

Rental growth in the portfolio is crystalised at lease events. The new rents set at a number of properties have been higher than the passing rents previously contracted in the leases. 16 lease events occurred during the year with new rents 32% higher than the previous passing rent and 12% higher than the Estimated Rental Value (ERV) in the external valuation. The industrial sector has seen the strongest rental growth and the Fund has benefited from its weighting in this sector.

The DPFC portfolio comprises properties in strong locations which are attractive to tenants. This ensures high occupancy, low voids and low void costs. The Fund vacancy rate at year end is very low at 1.6% (2019: 1.7%) which compares favourably to the AREF benchmark vacancy rate as at September 2020 of 9.3% (2019: 13.2%). The target is to achieve a low vacancy rate substantially better than the benchmark.

Geographical diversity is another layer of risk management at portfolio level. The pie chart below shows the geographic diversity of the portfolio. Almost 60% of the portfolio is in the South East and South West of England, areas where we anticipate heightened occupier demand.

Portfolio weighting by geographic location:



> Rental growth driving returns

DPFC's industrial assets are in urban locations where constrained supply and increased demand has resulted in rental growth. At Grafton Trade Park, Northampton the lease with Motor Parts Direct, a tenant who has been on the estate for almost 40 years, was regeared at a rental of £6.75 per sqft. Additionally, a letting on the estate to Motorcycle World completed at £7.00 per sqft. At purchase in 2016 the average passing rent was £5.10 per sqft resulting in an increase of 37% over 4.5 years. At Westerngate, Swindon an existing tenant on the estate sought to expand. Through taking an early surrender of another unit on the estate and refurbishing it we were able to solve the tenant's expansion requirement and agree new 10-year leases on both units at a rental of £6.95 per sqft. At purchase in 2015 the average passing rent on the estate was £5.01 per sqft resulting in an increase of 39% over 5 years.

The performance of the two retail assets in the portfolio has not been immune to the challenges the sector is facing. Go Outdoors occupy a retail warehouse unit at Penrith in the Lake District. Whilst Go Outdoors went into administration the phoenix business wished to continue trading from this store which trades well and took an assignment of the existing lease with a small rent reduction.

The office properties in the portfolio have performed well during the year. First Institution Cambridge, an accountancy training provider, who occupied two thirds of the office property on Hills Road, Cambridge signed a new lease. The new lease was for the whole property and the rent increased by 20% to c.£30.00 per sqft. Additionally, at Riverside House in Maidstone, a 38,000sqft office building, Handelsbanken took a lease of 2,500 sqft at a rental of £15.00 per sqft. The property is now 100% occupied.

Environmental Social Governance (ESG) and Responsible Property Investment

100%

Renewable energy centrally procured

DPFC and the Manager are committed to responsible property investment and believe environmental, social and governance considerations are integral to positive sustainable investment and management decisions. ESG activities combine what is ethically, morally and socially right with protecting and enhancing the reputation and long-term performance of the Fund.

At acquisition of an asset, detailed due diligence investigates ground conditions, building components and occupiers covenant and use. A five-year asset plan is prepared which identifies improvements which can be made and encourages transparent tenant communication. The common parts of properties under direct management are an integral part where energy use, waste management and proactive approach to repairs and maintenance identify how improvements can be made. We work with tenants to ensure they proactively consider a similar approach to their demised area.

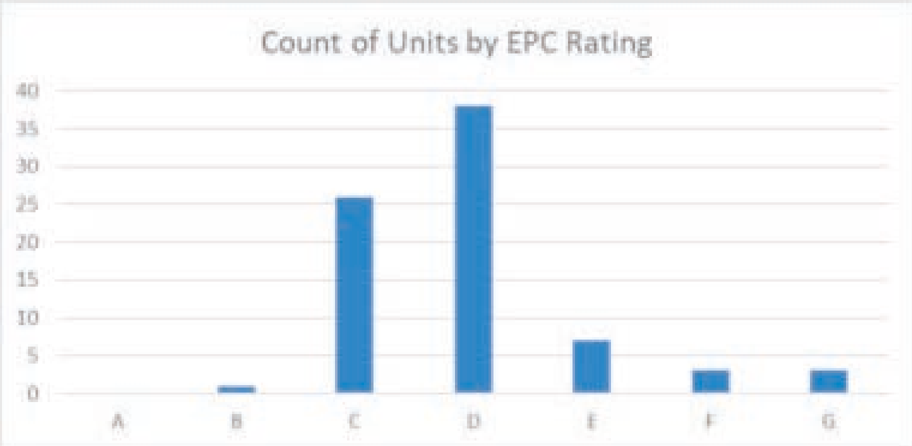
All of the Fund's centrally procured energy is derived from renewable sources: 61% is from wind; 23% from solar, 14% from biomass and 2% from biogas.

GRESB is the environmental, social and governance benchmark for real estate assets. It assesses the sustainability performance of real estate portfolios across the globe and provides a means of measuring the Fund's ESG performance against a global benchmark. DPFC is working to participate in the GRESB benchmark and has set a target of net carbon zero by 2050.

When the Fund refurbishes office suites or industrial units, design-led enhancements are made to improve energy performance, such as the replacement of inefficient halogen or fluorescent lighting with modern LED systems and the replacement of large hot water tanks with efficient point-of-use systems.

Environmental Social Governance (ESG) and Responsible Property Investment (continued)

We monitor the risk of non-compliance in the Energy Performance Certificates (EPCs) with the Minimum Energy Efficiency Standards (MEES) which came into effect on 1st April 2018. The risk of non-compliance is on 3.7% of the portfolio by ERV (2019: 4.2%), with no assets breaching compliance. For units where there is a risk of non-compliance, improvements will be made to ensure compliance once the current occupier vacates and before re-letting.



DPFC will only invest in assets which are consistent with the reputation of our charity unitholders and Eskmuir. Accordingly, DPFC would not acquire properties where the occupier's business is in tobacco, arms, pornography and animal testing.

Manager's Provenance and Track Record

Eskmuir FM Ltd is DPFC's Fund Manager and Eskmuir Asset Management Ltd is the Asset Manager. Both are part of the Eskmuir Properties Ltd (EPL) group. EPL was established in 1990 and is owned by the Laing Family Trusts and their charitable foundations. It was their philanthropic wish that led to DPFC's launch in 2015. Eskmuir has delivered 29 successive years of dividend growth to its investors and the £16m of shareholders' funds initially invested have grown to £146m, RPI growth would have resulted in £37m.

3

Levels of Governance and Oversight

Governance and Oversight

DPFC's governance operates robustly with:

- The Trustees (Sanne Nominees 1 (UK) Ltd and Sanne Nominees 2 (UK) Ltd) meeting quarterly to review, approve and instruct the Manager;
- The Investment Advisory Board meeting quarterly to review the Fund's activities including declaring distributions, acquisitions and disposals, performance and portfolio activity before appropriate recommendations are made to the Trustee; and
- The Investor Committee which is formed of the five largest investors meets annually to review the Fund's activities.

Investment Operating Criteria

The diverse nature of the DPFC portfolio is part of the clear investment strategy which enables the mitigation of structural and specific risks at a portfolio and property level. Detailed below is the Investment Operating Criteria in the Trust Deed. The Manager seeks to observe this criteria at all times and should a deviation from this criteria be considered appropriate it would be considered by the Investor Committee. The Investment Operating Criteria seeks that:

- No single asset is to be more than 15% of the portfolio by value at purchase;
- No single tenant is to account for more than 20% of the rental income; and
- The maximum exposure to any single UK region, except London and the South East, is not to exceed 35%

"The investment strategy DPFC has devised and implemented has proved resilient"

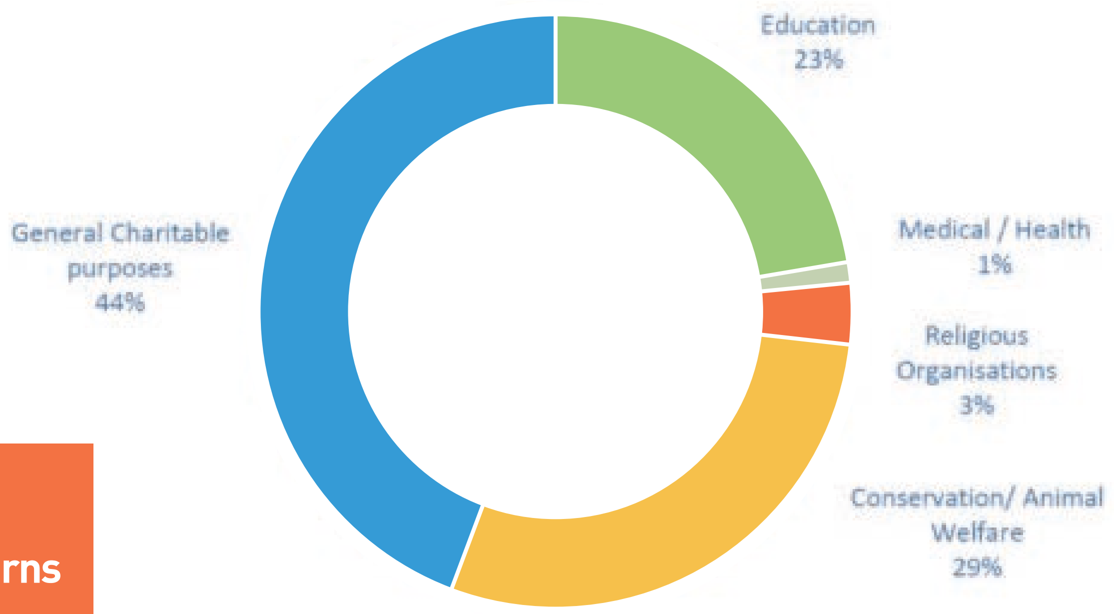
Valuations

The Fund's external valuer is Jones Lang LaSalle. The portfolio is valued on a quarterly and annual basis in accordance with the Practice Statements contained within the RICS Valuation – Professional Standards 2014 UK Edition (the Red Book). During the year Valuers, acting under the guidance of the RICS, introduced "Material Uncertainty" clauses to valuations due principally to the lack of transactional evidence in the market. As transactional volumes have increased, the need to include these clauses has ceased.

Unit Issues and Investor Commitments

A total of 0.38m units were issued during the year (2019: 0.23m) to two investors raising a total of £0.47m (2019: £0.28m). All investor commitments have been fully drawn. At the year end DPFC had 18 investors with wide ranging charitable purposes. An important unifying characteristic of all investors is they, along with the Manager, see real estate as a medium to long term investment. The Manager continues to target further expansion of the investor base and welcomes discussion with new potential investors.

Investor Purpose:



"DPFC's returns reflect extremely well on the quality of management deployed"

Investor testimonial

The International Headache Society is another investor in DPFC. Adam Speller, on behalf of the charity, said:

"Our investment in DPFC has contributed towards the cost of providing research fellows around the world advancing headache science, education and management which are a key part of the organisation's mission. Funding research in this area is crucial to moving forward our knowledge and understanding of Headache conditions and how to manage them, helping millions of sufferers across the globe. The investment strategy DPFC has devised and implemented has proved resilient during these challenging times and the Fund's distributions have been extremely important to it's investors when other sources of income have been constrained. Selecting the right manager who can demonstrate they really understand their markets is very important especially in the current environment and I believe DPFC's returns reflect extremely well on the quality of management deployed on DPFC."

Working Capital Bank Debt

DPFC's strategy does not include long term gearing. The Manager, supported by the investors and the Investment Advisory Board, believes gearing increases volatility and does not enhance risk adjusted returns for long term DPFC investors.

However, to assist in the efficient timing of investor subscriptions and property acquisitions, DPFC has a £6.5m revolving working capital bank facility with RBSI. At the September 2020 year end £0.13m was drawn under the facility. The principal objectives to draw from the facility for short periods of time to acquire new investments in anticipation of new investor subscriptions.

Results, Distributions and TER

The Total Comprehensive Income for the year was £4.45m (2019: £5.25m) comprising operating profit net of interest payable of £3.85m (2019: £3.85m) and unrealised revaluation surpluses on investment property of £0.59m (2019: £1.39m).

Distributions totalling £3.69m, 7.22p per unit, were paid in the year to 30 September 2020 (2019: £3.59m, 7.22p per unit). The distribution was fully covered by profit excluding gains arising on revaluation of investment properties.

Distributions are paid in the quarter following the period in which profits are earned. Any surplus or shortfall in quarterly profits, after payment of the distribution, are added to or deducted from retained earnings in the Balance Sheet. Retained earnings are a distributable reserve, available to assist the funding of future distributions if required.

A further quarterly distribution totalling £0.90m (1.7530p per unit) was paid after the year end in respect of results to 30 September 2020. Retained earnings following that distribution were £1.08m (2019: £0.87m).

Distributions paid during the year equated to an average 5.8% pa (2019: 6.0% pa) of quarterly NAV.

The Total Expense Ratio (TER) for the year was 0.83% (2019: 0.82%). It is expected the TER will decrease as the Fund size increases.

> **“Tenant diversity with almost 60% of the rental income from industrial assets”**

Strategy and Outlook

DPFC's returns for the year to September 2020 demonstrate the resilience of the portfolio, especially when faced with the far reaching impact of Covid-19, which was unimaginable a year ago.

The immediate impact of Covid-19 on the real estate sector has seen lower levels of rent collection due to temporary reductions in tenants cashflows, reduced investment transaction volumes as investors seek to understand how real estate will perform in this changing environment and declining values in the sectors where occupier demand is reduced. The longer-term impacts are the acceleration of pre-existing trends, particularly the move to online retailing, remote working and increasing logistics demand.

However, the DPFC portfolio is well placed to perform in the short and longer term offering tenant diversity with almost 60% of the income from industrial assets. DPFC's tenants have strong cashflows and resilient financial covenants. The investment and operational strategies have delivered attractive returns in 2020 and the portfolio with careful stewardship, is in a good position to continue to perform in the current environment.

The Fund's portfolio and proactive landlord and tenant relationships, which have been carefully nurtured have come to the fore with high rent collection rates. DPFC's strategy of principally investing in UK multi-let properties, with diversified income streams, in strong locations which offer the potential to be asset managed to enhance income and capital values remains relevant and gives confidence in the outlook. The Manager, supported by the Investment Advisory Board, believes the portfolio is well positioned to continue its delivery of attractive returns.

GOING CONCERN

The Manager believes the diverse portfolio of investment properties, the asset management experience of the Eskmuir team and the low level of vacant accommodation in the portfolio will help mitigate business risks in the coming year. Additionally, the onset of the Covid-19 crisis led the Directors to form a series of additional mitigating actions that would assist in minimising the financial impact to DPFC. Actions, now mostly delivered, included: tight credit control of outstanding tenant arrears, providing assistance mainly in the form of payment plans to those tenants needing help and continuing to focus on letting vacant space. The Government's VAT deferral scheme was utilised during April 2020, the liability was settled to HMRC in December 2020.

The Fund's business activities, together with the factors likely to affect its future development, performance and position are set out above. The financial position of the Fund is set out in the Balance Sheet and the accompanying notes to the financial statements.

The Manager is confident in the portfolio's future performance given the operating profit of £3.92m and healthy balance sheet with cash reserves of £0.77m, undrawn bank facility of £6.4m (and significant headroom over financial bank loan covenants) and net assets of £64.46m as at the end of September 2020. The Manager notes that the entity had net current liabilities at the balance sheet date but does not consider this an issue from a going concern perspective due to the headroom on the banking facility noted above (due in more than one year). Accordingly the Net Current Liabilities position is considered to be of no consequence from a Going Concern perspective.

The Manager, after making reasonable enquiries, is of the opinion that the Fund has adequate resources to continue its operations for the foreseeable future. Accordingly, a going concern basis is adopted when preparing the financial statements.

Paul Hodgson
Managing Director
Eskmuir FM Limited
16 March 2021

STATEMENT OF THE MANAGER'S AND TRUSTEES' RESPONSIBILITIES

Working Capital Bank Debt

The Trust Deed requires the Manager to prepare financial statements for each accounting period in accordance with FRS 102, which give a true and fair view of the financial affairs of the Fund at the end of that year and of its profit for the financial year.

In preparing the financial statements, the Manager is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether FRS 102 has been complied with, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is also responsible for:

- Keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time, the financial position of the Fund.
- Safeguard assets of the Fund and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities;
- Appointing the auditor of the Fund; and
- Ensuring maintenance and integrity of the corporate and financial information included in the Fund's website.

The Manager shall also, whenever requested to do so and in accordance with the Trust Deed, furnish to the Trustee all such information and explanations as the Trustee may require in relation to such transactions or dealings or the conduct of the affairs of the Fund (in so far as such conduct is in the hands of the Manager) and shall produce to the Trustee from time to time on demand all documents in the possession or power of the Manager relating to the matters aforesaid.

The Trustee may accept and shall not be bound to verify information and documents so given or produced by the Manager (including any valuation made or obtained by it for the purposes of the Trust Deed) unless the Trustee has actual notice of any irregularity.

REPORT ON THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS

Opinion

In our opinion the non-statutory financial statements of The Diversified Property Fund for Charities ("DPFC", "The Trust"):

- give a true and fair view of the state of the Trust's affairs as at 30 September 2020 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

We have audited the non-statutory financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in net funds attributable to unitholders:
- the balance sheet;
- the statement of cash flows; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basics for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the trustees have not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

REPORT ON THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS (continued)

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Respective responsibilities of the Fund Manager and auditor

As explained more fully in the statement of Manager and Trustee's responsibilities, the Manager is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with the applicable law and International Standards on Auditing (UK).
Those standard require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

REPORT ON THE AUDIT OF THE NON-STATUTORY FINANCIAL STATEMENTS (continued)

Auditor’s responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the Financial Reporting Council’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Matters on which we are required to report by exception

Under the DPFC Trust Deed we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept;
- that the balance sheet and income statement are not in agreement with the books of account; and
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely for the exclusive use of the Unitholders' of DPFC and is solely for the purpose of ensuring the DPFC's Trustees can meet the requirements of the DPFC Trust Deed. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written consent. We accept no duty, responsibility or liability to any other part in connection with the report or this engagement.

Deloitte LLP

London, United Kingdom

Date: 16 March 2021

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020

	NOTE	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Turnover	**3**	4,814	4,792
Other operating income		1	2
TOTAL INCOME		4,815	4,794
Administrative Expenses	**4**	(891)	(859)
OPERATING PROFIT		3,924	3,935
Gains arising on revaluation of investment properties	**8**	592	1,392
Interest payable and similar charges	**6**	(70)	(81)
TOTAL PROFIT		4,446	5,246
Basic and diluted earnings per unit	**12**	8.69p	10.32p

STATEMENT OF CHANGES IN NET FUNDS ATTRIBUTABLE TO UNITHOLDERS

	NOTE	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Opening unitholders’ funds		63,232	61,296
Total comprehensive income		4,446	5,246
Distributions paid during the year	7	(3,687)	(3,590)
Unit issues	12	473	280
Closing unitholders’ funds		64,464	63,232

BALANCE SHEET

DPFC
Diversified Property Fund For Charities

As at 30 September 2020

	NOTE	As at 30 September 2020 £000	£000	As at 30 September 2019 £000	£000
FIXED ASSETS					
Investment properties	8		64,852		63,938
CURRENT ASSETS					
Debtors	9	1,417		1,359	
Cash at bank and in hand		772		142	
		2,189		1,501	
CREDITORS: amounts falling due within one year	10	(2,387)		(2,114)	
NET CURRENT LIABILITIES			(198)		(613)
TOTAL ASSETS LESS CURRENT LIABILITIES			64,654		63,325
CREDITORS: amounts falling due after more than one year	11		(190)		(93)
NET ASSETS			64,464		63,232
TRUST CAPITAL AND RESERVES					
Trust capital	12		54,282		53,809
Profit and loss reserve:					
Revaluation reserve	13		8,201		7,609
Retained earnings	14		1,981		1,814
UNITHOLDERS' FUNDS			64,464		63,232
UNITS IN ISSUE (000's)	12		51,296		50,919
NET ASSETS PER UNIT - FRS 102 BASIS (pence)	15		125.67		124.18
NET ASSETS PER UNIT - INREV BASIS (pence)	15		125.83		124.56

These financial statements were approved by the Manager on 16 March 2021 and signed on its behalf by Paul Hodgson.

P.A. Hodgson

Eskmuir FM Limited

STATEMENT OF CASH FLOWS

DPFC
Diversified Property Fund For Charities

For the year ended 30 September 2020

	NOTE	Year ended 30 September 2020 £000	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000	Year ended 30 September 2019 £000
Net cash flows from operating activities	**19**		3,956		3,692
Cash flows used in investing activities					
Capital expenditure on investment properties (Stated net of dilapidations receipts)		(131)		80	
Net cash flows used in investing activities			(131)		(80)
Cash flows from financing activities					
Units issued		473		280	
Repayment of bank loan		(900)		(3,200)	
Advances under bank loan		1,030		2,400	
Interest paid		(49)		(57)	
Loan arrangement fees		(62)		-	
Distributions paid		(3,687)		(3,590)	
Net cash flows (used in) / for financing activities			(3,195)		(4,167)
Increase / (decrease) in cash and cash equivalents during the year			630		(555)
Cash and cash equivalents at beginning of year			142		697
Cash and cash equivalents at end of year			772		142

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2020

1. ACCOUNTING POLICIES

General information and basis of accounting

The Diversified Property Fund for Charities (DPFC) is an unauthorised exempt Unit Trust. DPFC's Trustees are Sanne Group Nominees 1 (UK) Limited and Sanne Group Nominees 2 (UK) Limited, both registered in England (at addresses shown on page 33).

These non-statutory financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102, as directed by the Trust Deed. The particular accounting policies adopted and applied consistently in the current year are described below.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council (FRC). DPFC has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 January 2019. The transitional provisions relating to the triennial review amendments required the presentation of a net debt reconciliation, this has been presented in note 20. No restatements of comparative information were required by DPFC.

The financial statements are stated in thousands of pounds Sterling (£'000), the currency of the country in which DPFC operates. The Manager's statement on going concern is made in the Manager's Report.

Investment properties

Fully completed properties held for their long-term investment potential are held at market value and revalued annually. Any surplus or deficit arising from revaluation is taken through the Income Statement. No depreciation is provided in respect of investment properties.

Acquisitions and disposals of investment properties are accounted for in the period in which contracts become unconditional.

Disposals of properties are recognised where contracts have been unconditionally exchanged during the accounting year and the significant risks and rewards of ownership of the property have been transferred to the purchaser.

Property investment transaction costs are capitalised and reported as part of the net gain or loss on investments in the Statement of Comprehensive Income.

Turnover

Turnover represents rental income receivable for the year from investment properties exclusive of VAT. Surrender premiums received during the year are included in net rental income. Rental income billed in advance is recorded as deferred income and included as part of creditors due within one year.

Rental income is recognised on a straight-line basis over the term of the lease even if payments are not made as such. Lease incentives are spread on a straight-line basis from the lease start date until the end of the lease.

Capital contributions paid to tenants are capitalised and amortised in line with the provisions of FRS 102.

Administrative expenses

Included in Administrative expenses are Property Costs. This cost heading includes: legal, marketing and other professional costs associated with letting space and completing rent reviews; service charges and rates arising on vacant space; property managing agents fees; irrecoverable VAT; and property repair costs.

Distributions

It is the policy of the Fund to distribute substantially all surplus rental income net of expenses to the unit holders quarterly. Income can be retained in the Fund at the discretion of the Manager.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2020

1. ACCOUNTING POLICIES (continued)

Taxation

As an exempt unauthorised unit trust whose investors are all charities, the Fund qualifies for exemption from corporation tax, tax on capital gains and stamp duty.

Investor returns

Investor returns are calculated by dividing the total return per unit in the year by the opening NAV per unit. Total return comprises the distributions paid per unit in the year and movement in NAV per unit. Preliminary and redemption charges are not taken into account in the calculation.

Total Expense Ratio (TER) is calculated by dividing the total fund level (non property specific costs) by the weighted average quarterly Net Asset Value for the year.

Financial assets

The Company's financial assets comprise cash at bank and in hand and debtors.

Cash at bank and in hand includes deposits with banks and other short-term highly liquid investments. Cash at bank is measured at its nominal value which is a fair approximation of its fair value.

Cash and cash equivalents comprise cash in hand and is subject to insignificant risk of changes in value.

All debtors are short-term trade receivables which have a maturity of three months or less and are non-interest bearing. Consequently, no disclosure of fair value is required as the nominal value is a reasonable approximation of fair value.

Financial assets

Trade receivables are measured at transaction price (including transaction costs).

Financial liabilities

Trade payables are measured at transaction price (including transaction costs).

Interest income

Interest income is income received on monies held on deposit with banks.

Interest income and expense is recognised in the profit and loss account for all interest-bearing financial instruments held at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the year to maturity or repayment.

In calculating effective interest, the Company estimates cash flows considering all contractual terms of the financial instrument. Fees and costs are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate.

Going concern

The financial statements have been prepared using the going concern basis of accounting. See page 13 for more information.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Fund's accounting policies, which are described in note 1, the Manager is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant accounting judgements exercised during the current year (2019: none).

Key sources of estimation uncertainty

Investment properties were revalued to fair value as at 30 September 2020 based on a valuation by Jones Lang LaSalle, Chartered Surveyors, an independent professionally qualified valuer with recent experience in the location and class of the investment property being valued. The valuation basis is market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

The key assumptions used in determining the fair value of investment properties were property yields and estimated rental values.

For the year ended 30 September 2020

3. TURNOVER

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Rental income	4,878	4,858
Rents payable	(64)	(66)
	4,814	4,792

Turnover derives solely from the Fund's single principal activity carried out wholly within the United Kingdom.

4. ADMINISTRATIVE EXPENSES

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Asset management fees	255	253
Fund management fees	127	127
Fund administration fees	15	15
Trustee fees	31	31
Operator fees	20	20
Valuation fees	16	16
Audit fees	21	17
Property costs	300	329
Bad debts	68	19
Other	38	32
TOTAL ADMINISTRATIVE EXPENSES	891	859

For the current and prior year rent payable, as included in Note 3, was the only charge to the Statement of Comprehensive Income in respect of operating leases.

5. STAFF COSTS

The Fund has no employees (2019: none).

For the year ended 30 September 2020

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 September 2020 £000	Year ended 30 September 2019 £000
Interest on bank loans and overdrafts	50	47
Amortisation of bank facility fee	20	34
	70	81

DPFC's £6.5m revolving bank facility with RBSI is secured against two of DPFC's investment properties and is due for repayment on 3 October 2022 and interest is charged at LIBOR plus 1.85% pa (prior to 4 October 2019 interest was charged at LIBOR plus 1.50% pa).

7. DISTRIBUTIONS

	Year ended 30 September 2020		Year ended 30 September 2019	
	pence per unit	£000	pence per unit	£000
Quarter ended 30 September (paid November)	1.851	942	1.774	822
Quarter ended 31 December (paid February)	1.865	950	1.800	912
Quarter ended 31 March (paid May)	1.753	896	1.800	914
Quarter ended 30 June (paid August)	1.753	899	1.851	942
Distributions paid during year to 30 September	7.222	3,687	7.224	3,590
Add: Distributions proposed at year end	1.753	899	1.851	942
Less: Distributions proposed at prior year end	(1.851)	(942)	(1.774)	(822)
Total distributions paid / proposed in respect of the year	7.124	3,644	7.301	3,710

8. INVESTMENT PROPERTIES

	Freehold £000	Long Leasehold £000	Total £000
At Valuation at 1 October 2019	53,575	10,270	63,845
Additions (Stated net of dilapidations receipts)	122	9	131
Movement in lease incentives	54	128	182
Revaluation (deficit) / surplus	(351)	943	592
At valuation at 30 September 2020	53,400	11,350	64,750
Head leases treated as finance leases on investment properties (See note 16)	-	102	102
	53,400	11,452	64,852
At cost			
As at 30 September 2020	46,654	9,223	55,877
As at 30 September 2019	46,533	9,214	55,747

Investment properties were externally valued as at 30 September 2020 by Jones Lang LaSalle, Chartered Surveyors, in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuer is a qualified independent valuer who holds a recognised and relevant professional qualification and has recent experience in the relevant locations and the category of properties being valued. The Valuation basis is open market value and was arrived at by reference to market evidence of the transaction prices paid for similar properties.

9. DEBTORS

	2020 £000	2019 £000
Rents receivable	764	737
Prepayments and accrued income	30	134
Other balances recoverable from tenants	137	25
Other debtors - funds held by agents	486	463
	1,417	1,359

Other debtors above relate to amounts collected from tenants by property agents but not yet paid over to the Fund.
The agents hold these monies in designated client accounts and pay the balances over to the Fund on a periodic basis.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £000	2019 £000
Deferred rental income	1,255	1,093
Trade creditors and accrued expenses	244	325
VAT	543	364
Sundry creditors	345	332
	2,387	2,114

11. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2020 £000	2019 £000
Bank loan	88	-
Finance lease liabilities (Note 16)	102	93
	190	93

The bank loan is for a maximum sum of £6.5m, bears interest at a margin of 1.855% over LIBOR and is measured at amortised cost. The loan is due for repayment on 3 October 2022.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2020

12. TRUST CAPITAL

	Number of Units issued 000	Net proceeds from issue of units £000
Units issued 12 February 2020	377	473
	377	473
As at 1 October 2019	50,919	53,809
As at 30 September 2020	51,296	54,282

		2020	2019
Units in the Fund are redeemable with six months written notice, subject to the terms of the Trust Deeds.			
Basic and diluted earnings per unit		8.69 p	10.32 p
Basic and diluted earnings per unit have been calculated upon the following figures:			
Weighted average units in issue during the year	No.	51,157,794	50,826,467
Total profit for the year	£'000	4,446	5,246

13. REVALUATION RESERVE

	2020 £000	2019 £000
At beginning of year	7,609	6,217
Revaluation surplus for the year	592	1,392
At end of year	8,201	7,609

14. RETAINED EARNINGS

	2020 £000	2019 £000
At beginning of year	1,814	1,550
Profit for the year excluding revaluation surplus	3,854	3,854
Distributions paid (Note 7)	(3,687)	(3,590)
At end of year	1,981	1,814

15. INREV RECONCILIATION

	As at 30 September 2020		As at 30 September 2019	
	Per unit (pence)	£000	Per unit (pence)	£000
NAV as at 30 September on FRS 102 basis	125.67	64,464	124.18	63,232
Setup costs*	-	-	0.02	10
Property acquisition costs*	0.16	83	0.36	179
NAV as at 30 September on INREV basis	125.83	64,547	124.56	63,421

15. INREV RECONCILIATION (continued)

	Year ended 30 September 2020		Year ended 30 September 2019	
	Per unit (pence)	£000	Per unit (pence)	£000
Operating profit for the year on FRS 102 basis	7.67	3,924	7.74	3,935
Interest payable and similar charges	(0.14)	(70)	(0.15)	(81)
	7.53	3,854	7.59	3,854
Amortisation of setup costs*	-	-	(0.05)	(27)
Operating profit for the year on INREV basis	7.53	3,854	7.54	3,827
Revaluation surplus for the year on FRS 102 basis	1.16	592	2.73	1,392
Add back and amortisation of property acquisition costs*	(0.04)	(19)	(0.21)	(108)
Revaluation surplus for the year on INREV basis	1.12	573	2.52	1,284
Net movement in comprehensive income for the year on FRS 102 basis	8.69	4,446	10.32	5,247
Amortisation of setup costs*	-	-	(0.05)	(27)
Add back and amortisation of property acquisition costs*	(0.04)	(19)	(0.21)	(108)
Net movement in funds for the year on INREV basis	8.65	4,427	10.06	5,112

* INREV Guidelines 2014:

(l) Under FRS 102, vehicle set-up costs are charged immediately to the income statement after the inception of a vehicle. Per INREV, such costs should be capitalised and amortised over the first five years of the term of the vehicle.

(m) Property acquisition expenses should be capitalised and amortised over the first five years after acquisition of the property.

16. FINANCIAL COMMITMENTS

	2020 £000	2019 £000
Capital Commitments contracted but not provided for are as follows:	-	-

At 30 September 2020 , DPFC was committed to making the following minimum future payments in respect of finance leases:

	2020 £000	2019 £000
In less than one year	6	6
Between two and five years	25	25
In more than five years	712	718
	743	749
Less future finance charges	(641)	(656)
Net present value of finance leases recognised as liabilities	102	93

The minimum lease payments noted above relate to head rent payable on leasehold properties over the remaining 118 years (2019: 119 years) weighted average unexpired lease term.

17. RELATED PARTY TRANSACTIONS

Eskmuir FM Limited and Eskmuir Asset Management Limited are considered to be Related Parties of The Diversified Property Fund for Charities given their respective roles as Manager and Asset Manager. During the year ended 30 September 2020 amounts payable to the Manager, Eskmuir FM Limited, and Asset Manager, Eskmuir Asset Management Limited, were £127,418 and £254,835 respectively for management services provided (2019: £126,510 and £253,020 respectively). Balances outstanding at the balance sheet date were £32,375 and £64,750 respectively (2019: £31,923 and £63,845 respectively) all were repayable in the normal course of business after the year end.

During the year to 30 September 2020, amounts payable to the Trustee's (Sanne Group Nominees 1 (UK) Limited and Sanne Group Nominees 2 (UK) Limited) and Operator (Sanne Fiduciary Services (UK) Limited) were £46,161 and £20,000 respectively (2019: £46,234 and £20,125 respectively). Amounts outstanding at the balance sheet date were £11,907 and £5,000 respectively (2019: £16,610 and £6,000 respectively).

18. CONTROLLING PARTIES

Sanne Group Nominees 1 (UK) Limited and Sanne Group Nominees 2 (UK) Limited are Trustees of The Diversified Property Fund For Charities and exert joint control over decision making of the Fund.

NOTES TO THE FINANCIAL STATEMENTS continued

For the year ended 30 September 2020

19. RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Year Ended 30 September 2020 £000	Year Ended 30 September 2019 £000
Operating profit	3,924	3,935
Increase in debtors	(58)	(182)
Increase in creditors	272	92
Lease incentive amortisation	(182)	(153)
Net cash flow from operating activities	3,956	3,692

20. ANALYSIS OF CHANGES IN NET DEBT

	2019 £000	£000	Non-cash changes £000	2020 £000
Cash at bank and in hand	142	630	-	772
	142	630	-	772
Debt due after one year	-	(68)	(20)	(88)
	142	562	(20)	684

Trustees
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Sanne Group Nominees 2 (UK) Limited
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Fund Operator
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Statutory Auditor
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EC4A 3BZ

The Investment Advisory Board (IAB) meets on a quarterly basis to discuss performance and strategy with the Asset Manager. The members of the Investment Advisory Board are: Stuart Beevor (Chairman); Paul Warren; Paul Hodgson; Jim Harding; and John Sullivan.

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