Q1 2024 FACTSHEET

DPFC
Diversified Property Fund For Charities

1st OCTOBER 2023 - 31st DECEMBER 2023

Key Fund Data

Portfolio value	£83.2m
Net asset value	£78.6m
Number of assets	12
NAV per unit - FRS102 basis	137.70 p.p.u.
NAV per unit - INREV basis	137.79 p.p.u.
NAV per unit - MSCI/AREF basis	135.78 p.p.u.
Vacancy rate	8.7%
Weighted average lease length to expiry	4.13 years
Weighted average lease length to first break	3.00 years
November 2023 Distribution paid	1.9190 p.p.u.
Distribution for last 12 months	7.6760 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.83%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

Occupancy

The portfolio was 91.3% occupied at 31st December with 8.7% vacant (AREF/MSCI All Funds 10.0%), this has increased from the 6.3% void rate last quarter. Once lettings on the units currently under offer complete the void rate will reduce to 7.0%. Since inception DPFC has had an average void rate of 2.8%. The void rate is calculated using the current estimated market rent for vacant units as a percentage of the Fund's total rental income. The office refurbishment at Maidstone has increased the market rent at that property increasing the void rate by 1.5%.

Fund Objectives

- Deliver a sustainable, growing distribution and a target IRR of 7-9% over a rolling five years.
- 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 five-year asset plan detailing how to deliver performance.

Fund Review

DPFC delivered a Total Return of 1.4% (AREF All Funds -1.2%) over the quarter. Rental growth from the industrial assets, which account for 68% of the portfolio, has enhanced income and capital values. The distribution for the December quarter is 1.9190p per unit or an annualised 5.57% of the opening NAV. DPFC's rental income and in turn distribution have shown resilience, with 96% of the September quarter's rent collected within 21 days and 82% of the rental income due from tenants with D&B risk rating minimum or lower than average risk. With reducing inflation and the Base Rate probably at its peak for this cycle, property values are generally stabilising. It is pleasing to report DPFC's portfolio values have marginally increased over all four of the last quarters.

Distribution

DPFC's distribution for the December 2023 quarter, to be paid in February 2024, 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 -1.2% total return). Over the last 12 months DPFC's Total Return was 7.5% (AREF/MSCI All Funds -1.4%). Total returns of 8.5% and 8.4% have been achieved over 3 and 5 years respectively (AREF/MSCI All Funds 2.1% and 1.3% respectively). Since inception DPFC has delivered a 9.8% Total Return annualised (100% total return in absolute terms, 62% distributed, 38% NAV growth).

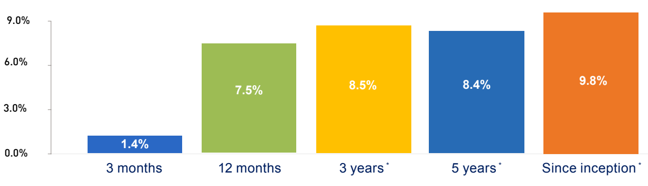
Capital Value Growth

DPFC's portfolio valuation has increased over the last four consecutive quarters. the value increased nominally over the quarter to 31st December by 0.05% (MSCI All Property Index -2.7%). Over the quarter, DPFC's industrial assets (68% of portfolio) increased in value by 2.9% (MSCI -0.8%), principally due to rental growth. The Fund's office property (14% of the portfolio) values decreased by 9.5% (MSCI -5.5%). The retail warehouse asset values (18% of the portfolio) softened by 1.69% (MSCI -3.6%). DPFC's portfolio weighting in the performing multi-let urban industrial sub-sector together with the asset management of the assets supported the Fund's out-performance of the benchmarks. It is best practice to rotate the independent External Valuer on a Fund, as such we have re-tendered the role of Fund Valuer and, with the approval of the Investor Committee, appointed Knight Frank with December 2023 being their first valuation. We would like to thank the retiring valuer Jones Lang La Salle for undertaking the role since Fund launch.

Asset Management

Through devising a bespoke 5-year asset plan for each of the properties we are able to spot the opportunities to optimise each asset's income. Rental income growth is being crystalised at lease events, increasing the portfolio income, enhancing the property values. At Milton Keynes the settling of rent reviews on two units has seen those rents increase by 64% to £11.50 psf.

Historic Total Returns



*Annualised

At Northampton the rents have also increased and completing a rent review and lease extension on one unit increased its rent by 51%. We endeavour to use all lease events as opportunities to improve the environmental credentials of the portfolio. This future proofing of the assets often focuses on improving the Energy Performance Certificates (EPCs). At lease events in Northampton, we have seen refurbishment works enhance the EPCs on two units to EPC C and EPC B in anticipation of higher MEES standard requirements. The refurbishment of the three floors of office accommodation (14,294 sqft) at Medway Bridge House, Maidstone is on site with almost 30% of the cost being met by the premium paid by the outgoing tenant. This refurbishment will achieve an EPC B.

ESG

DPFC seeks to minimising the impact on the environment whilst we transition 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 evidences how it is enhancing the Environmental, Social and Governance aspects of its business. DPFC's ability to evidence energy use and efficiency is being improved through appointing advisors EVORA to digitally capture this data providing a base level from which to plan DPFC's Net Zero Carbon Route Map. 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 muted with transactions for the 2023 calendar year standing at approximately £38bn, 42% below the 2022 figure. Transaction volumes are likely to increase once we see interest rates cut, most probably in the second half of 2024. Total Returns from real estate comprise of capital movements, which are cyclical in nature and affected by investor sentiment, and income returns which, for DPFC's assets, remain robust.

- Retail investment volumes for 2023 were £6.2bn which was 17% lower than 2022. Investor sentiment is reflective of the occupier market where there is limited occupier demand particularly on the high street although, "All Retail" rents rose by 0.8% year on year in December, the largest increase since 2017. 18% of the DPFC portfolio is invested in retail warehouses sub-sector forming part of successful retailer's multi-channel retailing model offering click and collect, logistics and convenience for customers.
- Office investment volumes for 2023 were £10.4bn which was 45% lower than 2022. 2023 was a challenging year for the office sector as investor sentiment reflected the impact of remote working and the cost of complying with the MEES. That said, London office take up in Q3 2023 was only marginally below the 10 year quarterly average and average prime rents across Birmingham, Manchester, Leeds and Bristol now stand at £42 psf, a rise of almost 6% year on year.
- Industrial investment volumes for 2023 were £9.5bn, 42% below the figure for 2022. However, this includes the 100,000+ sector of the market which, due to their scale, can skew the data. Constrained supply and strong occupier demand for accommodation in the sub 10,000sqft sector of the market DPFC targets has seen attractive rental growth. "All Industrial" annual rental growth increased to 7.6% year on year in December. Although this is attractive it is down on the 10.3% of a year ago. The landlord favourable balance of supply and demand, in the urban multi-let industrial market, supports the further rental growth forecast for the sub-sector.

Outlook

Lower inflation indicates that the Base Rate has probably peaked for this cycle. When the Bank of England's Monetary Policy Committee cut the Base Rate we are likely to see real estate investor sentiment and yields improve. The stabilisation of property values is evident in DPFC's multi-let urban industrial assets where, robust occupier demand and constrained supply are delivering attractive levels of rental growth. High levels of prompt rent collection from strong financial covenant tenants, together with the disciplined implementation of DPFC's clear investment strategy supports the manager's belief that the Fund is well placed to continue to deliver the distribution and IRR objectives set, which remain both realistic and appropriate.

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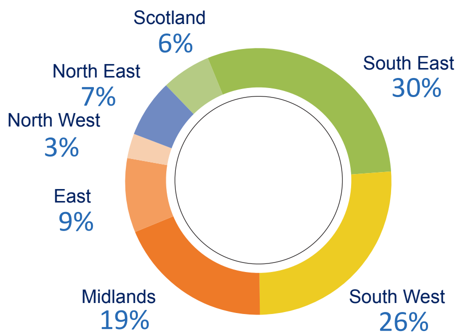
Major Tenants

Ten largest tenants by income	D & B Category	
Wickes Building Supplies Ltd	Minimum Risk	8%
Telenco UK Ltd	Lower than average risk	5%
Currys Group Ltd	Minimum Risk	4%
Go Outdoors Retail Ltd	Lower than average risk	4%
MTD (UK & Ireland) Ltd	High 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%
Graham Tiso Ltd	Higher than average risk	3%
Total proportion of rent roll		40%

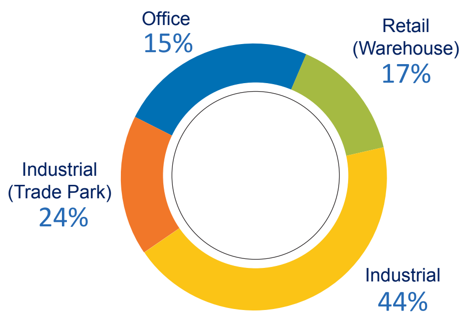
Glossary

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
MEES	Minimum Energy Efficiency Standards
MSCI	Morgan Stanley Capital International
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
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

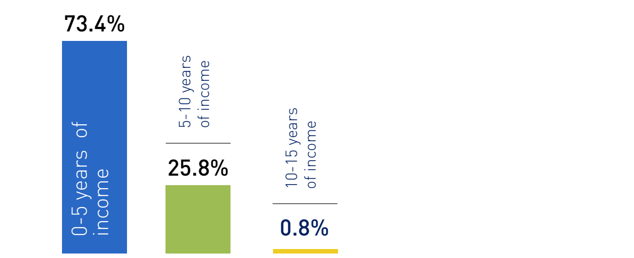
Portfolio Analysis By Location



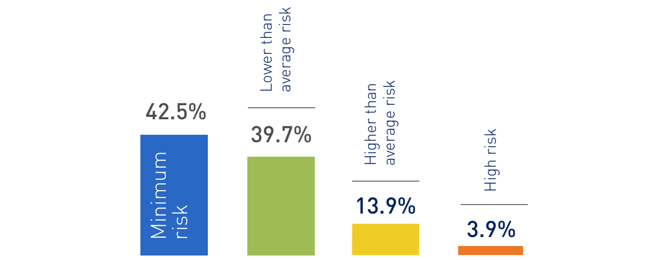
Portfolio Analysis By Sector



Lease Expiry Profile (Excl. Break Options)



Tenant Covenants By D&B Risk Rating



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