

1st APRIL 2023 - 30th JUNE 2023



Fund Objectives

- Deliver a sustainable, growing distribution and a target IRR of 7-9% over rolling five year periods.
- Tax efficient investment in real estate for charity investors.
- Provide a sustainable income stream from a diverse portfolio of multi-let investments which diversify location, sector, occupier and lease event risk.



Investment Strategy

DPFC's clear investment strategy targets:

- Multi-let properties, a sub-sector of the property market often under-valued with diverse rental income streams spreading occupier risk;
- Well located properties where tenants want and need to be;
- £3m - £12m properties, a strata of the market too large for most private investors and too small for most institutions, resulting in acquisitions at attractive income yield; and
- Active asset management of properties in line with each property's individual asset plan.
- Five-year asset plans detailing how to deliver performance.

Key Fund Data

Portfolio value	£83.1m
Net asset value	£78.6m
Number of assets	12
NAV per unit - FRS102 basis	137.86 p.p.u.
NAV per unit - INREV basis	137.97 p.p.u.
NAV per unit - MSCI/AREF basis	135.94 p.p.u.
Vacancy rate	6.5%
Weighted average lease length to expiry	4.59 years
Weighted average lease length to first break	3.35 years
May 2023 Distribution paid	1.9190 p.p.u.
Distribution for last 12 months	7.6380 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.85%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

Occupancy

The portfolio was 93.5% occupied at 30th June with 6.5% vacant (AREF/MSCI All Funds 10.4%), a reduction from the 7.2% void rate last quarter. Allianz vacating three floors of Medway Bridge House, Maidstone accounts for 3.30% of the overall 6.5% void rate.



Fund Review

DPFC delivered a Total Return of 2.2% (AREF All Funds 0.4%) over the quarter, with capital growth driven by the multi-let urban industrial sector, which comprises 65% of DPFC's portfolio and has attractive supply and demand dynamics. The distribution for the June quarter is 1.9190p per unit or (an annualised) 5.61% of the opening NAV. The implementation of each property's asset management plan continues to drive performance and maintain a low vacancy rate of 6.5% (AREF All Funds 10.4%). DPFC's income is strong with 99% of the March quarter's rent collected within 21 days and 76% of rental income from tenants with D&B risk rating minimum or lower than average. Economic headwinds are starting to abate with CPI inflation, and now core inflation, reducing in addition to interest rates nearing their anticipated peak.

Distribution

DPFC's distribution for the June 2023 quarter, to be paid in August 2023, is 1.9190p per unit, an annualised 5.61% of the opening NAV.

The Fund's distribution objective is to deliver a sustainable and growing distribution. Since inception the distribution has grown by an average of 1.9% pa and increased or been maintained each year.

Total return

A 2.2% Total Return was delivered by DPFC over the quarter (AREF/MSCI All Funds 0.4% total return). Over the last 12 months DPFC's Total Return was -9.7% (AREF/MSCI All Funds -17.4%). Total returns of 9.8% and 8.9% have been achieved over 3 and 5 years respectively (AREF/MSCI All Funds 3.4% and 2.2% respectively). Since inception DPFC has realised a 10.1% Total Return annualised (96% total return in absolute terms, 58% distributed, 38% NAV growth).

Capital Value Growth

The DPFC portfolio has increased in value over the quarter to 30th June by 0.69% (MSCI All Property Index -0.40%). In the MSCI All Property Index yields have stabilised in the industrial sector with yields in some of the retail and office subsectors having softened. Over the quarter, DPFC's industrial assets increased in value by 1.47% (MSCI 1.20%), due to rental growth and yield compression. The Fund's office property values decreased by 1.13% (MSCI -4.00%) as we saw Allianz vacate three floors of office space in Maidstone. The retail asset values were static (MSCI +0.20%). Asset management and the portfolio being 65% invested in multi-let urban industrials supported the Fund's out-performance of the benchmark.

Asset Management

A bespoke 5-year Asset Plan for each asset identifies how the rental income and capital value may be enhanced. At Grafton Trade Park, Northampton, following refurbishment to an EPC B standard, a letting completed at a rental 26% above the market rental in the last valuation, demonstrating the strong rental growth being achieved by the multi-let urban industrial assets. Of the 3 tenant break options in June none were activated, evidencing DPFC assets are located: where tenants need and want to be; and where supply and demand is favourable for the landlord. 76% of DPFC's 85 tenants have a D&B risk rating of minimum or lower than average, this has aided prompt rent collection with 99% of the March rent collected within 21 days of the quarter day.

ESG

DPFC is seeking to minimise the impact on the environment whilst we transfer to a net zero carbon society. As such, DPFC is focussed on preventing pollution and proactively complying with current and evolving environmental legislation in addition to improving social performance across the portfolio and ensuring the highest level of governance. DPFC's GRESB submission document evidences how it is enhancing the Environmental, Social and Governance aspects of its business. 100% of DPFC'S centrally sourced energy is from renewable sources and constant improvements are being made to the portfolio's EPC ratings with refurbishments targeting EPC Bs to meet anticipated 2030 legislation. Several DPFC properties are being evaluated for an EV Charging Point and Solar panel pilot scheme.

Property Investment Market

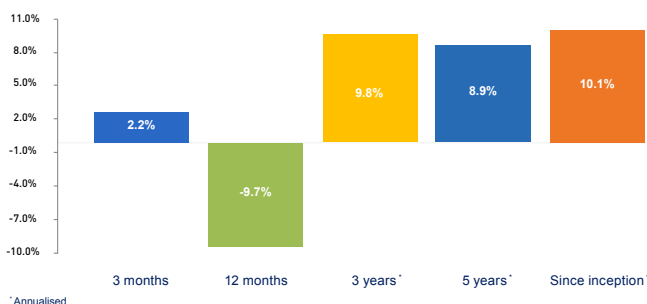
Investment volumes remain muted with transactions for the year to date 54% below the same point in 2022. It is anticipated investment volumes will pick up once interest rates have peaked which is likely to be towards the end of this year.

- Retail investment volumes increased in June to £330m, up from £230m in May although the year to date is 12% down on the same period in 2022. The economy remains very challenging but retail property valuations have largely already been discounted to reflect this outlook.
- Office investment volumes remain subdued at £4bn for the year to date, 69% down on the same period in 2022. Investors remain cautious of this sector due to remote working patterns and the cost of enhancing building ESG credentials. Yields are softening but prices have yet to fully discount the risks that lie ahead, this continues to be a sector the portfolio will remain significantly underweight in.
- Industrial investment volumes remained steady at c. £600m in May and June. However, the £4bn transacted in the year to date is 60% down on the same period in 2022. This data is dominated by the 100,000sqft+ logistics market. DPFC invests in multi-let urban industrial subsector, with the largest unit being c. 25,000sqft, this industrial market sub-sector is attractive to investors due to constrained supply, low void rate and high levels of rental growth.

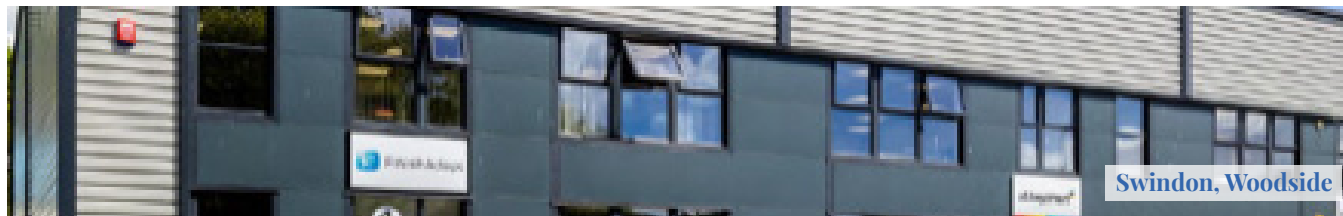
Outlook

Inflation is stubbornly high and the Bank of England has now increased the Base Rate 14 times to 5.25% in response. Gilt rates have also increased which has fed into investor sentiment and a softening of real estate yields over recent quarters. However, yields have stabilised for the sectors where there is robust occupier demand and constrained supply resulting in rental growth. The multi-let urban industrial sub-sector which makes up 65% of DPFC's portfolio demonstrates these qualities. Through effective asset management the portfolio has a low void rate and high levels of prompt rent collection from financially strong occupiers. The Fund's Total Returns exceed the AREF All Funds benchmark by a considerable margin over both the short and long term. The Manager believes DPFC's clear investment strategy continues to demonstrate its resilience and its disciplined implementation will support the Fund's distribution and IRR objectives, which remain both realistic and appropriate.

Historic Total Returns



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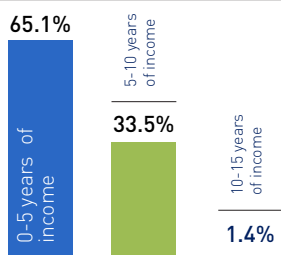
Major Tenants

Ten largest tenants by income	D & B Category	
Wickes Building Supplies Ltd	Lower than average risk	7%
Telenco UK Ltd	Lower than average risk	5%
Currys Group Ltd	Minimum Risk	4%
Go Outdoors Retail Ltd	Lower than average risk	4%
JD Sports Gyms Ltd	Lower than average risk	3%
First Intuition Cambridge Ltd	Minimum Risk	3%
Gridserve Holdings Ltd	Lower than average risk	3%
Frost Bodysshop Ltd	Minimum Risk	3%
MTD (UK & Ireland) Ltd	High risk	3%
Graham Tiso Ltd	Higher than average risk	3%
Total proportion of rent roll		38%

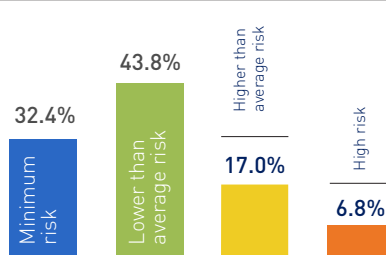
Glossary

AREF	Association of Real Estate Funds
D&B	Dun & Bradstreet provide data and analysis which is used to determine credit worthiness and relative risk of tenants
FRS102	Accounting basis on which accounts are prepared
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
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
MSCI	Morgan Stanley Capital International
MSCI/AREF basis	Adopting this methodology the proposed distribution otherwise payable in the following quarter is deemed paid at the period end and deducted from NAV (FRS102)
NAV per unit	Net Asset Value of the Trust prepared at the reporting date divided by units in issue
NIY	Net Initial Yield
p.p.u	Pence per unit
RY	Reversionary Yield
SEDOL & ISIN numbers	UK and International identifier of The Diversified Property Fund for Charities as an investment security
MSCI / AREF All Funds Index	Fund level quarterly returns index prepared by MSCI / AREF
MSCI All Property Index	Property level monthly returns index prepared by MSCI

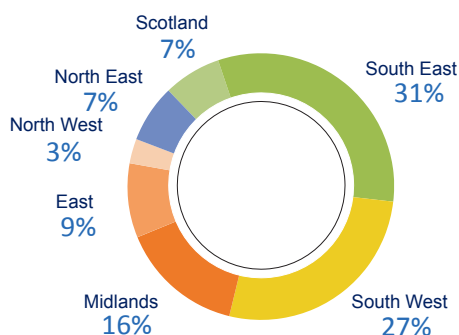
Lease Expiry Profile (Excl. Break Options)



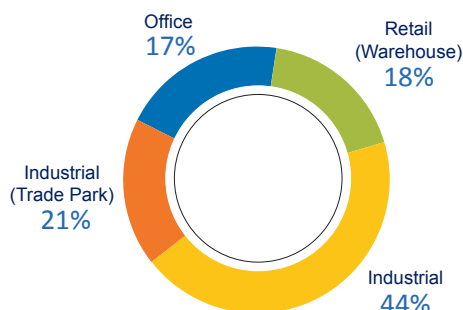
Tenant Covenants By D&b Risk Rating



Portfolio Analysis By Location



Portfolio Analysis By Sector



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