Q4 2023 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st JULY 2023 - 30th SEPTEMBER 2023

Fund Objectives

- Deliver a sustainable, growing distribution and a target IRR of 7-9% over five year rolling periods.
- Tax efficient investment in real estate for charity investors.
- Provide a sustainable income stream from a diverse portfolio of primarily 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 five-year asset plan detailing how to deliver performance.

Key Fund Data

Portfolio value	£83.2m
Net asset value	£78.6m
Number of assets	12
NAV per unit - FRS102 basis	137.78 p.p.u.
NAV per unit - INREV basis	137.88 p.p.u.
NAV per unit - MSCI/AREF basis	135.86 p.p.u.
Vacancy rate	6.3%
Weighted average lease length to expiry	4.36 years
Weighted average lease length to first break	3.23 years
August 2023 Distribution paid	1.9190 p.p.u.
Distribution for last 12 months	7.6570 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.85%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

Occupancy

The portfolio was 93.7% occupied at 30th September with 6.3% vacant (AREF/MSCI All Funds 10.6%), reducing slightly from the 6.5% void rate last quarter. The three recently vacated floors at Medway Bridge House, Maidstone which are being refurbished account for 3.30% of the overall 6.3% void rate. Since inception DPFC has had an average void rate of 2.7%.

Fund Review

DPFC delivered a Total Return of 1.4% (AREF All Funds -0.4%) over the quarter. Rental growth from the industrial assets, which accounts for 66% of the portfolio, added to capital values. The distribution for the September quarter is 1.9190p per unit or 5.57% of the opening NAV on an annualised basis. The implementation of each property's asset management plan continues to drive performance and maintain proving a low vacancy rate of 6.3% (AREF All Funds 10.6%). DPFC's rental income stream is proving resilient with 98% of the June quarter's rent collected within 21 days and 75% of the rental income is from tenants with D&B risk rating minimum or lower than average. As inflation is gradually reducing and the Base Rate is about at it's peak, property values have generally stabilised save for in the office sector (16% of DPFC) where investors are aware of the cost of complying with the Energy Performance Certificate requirements.

Distribution

DPFC's distribution for the September 2023 quarter, to be paid in November 2023, is 1.9190p per unit, an annualised 5.57% 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.

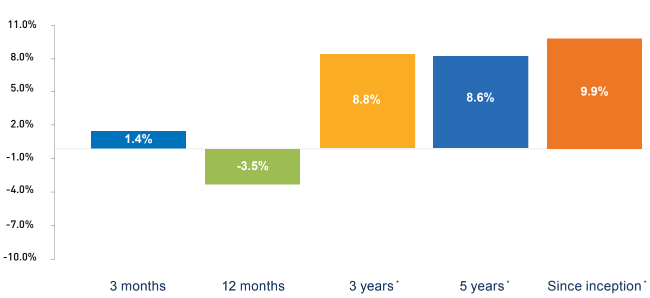
Total return

A 1.4% 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 -3.5% (AREF/MSCI All Funds -14.3%). Total returns of 8.8% and 8.6% have been achieved over 3 and 5 years respectively (AREF/MSCI All Funds 3.2% and 1.8% respectively). Since inception DPFC has realised a 9.9% Total Return annualised (98% total return in absolute terms, 60% distributed, 38% NAV growth).

Capital Value Growth

The DPFC portfolio has again increased nominally in value over the quarter to 30th September by 0.12% (MSCI All Property Index -1.6%). 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 1.1% (MSCI 0.5%), due to rental growth and yield compression. The fund's office property values decreased by 2.9% (MSCI -4.9%). The retail asset values were static (MSCI -2.2%). Asset management of the multi-let urban industrial assets supported the fund's out-performance of the benchmarks.

Historic Total Returns



* Annualised

Asset Management

Each property has a bespoke 5-year Asset Plan which identifies how rental income and capital values may be enhanced. At Kiln Farm Industrial Estate, Milton Keynes a letting has completed at £9.50 per sqft, 28% ahead of the average rental on the estate. The rental levels achieved on the urban multi-let industrial properties evidence the constrained supply and resilient demand. The refurbishment of the three vacant floors of office accommodation (14,294 sqft) at Medway Bridge House is underway with 29% of the cost being met by the premium paid by the out going tenant. The refurbishment will achieve an EPC B, future-proofing the property against the increasing requirements of the MEES standards. 75% of DPFC's 85 tenants have a D&B risk rating of minimum or lower than average, this has aided prompt rent collection with 98% of the June rent collected within 21 days of the quarter day. It is best practice to rotate the independent External Valuer on a Fund, as such we are re- tendering the role of Fund Valuer but would like to thank Jones Lang La Salle for undertaking the role since the Fund launch.

ESG

DPFC is seeking to minimise the impact of property on the environment whilst we transfer to a net zero carbon society. As such, DPFC is focused 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. DPFC's ability to evidence energy use and efficiency will be enhanced by working with advisors EVORA to digitally capture this data going forward. 100% of DPFC's centrally sourced energy is from renewable sources. All of DPFC's refurbishment projects are targeting an EPC B, the standard we anticipate will be required to legally let commercial real estate in 2030.

Property Investment Market

Investment volumes remain subdued with transactions for the 2023 year to date totalling 49% of those completed at the same point in 2022. Investment volumes should increase as we see Inflation and interest rates reduce potentially in the second half of 2024. Total Returns from real estate are made up of capital movements, which are cyclical in nature and affected by investor sentiment, and income returns which for DPFC's assets remain low.

- Retail investment volumes in September reduced to £190m down from £460m in August as the retail sector continues to evolve as E-commerce continues to change the way we shop. Retail sales volumes have reduced as households continue to feel the impact of the cost-of-living crisis and higher mortgage rates. DPFC is 18% invested in retail warehouses which are part of most successful retails multi-channel retailing model. DPFC has not invested in the high street or shopping centres.
- Office investment volumes were stable reducing slightly from £710m in August to £690m in September which, for the year to date, is 58% below this point in 2022. Office rental growth has increased by 1.9% year on year as a result of rents increasing on the very best accommodation and reducing on secondary and tertiary buildings. Investors are wise to the cost of making office building MEES compliant and this is being reflected in investor sentiment and pricing. 18% of DPFC is invested in offices.
- Industrial investment volumes increased from £660m in August to £730m in September. Constrained supply and strong occupier demand for accommodation in the sub-10,000sqft sector of the market DPFC targets has seen attractive rental growth of 6.9%pa. This comes on the back of double-digit rental growth in recent years. The landlord favourable balance of supply and demand, in the urban multi- let industrial market, supports c. 3% pa rental growth forecasts for the sector. 66% of DPFC is invested in Industrial assets.

Outlook

Whilst inflation has decreased in recent months and the Base Rate is considered to be close to its peak, for this cycle, we are optimistic Gilt rates will soon reduce which will feed into investor sentiment and commercial real estate yields. Commercial real estate yields have stabilised in all but the office sector (16% of DPFC) but it is the desirable supply and demand dynamics of the urban multi-let industrial sector (66% of DPFC) coupled with the active asset management of these assets, which is resulting in DPFC out-performing its benchmarks and its peers. DPFC's consistently low vacancy rate, low void costs, good quality financial covenant occupiers and high levels of prompt rent collection are supporting the returns achieved over the short, and longer, term. The Manager believes DPFC's clear investment strategy continues to demonstrate its resilience and will support the Fund's distribution and IRR objectives, which remain both realistic and appropriate.

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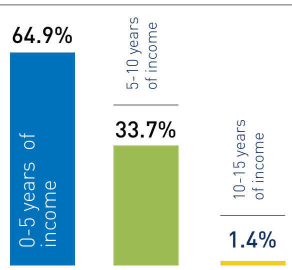
Major Tenants

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 Bodyshop 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%

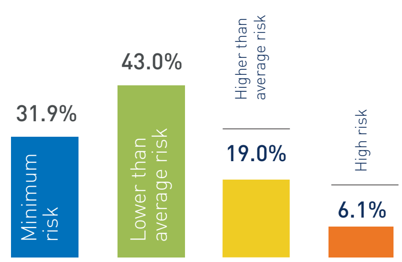
Glossary

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

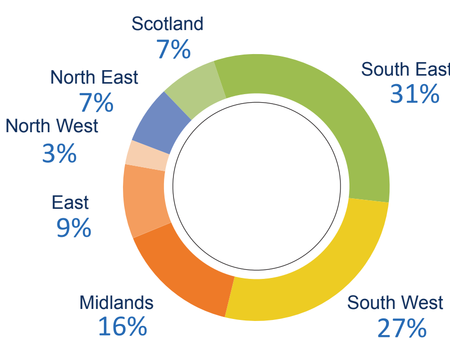
Lease Expiry Profile (Excl. Break Options)



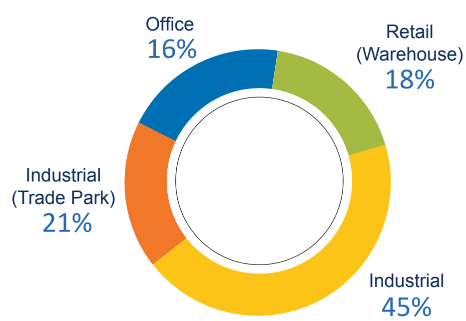
Tenant Covenants By D&b Risk Rating



Portfolio Analysis By Location



Portfolio Analysis By Sector



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