DPFC

Diversified Property
Fund For Charities

ANNUAL REPORT AND NON-STATUTORY FINANCIAL STATEMENTS

For the financial year ended
30 September 2024

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FINANCIAL HIGHLIGHTS

	Year ended 30 September 2024	Year ended 30 September 2023
Net rental income	£5.9m	£5.8m
Operating Profit	£5.0m	£4.4m
Earnings / (loss) per unit - see Note12	8.88p	(5.37p)
Net assets per unit (FRS 102 basis) - see Note 15	138.97p	137.78p
Net assets per unit (INREV basis) - see Note 15	139.04p	137.88p
Distributions per unit paid during the year - see Note 7	7.7336p	7.6570p

CHAIRMAN'S REVIEW

The Diversified Property Fund for Charities ('DPFC', 'Fund') delivered a Total Return of 6.7% for the financial year to 30 September 2024 (2023: -3.5%) comprising 5.9% (2023: 5.3%) distribution and 0.9% capital appreciation (2023: -8.8%). DPFC's performance track record since inception in 2015 has been 9.6% pa.

The geo-political and economic backdrop continues to create uncertainty with high government borrowing costs coupled with weak economic growth. The 'higher for longer' interest rate environment looks likely to persist. The financial year to September 2024 saw a continuation of the property market conditions of the previous year. Although investment volumes picked up modestly, investor confidence remained patchy with most interest continuing to focus on industrial warehousing, residential and retail warehousing properties. These are the sectors where good occupier demand and constrained supply are resulting in continued rental growth.

DPFC's portfolio is weighted towards the stronger performing sectors of the market with 70% in industrial warehousing and trade park assets. With the Manager applying their accretive asset management skills, vacancies in the portfolio remain relatively low and it is pleasing that rent collection continues to be virtually 100%. This has facilitated the payment of a strong and consistent quarterly distribution to unit holders, on which many charitable investors rely to fund their spending objectives.

Good progress continues to be made on the path towards zero carbon by 2040. DPFC's GRESB (Global Real Estate Sustainability Benchmark) score improved to 58 and 72% of the portfolio now has an EPC (Energy Performance Certificate) rating of A-C. Lease events create opportunities to improve the quality of properties and the GRESB score and EPC ratings are continuing to improve in line with objectives.

The Investment Advisory Board is an integral element of DPFC's governance. We work closely with the Fund Manager and Asset Manager, meeting quarterly to review strategy, performance, approve significant transactions and the quarterly distribution to unit holders, before these are recommended to the Trustees. In conjunction with the Fund Manager and the Investor Committee, the appointment of a new fund valuer was concluded with effective for the financial year to end September 2024. Changing valuer on a regular basis is good practice and the change has proceeded smoothly.

The macro-outlook remains uncertain with numerous geo-political and economic head winds. However, the DPFC portfolio has proved to be resilient since launch and remains well positioned to continue delivering a sustainable distribution and total return to its investors in line with objectives.

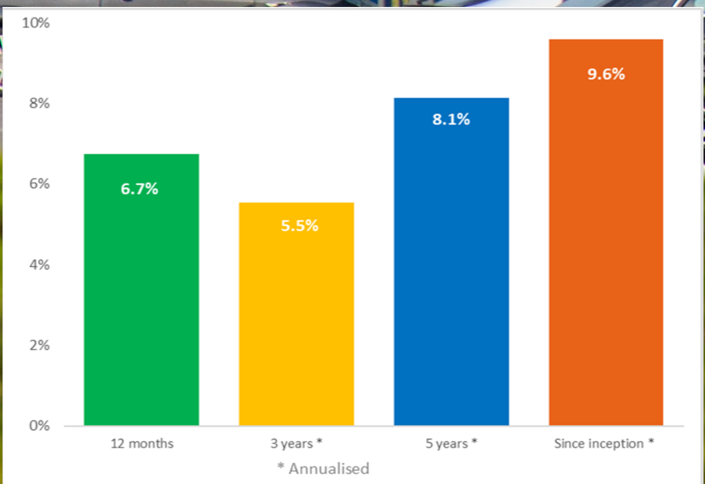
Stuart Beevor,
Chairman,
Investment Advisory Board

MANAGER'S REPORT

Overview

The 2024 financial year has seen DPFC deliver a 6.7% Total Unitholder Return (2023: -3.5%) which compares favorably to the AREF Benchmark of 1.7% (2023: -14.1%) over the same period. The economic environment in which the Fund operates is becoming more supportive of the commercial real estate sector with inflation close to the 2% target set for the Bank of England's Monetary Policy Committee enabling interest rates to reduce. The General Elections in the UK and the USA have seen changes of Governments and the ongoing geopolitical uncertainties in the Middle East and Ukraine will see challenges to navigate however DPFC's clear investment strategy has demonstrated its resilience and ability to deliver attractive returns in challenging times to meet the objectives set. DPFC targets a sustainable and growing distribution. The 5.6% distribution for the 2024 financial year is the 9th successive year in which the distribution has increased or been maintained. DPFC also targets a 7%-9% IRR over a rolling 5 year period. Over the last 5 years an IRR of 8.3% has been achieved.

Since inception in 2015, the Total Return has averaged 9.6% pa. Over the medium/longer term it is pleasing to report DPFC has delivered Total Returns of 5.5% pa and 8.1% pa over 3 years and 5 years respectively, as shown in the chart below.



The low vacancy rate of 5.6% (2023: 6.3%) and high level of rent collections of 100% (2023: 100%) in the DPFC portfolio endorse the stock selection and asset management focus of the Manager. The portfolio has been aligned with the positive long-term social, economic and occupier trends we are observing. Technology has shaped how occupiers use the premises they occupy and the nature of accommodation they choose to lease. Ecommerce, convenience and growing importance of ESG are trends which have influenced the performance of the retail, office and industrial sectors in both positive and negative ways.

DPFC's returns have been driven by; the portfolio being weighted 70% in the multi-let urban industrial sector, a strongly performing subsector of the market, the asset management of the properties in line with their individual five year asset plans, the consistently high rent collection rates from tenants of strong financial covenant strength occupying well located assets and the high levels of occupation relative to the AREF Benchmark. The prevalence of these characteristics enables the manager to believe DPFC is well placed to continue to deliver attractive returns.

Fund Objective

DPFC's objective is to deliver a target IRR of 7-9% pa, ungeared over a rolling five year period and a sustainable and growing distribution. The IRR achieved over the last five years amounts to 8.3% and the distribution has been maintained or grown each year with 1.8% pa average distribution growth since launch. The distribution yield in the latest financial year was 5.6% of opening net asset value and was fully covered by income.

Investment Strategy

DPFC has a clear investment strategy which seeks to mitigate risk at a portfolio and property level by investing in:

- **Multi-let Properties** - principally multi-let properties whose valuations tend to reflect the contractual lease position accounting for income voids due to tenant break options and lease expiries. In practice across the market, 79% of break options are not exercised and 33% of tenants renew their lease. DPFC's tenant retention rate is stronger than the market data thereby generating additional income incurring less void costs and creating additional value.
- **Strong Locations** – where tenants need, and want, to be to best serve their business activities.
- **Asset Size** – Properties in the £3m-£12m range are targeted which is a somewhat less crowded strata of the market offering more yield as assets are often a little too small for institutional investors and a little too large for most high-net-worth investors.
- **Asset Management Potential** – prior to purchase a bespoke five year asset plan is developed for each property which identifies potential to enhance rental income and, in turn, capital value. A critical part to delivering asset management initiatives in developing good working relationships with occupiers. This mitigates lease event risk and enhances rent collection.

At a portfolio level, risk is diversified through implementing the Investment Operating Criteria detailed in the Fund's Trust Deed which targets diversifying: location, sector, asset size, occupier, and leasing profile. Diversity of occupier mitigates risk to DPFC distributions from any one tenant being unable to pay their rent. This clear investment strategy is implemented whilst remaining agile to accommodate the prevailing dynamic social, economic and occupier trends. We seek to align the portfolio with the long-term positive trends observed.

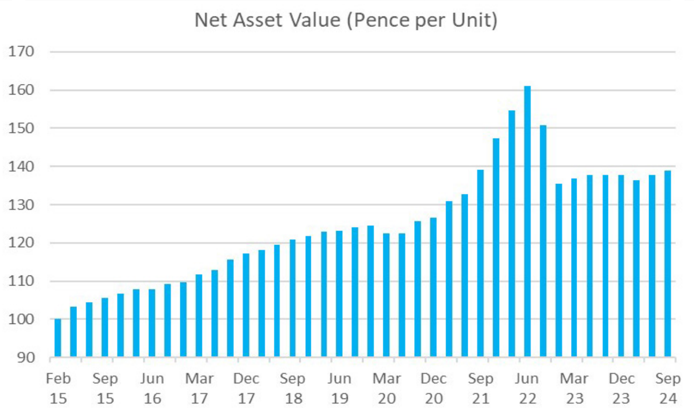
Fund Performance

DPFC's Total Return was 6.7% for the financial year to 30 September 2024 (2023: -3.5%) comprising 5.9% (2023: 5.3%) distribution and 0.9% capital appreciation (2023: -8.8%). Since inception in 2015, the Total Return has been 9.6%. Additionally, the Absolute Total Return to investors since launch has been 107% which comprises of distributions totalling 68%, equivalent to 7.0p per unit pa and NAV growth of 39%, equivalent to 4.0p per unit pa.

100% of rent for the 2024 financial year has been collected (2023: 100%). This level of rent collection is due to a number of factors comprising: industrial sector weighting, diverse tenant base, quality financial tenant covenants and a structured approach to rent collection which includes weekly meetings between Asset Managers and Credit Controllers.

DPFC's NAV has increased from 137.78p per unit to 138.97p per unit over the 2024 financial year. The DPFC portfolio has increased in value by 3.3% over the year (2023: -7.6%). The MSCI All Property Index has seen values decline by 3.1% (2023: -18.2%) over the period. The portfolio is valued each quarter by the Fund's independent valuer Knight Frank with the portfolio having increased in value for eight consecutive quarters. DPFC's capital value growth outperformance of the MSCI All Property Index has been supported by the portfolio sector weighting and the value accretive asset management initatives which have been completed.

DPFC NAV growth:

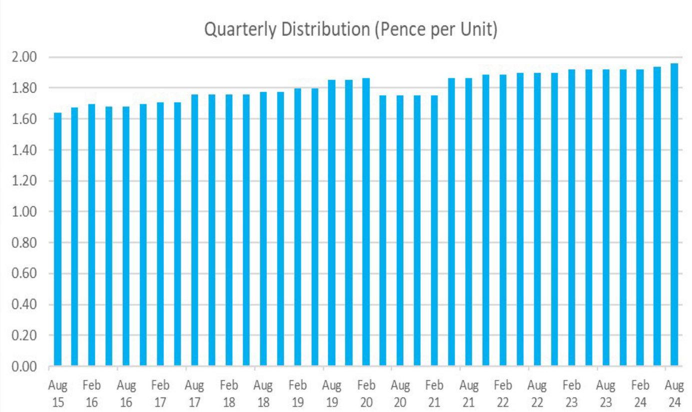


Unitholders were paid 7.73p per unit in 2024 (2023: 7.66p), an increase of 1.0% on the prior year. Since inception the distribution has grown or been maintained each year. The chart over the page details the distributions since launch. The distribution was maintained at the same level during the Covid-19 pandemic in financial years 2020 and 2021.

MANAGER'S REPORT (continued)

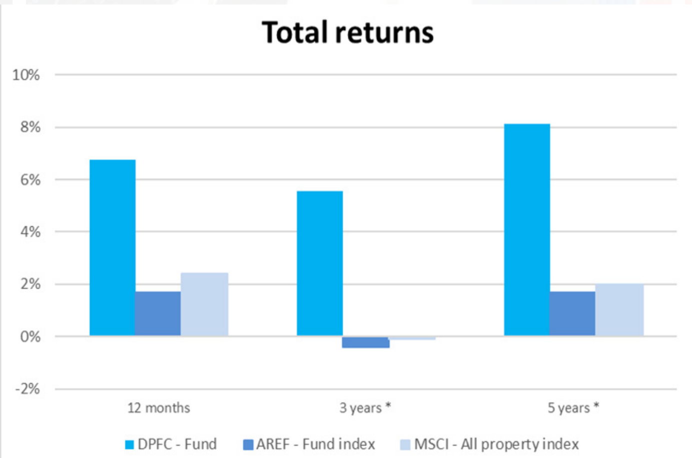
Fund Performance (continued)

DPFC distributions:



DPFC's relative performance is measured at a property and fund level. At a property level the MSCI All Property Index recorded a total return of 2.4% for the year to 30 September 2024 (2023: -13.8%). At a Fund level the Association of Real Estate Funds (AREF) benchmark recorded a total return of 1.7% (2023: -14.3%). DPFC outperformed both benchmarks recording 6.5% total property return (2023: -2.2%) and a 6.7% total fund level return (2023: -3.5%). The chart below shows DPFC's performance relative to the benchmarks over one, three and five years.

DPFC Relative Performance - Total Returns relative to benchmarks to 30 September 2024



* Annualised

Market Overview

Investment transaction volumes for the year to September were £33.2bn an improvement on the same period in 2023 of £30.6bn. Central London has attracted the greatest weight of investment at £10.1bn. Investor demand has been split equally between industrial warehousing, retail, office and hotel properties. Cross border activity accounted for 45% of all sales down slightly from 50% for the same period in 2023.

Office total returns were the only sector showing a negative return in the year to September 2023, albeit broadly a quarter of all commercial investment transactions over that period had been offices. The supply and demand imbalance and uptick in leasing activity has driven rental growth. Office take-up in the six largest regional cities for the first half of 2024 was 10% ahead of the same period in 2023. All Office rental growth, as measured by MSCI, was stable in September at 2.4% y/y, up on the 1.2% y/y five-year average growth. Occupiers and in turn investors are targeting the best quality office buildings in terms of location, specification and importantly ESG credentials.

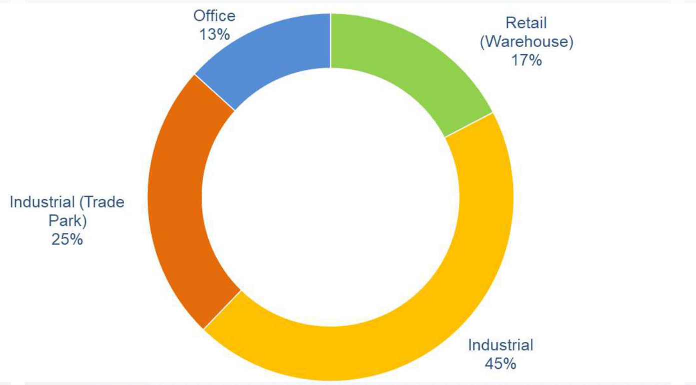
Retail investment transaction volumes stood at £5.7bn for the year to September, broadly in line with the same period in 2023. Occupier demand has been steady with rents rising modestly by 0.9% in the year to September, marking almost two years of consecutive monthly growth. The retail warehouse subsector where there has been nominal new development has been experiencing improved occupational demand from value retailers.

£6.9bn of industrial investments were transacted on in the year to September, slightly below the same period in 2023. Occupier take-up over the year was 18.8m sqft, 6% up on the same period in 2023. The fundamentals of the industrial sector; constrained supply and strong occupational demand are driving rental growth which is forecast to continue. The multi-let urban subsector of the industrial market is preferred by DPFC as it is aligned with the trends of Ecommerce and convenience.

Portfolio Overview

DPFC targets a sustainable and growing distribution and therefore invests in sub-sectors of the real estate market where the Manager believes the rental growth prospects have the potential to make this achievable. The portfolio sector weightings are: Industrial & Industrial Trade Park 70% (2023: 66%), Office 13% (2023: 16%) and Retail Warehouses 17% (2023: 18%).

DPFC - Portfolio Sector Weightings



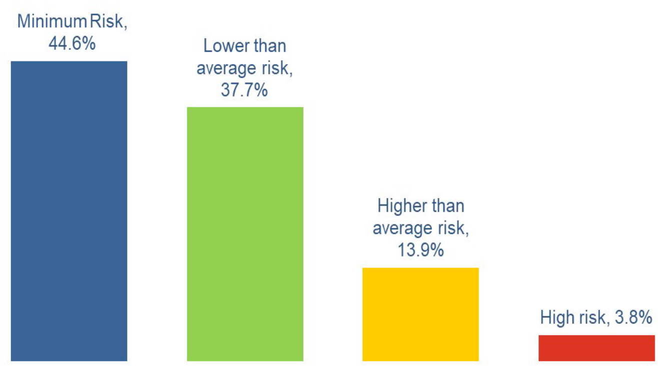
Demand for sub-20,000 sqft units continues to be robust from modern occupiers including: last mile logistics operators satisfying consumer demand for convenience with faster deliveries, demand from traditional industrial occupiers with the onshoring of manufacturing, trade counter operators and the move from "just in time" to "just in case" supply chains. Supply is not keeping pace with demand as urban populations continue to grow and pressure for new homes in urban areas is directing development sites change to higher value residential uses. At lease events where the rent is subject to review the level of embedded rental reversion which is being crystallised is supporting the investment case for this subsector. Property Market Analysis, an independent property market analyst, is forecasting 17% rental growth over the "UK Standard Industrial" sector over the next 5 years.

The office sector weighting in the DPFC portfolio is just 13% at the year end and comprised two assets in Maidstone and Watford. A third, in Cambridge was sold during the year. All three properties are in the central business district of each town and are readily accessed by public transport. Watford and Cambridge are EPC B and EPC C respectively. At Maidstone the c.14,000 sqft refurbishment has achieved an EPC A and the accommodation has been let to an accountancy business at a rental of £22.50 per sqft, materially ahead of the pre-refurbishment rental level.

DPFC's retail weighting of 17% is all in the retail warehouses subsector. DPFC has not invested in high street shop units or shopping centres. The retail warehouse market is more resilient in nature with successful retailers utilising units as part of their multi-channel retailing model for click and collect and logistics in addition to offering convenience for their customers. This element of the DPFC portfolio is 100% occupied and the tenant base predominantly serves the value retail segment of the market.

The DPFC portfolio is formed of 11 properties with an average lot size of c. £7.6m (2023: 12 properties of average lot size £6.9m). Tenant specific risk is managed at a property level through the multi-let nature of the assets which include 79 tenants. A high proportion of the tenants have strong financial covenants with 82.3% of tenants having a D&B risk rating of "minimal" or "lower than average" risk (2023: 74.9%) as shown in the chart below.

Tenant Covenant by D&B Risk Rating at 30 September 2024



MANAGER'S REPORT (continued)

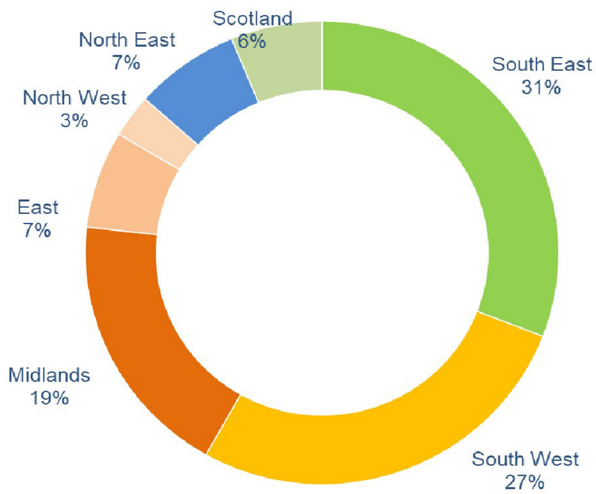
Portfolio Overview (continued)

Rent collection and the speed at which rent is collected is an important measure of a tenant's financial strength. The average rent collected within 21 days of the date due is 95%, and 100% of rent demanded was collected for the 2024 financial year (2023: 100%).

Having a high level of occupation in the portfolio is a reflection of the quality of properties and the asset management endeavour in working with the occupiers. DPFC has had a low vacancy rate since launch averaging 3.0%. At 30 September 2024 the vacancy rate was 5.6% (2023: 6.3%). The AREF Benchmark vacancy rate was 10.6% at 30 September 2024 (2023: 10.6%). DPFC's vacancy rate peaked at 8.7% during the financial year as the opportunity to refurbish and relet the office property in Maidstone was progressed with the vacancy rate now having reduced. The low vacancy rate in the DPFC portfolio evidences the Manager's competence in managing a diverse occupier base on shorter term leases to deliver attractive rental income returns. The vacancy rate and the WAULT (Weighted Average Unexpired Lease Term) will fluctuate during any given year with 79 tenancies in the portfolio, but the overall portfolio trend is one of high occupation and a low vacancy rate. The WAULT to lease expires at 30 September 2024 was 2.8 years (2023: 4.4 years) and 3.8 years to break options (2023: 3.2 years). Although WAULTs shortened during the year the occupation increased.

The DPFC portfolio is diversified by geographical region and the regions targeted are those with stronger economic performance as the business in those regions are likely to perform well enhancing occupier demand, rental growth and mitigating voids. The chart below shows 65% of the portfolio is located in the East, South East and South West regions.

DPFC - Portfolio Weighting by Geographical Location



Asset Management

The portfolio's rental income and in turn valuation performance has been enhanced through the asset management completed during the year. The rents agreed at lease events were 29% ahead of the previous passing rent and 17% above the open market rental value as assessed by the Fund's independent valuer, Knight Frank. Lease events are opportunities to engage with the Funds tenants to explore improving the terms of the tenants occupation to mutual benefit. Improving a tenants lease terms; increasing the rent and extending the lease duration create value which can enable energy efficiency improvement works to be completed. Each asset in the portfolio has its own five year asset plan detailing the lease events and opportunities at the property to enhance rental income and capital value.

The portfolio is weighed in favour of the multi-let urban industrial assets where the supply and demand imbalance has seen strong rental growth crystallised at lease events. The Fund's industrial estate in Milton Keynes has seen the embedded rental reversion captured at rent reviews with some rents agreed at 45% above the previous passing rent. Similarly, the Fund's industrial estate in Swindon has seen rents increase by as much as 36% at rent review.

DPFC owns an industrial estate in Northampton where rental growth of 52% has been achieved on a lease renewal. This level of rental increase enabled the Fund to enhance the EPC rating at the property from an EPC D to an EPC B. Whilst the rent has increased the tenants lower utility costs make the total occupation cost more affordable.

The refurbishment of 14,000 sqft of office accommodation at Medway Bridge House, has seen a rental of £22.50 per sqft (pre refurbishment, passing rent £16.01 per sqft, ERV £17.00 per sqft) achieved in letting the accommodation to an existing tenant who needed more space. Through working with the tenant we were able to solve their occupational needs and retain them as an occupier. Additionally, the refurbishment improved the building EPC rating to an EPC A, exceeding the anticipated MEES (Minimum Energy Efficiency Standard) requirements.

The Fund's office building on Hills Road, Cambridge has been sold following an off-market approach from a special purchaser. The property was originally multi-let but when one tenant vacated their office suite an overriding lease of the whole property was agreed with another existing tenant. With the asset management work completed at the property it was ready to see the value enhancement has been crystallised by selling and the proceeds will be recycled back into another asset with asset management potential. The Cambridge asset was sold at a 51% premium to the last valuation.

Governance and Oversight

DPFC's governance and oversight comprises five tiers:

- The Trustees (Apex Nominees 1 (UK) Limited and Apex Nominees 2 (UK) Limited) meeting quarterly to review, approve and instruct the Manager;
- The full scope FCA authorised Manager (Boston and Alexander LLP) with Eskmuir FM Limited continuing as its Appointed Representative to manage all of DPFC's affairs; and
- The Depositary (Apex Depositary (UK) Limited acting as safekeeper of all Trust assets and ongoing monitor of all bank accounts;
- The Investment Advisory Board meet quarterly to review the Fund's activities including distributions, acquisitions and disposals, performance and portfolio activity before appropriate recommendations are made to the Trustees; and - The Investor Committee, formed of the five largest investors meets twice annually to review the Fund's activities in addition to considering and approving key matters.

Manager's Provenance and Track Record

Both Eskmuir FM Limited and Eskmuir Asset Management Limited are part of the Eskmuir Properties Limited ("EPL" & "Eskmuir") group. The Laing Family Trusts and their charitable foundations established EPL in 1990 and in 2015 it was their philanthropic wish that DPFC be formed to enable other charity investors to benefit from the returns that the Eskmuir management team have delivered.

MANAGER'S REPORT (continued)

Manager's Provenance and Track Record (continued)

EPL has achieved 33 successive years of dividend growth to its shareholders who have received an annualised return of 10.35%. Since 2015 EPL has transacted on £480.0m of real estate comprising £204.8m of acquisitions and £275.2m of proceeds from disposals crystallising £109m of profit.

Investment Operating Criteria

The Investment Operating Criteria seeks to structurally mitigate risk at both a portfolio and property level. Detailed below is the Investment Operating Criteria as contained in the Trust Deed. The Manager observes this criteria at all times and should a deviation 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%

DPFC is fully compliant with the Investment Operating Criteria.

Valuations

Knight Frank LLP have been DPFC's independent external valuers and completed the quarterly and annual valuations of the portfolio during the year in accordance with the Practice Statements contained within the RICS Valuation – Professional Standards 2014 UK Edition (the Red Book).

The portfolio was valued at £83.4m (2023: £83.2m) as at 30 September 2024. The portfolio increased in value by 3.3% on a like for like basis (2023: -7.6%). This compared to the MSCI All Property Index which increased in value by 0.3% (2023: -18.2%) over the same period.

The industrial assets in the portfolio increased in value by 5.2% (2023: -4.1%), the office assets increased by 0.9% (2023: -20.0%) and the retail assets decreased in value by 2.4% (2023: -7.1%).

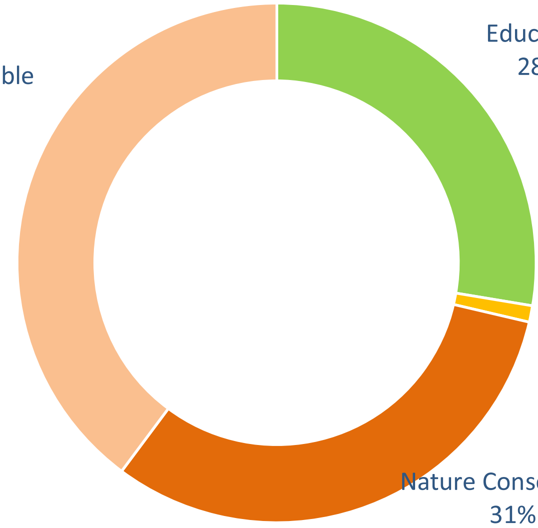
In 2022, as we saw interest rates increase impacting commercial real estate property values, the MSCI All Property Benchmark saw property values decline by 27.2% peak to trough. DPFC's portfolio was not immune to the market, experiencing a value reduction of 9.8%. The DPFC portfolio value stablised quickly and has seen eight consecutive quarter of valuation gains since stabilisation. The portfolio's weighting in the multi-let urban industrial sector and the asset management of the properties mitigated the impact of the temporary market conditions. As the Bank of England's Monetary Policy Committee gradually reduces interest rates a more supportive economic environment for commercial real estate will prevail.

Unit Issues and Investor Commitments

A total of 1.10m units were issued during the year (2023: 0.83m) raising a total of £1.52m (2023: £1.13m).

At the year end DPFC had 23 investors (2023: 24). Whilst investors have wide ranging charitable purposes, they are united in their view, which the Manager shares, that real estate is 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



Working Capital Bank Debt

DPFC does not utilise a geared Fund model and does not rely on leverage to drive returns.

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 2024 year end, £2.9m was drawn under the facility (2023: £4.0m). The property portfolio is valued at £83.4m. The principal objectives are to draw from the facility for short periods of time to acquire new investments in anticipation of new investor subscriptions. On 28 March 2025 the facility was repaid in its entirety out of proceeds from the sale of an invesment property (see Note 21). The facility expires 31 October 2025, renewal terms have been sought. RBSI have advised terms, not expected to be dissimilar to the existing facility, will be shared in May 2025.

Financial Results, Distributions and TER

The total comprehensive income for the year was £5.13m (2023: loss -£3.04m) comprising operating profit net of interest payable of £4.66m (2023: £4.07m) and unrealised revaluation surpluses on investment property of £0.48m (2023: deficits of -£7.11m).

Distributions totalling £4.45m, 7.73p per unit, were paid in the year to 30 September 2024 (2023: £4.29m, 7.66p per unit).

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. The distributable reserves currently amount to £2.35m.

A further quarterly distribution totalling £1.14m (1.9576p per unit) was paid after the year end in respect of the quarter to 30 September 2024. Retained earnings following that distribution were £1.21m (2023: £0.87m).

Distributions paid during the year equated to an average 5.6% pa (2023: 5.3% pa) of quarterly NAV.

The Total Expense Ratio (TER) is the ratio of fund administration costs incurred in the year to average NAV. TER for the year was 0.89% (2023: 0.82%), the increase being due to the appointment of the Depositary (a statutory requirement). It is expected the TER will decrease as the Fund size continues to increase.

MANAGER'S REPORT (continued)

Strategy and Outlook

DPFC's clear investment strategy has demonstrated its resilience through challenging economic and geopolitical environments, enabling attractive sustainable returns in line with the Fund's objectives, to be achieved. The Investment strategy is effective and remains appropriate to DPFC's investors who see commercial real estate as a medium to long-term investment.

The sub-sectors of the real estate market DPFC's portfolio is weighted towards see it aligned to the trends which the Manager believes will support ongoing performance. The real estate market's dynamic nature is under constant review and should tactical adjustments be required they will be promptly implemented. The portfolio has a robust rental income stream which is demonstrating attractive levels of growth supportive of the sustainable and growing distribution policy.

The economic outlook is starting to look more positive although there remains material geopolitical challenges to navigate. With inflation close to the 2% target set for the BoE's MPC and further interest rate cuts anticipated there is an improving environment for commercial real estate and DPFC is invested in the type of assets likely to perform well as investor sentiment and transaction volumes improve.

The Manager and the investment strategy are appropriately challenged by the Investment Advisory Board and Trustee. The Manager, supported by the Investment Advisory Board and Trustee, believes DPFC's investment strategy and portfolio are well suited to continue to meet the Fund's objectives, providing attractive risk adjusted returns to DPFC's investors.

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 particularly those coming from the geopolitical uncertainty of the Israeli-Palestinian conflict, the Ukraine/Russia war, slow economic growth, inflationary pressures and interest rates. Additionally, the mitigating actions taken by the Manager assist in minimising the financial impact to DPFC. Actions include tight credit control of outstanding tenant arrears, liaising with tenants needing help and continuing to focus on letting vacant space.

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 non-statutory financial statements.

The Manager is confident in the portfolio's future performance as a Going Concern given the operating profit of £5.00m and healthy balance sheet with cash reserves of £1.36m, undrawn bank facility of £3.63m (and significant headroom over financial bank loan covenants) and net assets of £80.81m as at the end of September 2024. The number of tenants, their relative strength as evidenced by D&B ratings, relatively low average rent per tenant, mix of industries they operate in and strong rent collection rates also add to the level of confidence. The Manager notes that DPFC had net current assets at the balance sheet date. The working capital bank facility is due to be repaid on 31 October 2025 but it is expected it will be refinanced with the existing lender on terms not dissimilar from the existing.

Accordingly the repayment date is considered to be of no consequence from a Going Concern perspective. Furthermore, an asset in the portfolio was sold for £8.0m on 25 March 2025, proceeds were applied to debt repayment with the remaining £4.6m added to balances on cash deposit whilst a suitable new acquisition is being sourced. In line with DPFC's stated objectives and without sight of incoming investor subscriptions, it is not expected the RBSI facility will be used to fund this acquisition.

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 non-statutory financial statements.

Post Balance Sheet Events

Details of Post Balance Sheet Events are described in Note 21.

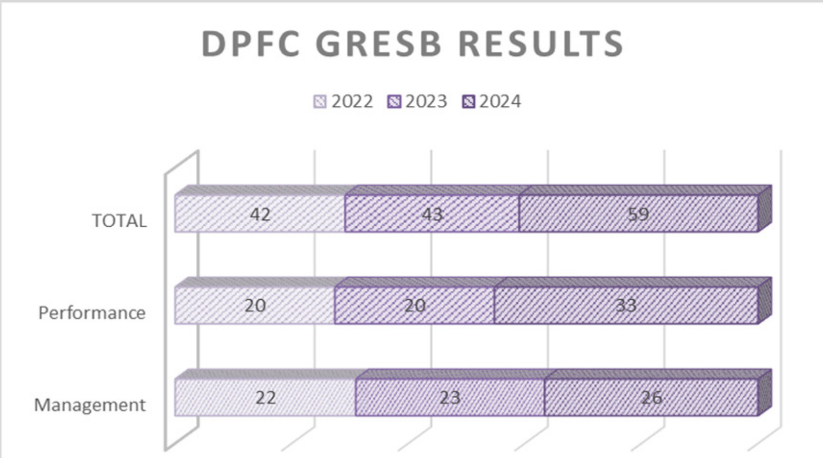
Paul Hodgson, Managing Director
Eskmuir FM Limited
Date: 7 April 2025

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) AND RESPONSIBLE PROPERTY INVESTMENT

DPFC, and Eskmuir, the Fund Manager, are fully committed to the protection of the environment, maximising social value across the portfolio and ensuring the highest level of governance across the respective businesses. Our aim is to continually integrate ESG objectives into our business strategy and ensure improvement in our ESG performance through responsible business and asset management practices whilst considering the various stakeholder interests and requirements.

One of DPFC's ESG objectives is to annually report to GRESB (Global Real Estate Sustainability Benchmark) and improve scoring into future years. In 2024, DPFC received a score of 58 out of 100, achieving an improvement against the 2023 score of 43.

The year-on-year scoring split between Performance & Management Components since the Fund's participation commenced is:
The annual results from the GRESB submission assist the Fund to identify further ESG opportunities to action and contributes to improving our strategy towards achieving net zero carbon by 2040.



To continue the trajectory of achieving year-on-year improvements in the GRESB Scoring, the Fund is targeting a GRESB score of 65 plus and a two-star rating in the 2025 results. Working with EVORA, as our ESG consultant and the SIERA ESG platform, we have seen an improvement under the Performance Section of the GRESB Submission largely due to the coverage of occupier energy usage data. For the 2023 dataset, Eskmuir have improved coverage significantly compared to the 2022 dataset, with the following being collected and reported for each fund (area/time coverage):
Alongside the implementation of a data collection platform, we have a Roadmap to continue to achieve our ESG objectives, which is reviewed and updated periodically.

	DPFC 2022 Coverage	**DPFC 2023 Coverage** (increase from 2022 coverage)
Energy	10%	81% (+71%)
GHG Emissions	14%	90% (+76%)
Water	0%	1% (+1%)
Waste	18%	7% (-11%) *

* due to low tenant data responses

The Fund is committed to the delivery of ESG enhancements across the portfolio in a functional way, continuing to offer well-managed sustainable properties combining occupier requirements and investor demands. Sustainability is a journey, and in an ever-changing market DPFC has the flexibility to respond as new practices emerge, futureproofing the business and the assets under management.

Components of our ESG policy and initiatives undertaken include:

Environmental – Minimising the impact on the environment whilst we transition to a low carbon society

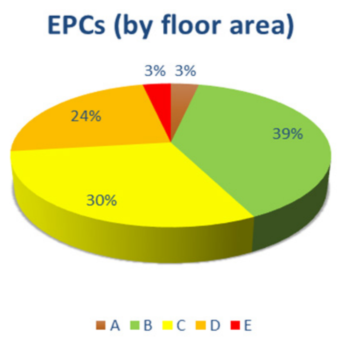
Current activity includes:

- **Net Zero Carbon** – The Fund, and Eskmuir as Asset Manager, has made a commitment of reaching net carbon zero by 2040. Accurate data collection and transparent reporting are key to reaching our goal of reducing carbon emissions across the fund and reaching the 2040 target. The implementation of the data collection and analysis program for the fund, using the SIERA ESG platform, will assist in producing the Scope 1, and 2 emissions data. With ongoing access to the transparent and up-to-date consumption dataset we can take control of the Fund's associated carbon emissions with integrity and strategically use this insight to direct and impact the future fund strategy.
- **Data Collection** - A data collection and analysis program for the assets within the Fund has been implemented. During the financial year, the Eskmuir and SIERA Teams have worked to onboard asset meter information onto the SIERA Platform in order to collate utility consumption data digitally, resulting in an 81% coverage achieved in the first year. The SIERA platform will enable DPFC to measure energy consumption and access live data which can be analysed and then use to shape our building operating decisions. The data platform will also assist in considering the impact the physical improvements will have on achieving Net zero on an asset-by-asset basis. A strategy has been put in place to increase the collection of waste and water data.
- **Environmental Regulation** - Management of the portfolio so it is compliant with all levels of environmental regulation considering the proposed changes to Minimum Energy Efficiency Standards (MEES) (A minimum EPC C in April 2027, and EPC B in April 2030), a proactive approach is being taken to future proof the portfolio. Refurbishments, lease events, and wider tenant engagement are all being used to enhance the EPC rating of assets, with an EPC B rating targeted in line with the MEES level anticipated by 2030.

  All the assets within the scope of the Minimum Energy Efficiency Standards (MEES) are compliant with the current regulation. The financial year to September 2024 saw progress towards compliance with the proposed changes with 72% of the assets (by floor area) MEES 2027 compliant, improving from 67% (September 2023), 43% (by area) is 2030 compliant, improving from 30%.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) AND RESPONSIBLE PROPERTY INVESTMENT

(continued)



During the year to 30 September 2024, design-led refurbishments have incorporated energy efficiency works to improve the EPC Ratings. These include installation of LEDs with PIR controls, de-gas throughout, replacement of gas fired central heating with air source heat pump air conditioning and the installation point of source water heaters during sustainable refurbishments of units at Swindon Woodside, improving the EPCs to a B Rating (previously C & D Ratings).

- **Refurbishments** – Sustainable refurbishment works are considered for all projects. The refurbishment works at Maidstone included the removal of gas boilers, installation of an independently operated air conditioning system, the installation of LED lighting, electric hot water services, and improved insulation. The works undertaken not only meet occupier requirements but also resulted in the building being reassessed as an EPC A. Additionally, at Maidstone, it was agreed for a tenant to leave their comfort cooling in situ when they vacated. Not removing working, well maintained equipment which will be required by an incoming occupier reduces waste, material use, and cost.

- **Renewable Energy** – 100% of Landlord procured energy continues to be from renewable sources. Consultants have undertaken a viability assessment for the installation of Solar PV Panels across the portfolio to consider the feasibility and funding opportunities for on-site renewables given the portfolio composition. Further viability testing has been completed at Hall Green, Birmingham prior to its sale post-year end to consider the opportunity alongside tenant discussions as a pilot project.

- **Tenant Engagement** – Collaboration with tenants to support them to meet their own sustainability goals and assist in reducing their energy and water consumption, improve energy efficiency and minimise amount of waste generated across the portfolio. Working with a tenant at Northampton, landlord energy efficiency works were undertaken and the EPC for the unit improved to a B Rating. The works included the de-gas of the unit, installation of Air-Source Heat Pump AC and LEDs.

  Consideration was given to staff wellbeing on the heating facilities that needed to be provided. Also, at Sunderland, the Fund has been supportive of one of the tenants upgrading of their HVAC plant and subsequent improvement in the EPC of the unit to an EPC B.

- **Contractor Appointment** – Encourage our agents, suppliers, and contractors to improve their own environmental performance, reducing their environmental impact and risk particularly with regards to energy and water consumption, GHG emissions, waste management, through inclusion of commitments within contractual obligations and code of practices.

- **Green Leases** – The precedent lease for the Fund includes Landlord and Tenant commitments to Environmental Performance, consideration of environmental performance when undertaking alterations and sharing of environmental data.

- **Acquisitions** – The due diligence process for the Fund includes a review of Environmental Audits, Energy Performance, biodiversity, building components and occupiers covenant and use. These are utilised to consider the environmental risks of the asset and the costs to mitigate and de-risk the asset from a practical point of view.

Social – Incorporating the interests of stakeholders into business decisions which are open to scrutiny

- **Health and Safety** – A strong commitment to maintaining a safe working environment. There are robust policies and procedures in place and an overarching no-compromise approach to health & safety issues ensuring the latest safety regulations are followed. All the Eskmuir employees engaged in the Asset management of the DPFC portfolio are required to promote DPFC's Health and Safety objectives which extend to assets, contractors and communities surrounding the Fund's assets. Supporting this policy, during 2024 all Eskmuir staff members undertook an Emergency First Aid at Work Course.

- **Inclusion and Diversity** – The Fund has a commitment to ensuring Inclusivity & Diversity in the workplace and business practices to promote equal opportunities to encourage a diverse workforce that is representative of today's society. Action will be taken to ensure that no individual suffers unlawful discrimination directly or indirectly with a continual review of policies. It is expected that all third parties engaged on the Fund comply with diversity and anti-discrimination laws as a minimum.

- **Health and Wellbeing** – Having a proactive approach to Health & Wellbeing in the workplace. The respondents of the Staff Engagement Survey stated they would recommend Eskmuir as a good place to work and is a company which promotes employee wellbeing and a positive work/life balance. The asset acquisition process includes a review on Health Safety & Wellbeing of occupiers and users of an asset. Through collaboration with tenants, managing agents and contractors this is followed through to those properties in the portfolio. The refurbishment of the common parts of Clarendon Road, Watford, undertaken during financial year ended 2024 includes the installation of additional basement cycle storage and changing / drying facilities along with the installation of unisex and accessible WCs and showers to improve the occupier experience and use of the building, and facilitate green travel.

- **Modern-Slavery and No-child Labour Policies** – The Fund has anti-slavery and No-child Labour Policies through which it is ensured no children and only individuals freely choosing employment undertake work in connection with DPFC. This includes working with managing agents and consultants to ensure compliance with all laws and regulations regarding modern slavery and no-child labour being used. Managing Agents have their own Social, Ethical and Environmental Procurement Guidelines which ensure the above policies are met and in addition these policies the guidelines encourage contractors to pay their employees a wage that exceeds the National Minimum Wage and Living wage.

- **Communities** – Awareness of the impact assets can have on their local communities, the acquisition process includes a review of the social impact of an asset including relevant comments on travel, crime, and social inclusion as part of the due diligence surveys. As part of the investment strategy, DPFC will only invest in assets which are consistent with the reputation of our stakeholders. Accordingly, DPFC would not acquire properties, or subsequently let units to occupiers where there is an immoral use.

- **Charity Support** – The purpose of DPFC is to generate returns for charities to enable them to pursue their charitable purposes. The Manager is part of the Eskmuir Group which itself supports local charities and organisations through financial support and staff time, including those charities being supported by tenants with an amount being available each year for charitable donations.

- **Contractors** – Where possible, and best-value considering the wider objectives, local contractors are used for projects. Managing agents employed on the fund also have their own policies to support local communities and SMEs utilising local contractors directly or via suppliers and have a pro-active approach in offering local businesses the opportunity to compete for work and for local employees to apply for jobs.

ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) AND RESPONSIBLE PROPERTY INVESTMENT (continued)

Governance – Structured to demonstrate commitment to high standards of corporate governance as a progressive and transparent business

- **Governance Tiers** – The Fund, and Eskmuir as Asset Manager, have a clear and transparent governance structure. There are five tiers of governance in the DPFC structure to ensure high standards of corporate governance are observed and demonstrated. They are: Investment Advisory Board, The Trustees, The Depositary, the full scope FCA authorised Fund Manager (Boston and Alexander LLP) and its Appointed Representative (Eskmuir FM Limited) all of whom meet quarterly and the Investor Committee, meeting twice a year.

- **Reporting** – There is a structure for the reporting of ESG with a dedicated ESG Section within the quarterly Investment Advisory Board meeting, where updates and actions are reported. This provides the opportunity to report and challenge our environmental and social performance to demonstrate accountability and improvements.

- **Compliance** – DPFC and Eskmuir are required to comply with regulatory compliance including the Bribery Act 2010, the Money Laundering Regulations, and all other industry rules or legislative requirements, and we ensure that we work within the legal requirements applicable to the business and industry and appropriate staff training is undertaken.

- **Policies** – Internal practices and policies are an integral part of corporate decision making and legal compliance. A review and improvement to the Fund's policies and processes is undertaken periodically to reflect updated market practice. For example, the Information Security policy was extended to cover ongoing IT Security awareness training during the financial year.

- **Risk Management** – Risks are considered at each stage of the asset lifecycle and are regularly evaluated and improved through reviews. The risks to the business including physical, climate, economic risks and their associated impact on the Business Strategy are fully considered and are reported and discussed as part of the Board Reporting process.

- **Investment & Asset Strategies** – ESG is embedded within the business strategy with Investment & Asset Strategies that include ESG considerations and recommendations of measures to put in place to improve the sustainability of the asset, and the wider financial implications. The due diligence process on acquisitions includes the consideration of sustainability criteria (including, environmental, social, human and financial matters) having regard to the Royal Institution of Chartered Surveyors' "Property Lifecycle" approach as part of the Building Surveys and recommendations of measures to put in place to improve the sustainability of the asset, and the wider financial implications. Risks, and their associated financial impact on the Fund can be considered at an early stage of the acquisition process. Each asset within the portfolio is subject to a bespoke five-year asset plan setting out a route map to deliver performance, including ESG

Credentials, investor objectives and risk factors. These asset plans are reviewed and updated annually to ensure they are reflective of the current position of each of the assets.

- **Incident Monitoring & Reporting** - There is a clear process for monitoring and reporting any incidents, be it ESG Incidents or otherwise, at assets including investigation, monitoring, and reporting of all incidents. Any breaches are reported through the Fund's managing agents to asset managers and the Investment Advisory Board and Trustees. There have been no ESG incidents during the financial year.

The Eskmuir business and the management team are committed to meeting these objectives and this is demonstrated by the systems, processes and practices adopted. ESG actions and performance will continue to be disclosed to highlight the progress and efforts being made. Social Responsibility is at DPFC's heart in providing sustainable income streams for Charities and ESG is a strategic objective for DPFC with a sustainable approach to the business and portfolio being adopted not just because it's the right thing to do but because it makes good business sense.

STATEMENT OF MANAGER'S RESPONSIBILITIES

The Manager is responsible for preparing the non-statutory financial statements in accordance with the Trust Deed.

The Trust Deed requires the Manager to prepare non-statutory financial statements for each financial year. Under the Trust Deed, the Manager has elected to prepare the non-statutory financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The non-statutory financial statements are required by law to be prepared in accordance with the Trust Deed.

In preparing these non-statutory financial statements, the Manager is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed; and
- Prepare the non-statutory financial statements on the going concern basis, unless it is inappropriate to presume that the Fund will continue in operation.

The Manager is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Fund and enable them to ensure that the non-statutory financial statements comply with the Trust Deed. They are also responsible for safeguarding the assets of the Fund and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE DIVERSIFIED PROPERTY FUND FOR CHARITIES

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 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with 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 21.

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

Basis 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 Financial Reporting Council's (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

In auditing the non-statutory financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the non-statutory financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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. The trustees are responsible for the other information contained within the annual report. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the non-statutory financial statements themselves.
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 this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

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 non-statutory financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE DIVERSIFIED PROPERTY FUND FOR CHARITIES (continued)

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Trust's industry and its control environment, and reviewed the Trust's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the Trust's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Trust operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the non-statutory financial statements. This included tax legislation; and
- do not have a direct effect on the non-statutory financial statements but compliance with which may be fundamental to the Trust's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team and relevant internal specialists such as tax and real estate specialists, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the non-statutory financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- management's incentive to manipulate assumptions used by the external valuer in their estimation of the fair value of the investment properties: We have engaged internal property management experts to challenge these assumptions against industry data to benchmark key yield and ERV assumptions used in the valuation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the non-statutory financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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; or
- 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 express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

Deloitte LLP
London, United Kingdom
Date: 7 April 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2024

	NOTE	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000
Turnover	3	6,131	5,849
Rents payable		(107)	(66)
		6,024	5,783
Profit on disposal of investment properties		483	-
Other operating income		10	5
TOTAL INCOME		6,517	5,788
Administrative expenses	4	(1,514)	(1,375)
OPERATING PROFIT		**5,003**	**4,413**
Gains / (losses) arising on revaluation of investment properties	8	477	(7,107)
Finance costs	6	(348)	(344)
TOTAL PROFIT / (LOSS)		**5,132**	**(3,038)**
Basic and diluted earnings / (loss) per unit	12	8.88p	(5.37p)

There was no other comprehensive income in the year (2023: nil).

STATEMENT OF CHANGES IN NET FUNDS ATTRIBUTABLE TO UNITHOLDERS

	NOTE	Trust Capital £000	Profit and loss reserve: Revaluation reserve £000	Profit and loss reserve: Retained earnings £000	Total £000
At 30 September 2022		61,637	20,978	2,187	84,802
Total comprehensive expense		-	(7,107)	4,069	(3,038)
Distributions paid during the year	7	-	-	(4,293)	(4,293)
Unit issues	12	1,132	-	-	1,132
At 30 September 2023		**62,769**	**13,871**	**1,963**	**78,603**
Total comprehensive income		-	477	4,655	5,132
Distributions paid during the year	7	-	-	(4,445)	(4,445)
Unit issues	12	1,522	-	-	1,522
Transfer on disposal of investment property	13 & 14	-	(173)	173	-
At 30 September 2024		**64,291**	**14,175**	**2,346**	**80,812**

BALANCE SHEET
As at 30 September 2024

	NOTE	As at 30 September 2024 £000	As at 30 September 2024 £000	As at 30 September 2023 £000	As at 30 September 2023 £000
FIXED ASSETS					
Investment properties	8		83,426		83,257
CURRENT ASSETS					
Debtors	9	1,968		2,194	
Cash at bank and in hand		1,363		103	
		3,331		2,297	
CREDITORS: amounts falling due within one year	10	(2,994)		(2,904)	
NET CURRENT ASSETS / (LIABILITIES)			337		(607)
TOTAL ASSETS LESS CURRENT LIABILITIES			83,763		82,650
CREDITORS: amounts falling due after more than one year	11		(2,951)		(4,047)
NET ASSETS			**80,812**		**78,603**
TRUST CAPITAL AND RESERVES					
Trust capital	12		64,291		62,769
Profit and loss reserve:					
Revaluation reserve	13		14,175		13,871
Retained earnings	14		2,346		1,963
UNITHOLDERS' FUNDS			**80,812**		**78,603**
UNITS IN ISSUE (000's)	12		58,151		57,049
NET ASSETS PER UNIT - FRS 102 BASIS (pence)	15		138.97		137.78
NET ASSETS PER UNIT - INREV BASIS (pence)	15		139.04		137.88

These non-statutory financial statements were approved by the Board on 7 April 2025 and signed on its behalf by Paul Hodgson.

P A Hodgson
Eskmuir FM Limited

STATEMENT OF CASH FLOWS
For the year ended 30 September 2024

	NOTE	Year Ended 30 September 2024 £000	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000	Year Ended 30 September 2023 £000
Net cash flows from operating activities	19		4,969		3,738
Cash flows used in investing activities					
Capital expenditure on investment properties (Stated net of dilapidations receipts)		(2,325)		(168)	
Net proceeds on sale of investment properties		2,982			
Net cash flows used in investing activities			657		(168)
Cash flows from financing activities					
Units issued	12	1,522		1,132	
Repayment of bank loan		(6,200)		(5,815)	
Advances under bank loan		5,100		4,650	
Interest paid		(343)		(243)	
Distributions paid	14	(4,445)		(4,293)	
Net cash flows (used in) / from financing activities			(4,366)		(4,569)
Increase / (decrease) in cash and cash equivalents during the year			1,260		(999)
Cash and cash equivalents at beginning of year			103		1,102
Cash and cash equivalents at end of year			1,363		103

NOTES TO THE NON-STATUTORY FINANCIAL STATEMENTS

For the year ended 30 September 2024

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 38).

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 non-statutory 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).

The non-statutory 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 Statement of Comprehensive Income. 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 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.

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.

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

Financial liabilities

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

Interest income and expense

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.

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, particularly those coming from the cost of living and energy crisis. Additionally, the mitigating actions originally formulated during the Covid-19 pandemic continued this year; these actions 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 the letting vacant space.

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 non-statutory financial statements.

The Manager is confident in the portfolio's future performance as a Going Concern, given the operating profit of £5.0m and healthy balance sheet with cash reserves of £1.4m, undrawn bank facility of £3.6m (and significant headroom over financial bank loan covenants) and net assets of £80.8m as at the end of September 2024. The number of tenants, their relative strength as evidenced by D&B ratings, relatively low average rent per tenant, mix of industries they operate in and strong rent recovery rates also add to the level of confidence. The Manager notes that DPFC also had net current assets at the balance sheet date. Working capital bank facility is due to be repaid on 31 October 2025 but it is expected it will be refinanced with the existing lender on terms not dissimilar from the existing. Accordingly the repayment date is considered to be of no consequence from a Going Concern perspective. Furthermore, an asset in the portfolio was sold for £8.0m on 25 March 2025, proceeds were applied to debt repayment with the remaining cash of £4.6m held on deposit whilst a suitable new acquisition is being sourced. In line with DPFC's stated objectives and without sight of incoming investor subscriptions, it is not expected the RBSI facility will be used to fund this acquisition.

The Manager, after making reasonable enquiries, is of the opinion that the Fund has adequate resources to continue its operations for at least 12 months from the date of approval of these financial statements. Accordingly, a going concern basis has been adopted when preparing the non-statutory financial statements.

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 (2023: none).

Key sources of estimation uncertainty

Investment properties were revalued to fair value as at 30 September 2024 based on a valuation by Knight Frank, 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.

3 TURNOVER

	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000
Rental income	6,001	5,846
Lease surrender premiums	130	3
	6,131	**5,849**

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

4 ADMINISTRATIVE EXPENSES

	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000
Property costs	787	701
Asset management fees	335	330
Fund management fees	167	165
Fund administration fees	16	15
Trustee fees	31	33
Depositary / Operator fees	40	(5)
Valuation fees	20	20
Audit fees	29	30
Bad debts	26	24
Other	63	62
Total Administrative Expenses	**1,514**	**1,375**

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.

The analysis of the auditor's remuneration is as follows:

Audit fees	29	30
Non-audit fees - Taxation compliance services	3	3
Total audit and non-audit fees	**32**	**33**

5 STAFF COSTS

The Fund has no employees (2023: none).

6 FINANCE COSTS

	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000
Interest on bank loans and overdrafts	323	319
Amortisation of bank facility fee	25	25
	348	**344**

DPFC's £6.5m revolving bank facility with RBSI is secured against two of DPFC's investment properties and is due for repayment on 4 October 2025, interest is charged at SONIA plus 2.2% pa (2023: 2.2% pa).

7 DISTRIBUTIONS

	Year Ended 30 September 2024		Year Ended 30 September 2023	
	Pence per unit	£000	Pence per unit	£000
Quarter ended 30 September (paid November)	1.9190	1,095	1.9000	1,043
Quarter ended 31 December (paid February)	1.9190	1,095	1.9190	1,079
Quarter ended 31 March (paid May)	1.9380	1,117	1.9190	1,079
Quarter ended 30 June (paid August)	1.9576	1,138	1.9190	1,092
Distributions paid during year to 30 September	**7.7336**	**4,445**	**7.6570**	**4,293**
Add: Distributions proposed at year end	1.9576	1,138	1.9190	1,095
Less: Distributions proposed at prior year end	(1.9190)	(1,095)	(1.9000)	(1,043)
Total distributions proposed in respect of the year	**7.7722**	**4,488**	**7.6760**	**4,345**

8 INVESTMENT PROPERTIES

	Freehold	Long Leasehold	Total
	£000	£000	£000
At valuation at 1 October 2023	70,160	13,000	83,160
Additions (Stated net of dilapidations receipts)	2,368	(43)	2,325
Movement in lease incentives	(75)	(38)	(113)
Disposals	(2,499)	-	(2,499)
Revaluation (loss) / gain	(1,354)	1,831	477
At valuation at 30 September 2024	**68,600**	**14,750**	**83,350**
Head leases treated as finance leases on investment properties (See Note 16)	-	76	76
	68,600	14,826	83,426
At cost			
As at 30 September 2024	58,880	9,384	68,264
As at 30 September 2023	**58,826**	**9,427**	**68,253**

Investment properties were revalued to fair value as at 30 September 2024 based on a valuation by Knight Frank, Chartered Surveyors, an independent professionally qualified valuer with recent experience in the location and class of the investment 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 in accordance with the RICS Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors.

The Trust's bank loan is secured on investment properties with a total value of £20,400,000 (2023: £20,650,000).

As set out in Note 3, property rents receivable during the year was £6.1m (2023: £5.8m). No contingent rents have been recognised as rent income in the current year.

No interest has been capitalised into the balance sheet (2023: £nil).

9 DEBTORS

	2024 £000	2023 £000
Rents receivable	829	378
Prepayments and accrued income	166	57
Other balances recoverable from tenants	10	256
Other debtors - funds held by agents	963	1,503
	1,968	**2,194**

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

	2024 £000	2023 £000
Deferred rental income	1,291	1,242
Trade creditors	245	146
VAT	422	488
Sundry creditors	639	789
Accrued expenses	397	239
	2,994	**2,904**

11 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2024 £000	2023 £000
Bank loan	2,875	3,950
Finance lease liabilities (Note 16)	76	97
	2,951	**4,047**

DPFC's £6.5m revolving bank facility with RBSI is secured against two of DPFC's investment properties and is due for repayment on 4 October 2025. Interest is charged at SONIA plus 2.2% pa (2023: 2.2% pa).

12 TRUST CAPITAL

	Number of units issued 000's	Net proceeds from issue of units £000
Units issued 12 February 2024	1,102	1,522
	1,102	1,522
As at 1 October 2023	57,049	62,769
As at 30 September 2024	**58,151**	**64,291**

Units in the Fund are redeemable with six months written notice, subject to the terms of the Trust Deeds.

		2024	2023
Basic and diluted earnings / (loss) per unit		8.88p	(5.37p)
Basic and diluted earnings per unit have been calculated upon the following figures:			
Weighted average units in issue during the year	No.	57,746,808	56,598,556
Total profit / (loss) for the year	£000	**5,132**	**(3,038)**

13 REVALUATION RESERVE

	2024 £000	2023 £000
At beginning of year	13,871	20,978
Revaluation gain / (loss) for the year	477	(7,107)
Transfer to Retained Earnings on property disposal	(173)	-
At end of year	**14,175**	**13,871**

14 RETAINED EARNINGS

	2024 £000	2023 £000
At beginning of year	1,963	2,187
Profit for the year excluding revaluation gain / (loss)	4,655	4,069
Distributions paid (Note 7)	(4,445)	(4,293)
Transfer from Revaluation Reserve on property disposal	173	-
At end of year	**2,346**	**1,963**

15 INREV RECONCILIATION

	As at 30 September 2024		As at 30 September 2023	
	Per unit (pence)	£000	Per unit (pence)	£000
NAV as at 30 September on FRS 102 basis	138.97	80,812	137.78	78,603
Setup costs*	-	-	-	-
Property acquisition costs*	0.07	38	0.10	57
NAV as at 30 September on INREV basis	**139.04**	**80,850**	**137.88**	**78,660**

15 INREV RECONCILIATION (continued)

	Year ended 30 September 2024		Year ended 30 September 2023	
	Per unit (pence)	£000	Per unit (pence)	£000
Operating profit for the year on FRS 102 basis	7.81	5,003	7.79	4,413
Finance costs	(0.60)	(348)	(0.61)	(344)
	7.21	4,655	7.18	4,069
Amortisation of setup costs*	-	-	-	-
Operating profit for the year on INREV basis	**7.21**	**4,655**	**7.18**	**4,069**
Revaluation gain / (loss) for the year on FRS 102 basis	0.83	477	(12.56)	(7,107)
Add back and amortisation of property acquisition costs*	(0.03)	(19)	(0.06)	(33)
Revaluation surplus for the year on INREV basis	**0.80**	**458**	**(12.62)**	**(7,140)**
Net movement in comprehensive income for the year on FRS 102 basis	8.04	5,131	(5.38)	(3,038)
Amortisation of setup costs*	-	-	-	-
Add back and amortisation of property acquisition costs*	(0.03)	(19)	(0.06)	(33)
Net movement in funds for the year on INREV basis	**8.01**	**5,112**	**(5.44)**	**(3,071)**

***INREV Guidelines:**

(i) Under FRS 102, vehicle set-up costs are charged immediately to the Statement of Comprehensive Income 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.

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

16 FINANCIAL COMMITMENTS

	2024 £000	2023 £000
Capital Commitments contracted but not provided for are as follows:	-	-

At 30 September 2024, DPFC was committed to making the following minimum future payments in respect of finance leases:

	2024 £000	2023 £000
In less than one year	6	6
Between two and five years	25	25
In more than five years	687	693
	718	724
Less future finance charges	(642)	(627)
Net present value of finance leases recognised as liabilities	**76**	**97**

The minimum lease payments noted above relate to head rent payable on leasehold properties over the remaining 114 years (2023: 115 years) weighted average unexpired lease term.

Total minimum future lease receipts under non cancellable operating leases:	Land and Buildings	
	2024 £000	**2023 £000**
In less than one year	5,915	5,687
Between two and five years	11,153	12,767
In more than five years	874	815
	17,942	**19,269**

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 2024, amounts payable to the Manager, Eskmuir FM Limited, and Asset Manager, Eskmuir Asset Management Limited, were £167,388 (2023: £165,055) and £334,775 (2023: £330,110) respectively for management services provided. Balances outstanding at the balance sheet date were £41,675 (2023: £41,580) and £83,350 (2023: £83,160) respectively. All were repayable in the normal course of business after the year end.

Amounts payable to the Trustees (Apex Group Nominees 1 (UK) Limited and Apex Group Nominees 2 (UK) Limited), and Operator (Apex Group Fiduciary Services (UK) Limited)/Depositary (Apex Depositary (UK) Limited) were £46,499 and £40,000 respectively (2023: £48,280 and -£5,000 respectively). Amounts outstanding at the balance sheet date were £12,230 and £30,000 respectively (2023: £10,595 and £Nil respectively).

18 CONTROLLING PARTIES

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

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

	Year Ended 30 September 2024 £000	Year Ended 30 September 2023 £000
Operating profit	5,003	4,413
Profit on disposal of investment properties	(483)	-
Decrease / (increase) in debtors	226	(426)
Increase / (decrease) in creditors	110	(175)
Lease incentive amortisation	113	(74)
Net cash flow from operating activities	**4,969**	**3,738**

20 ANALYSIS OF CHANGES IN NET DEBT

	2023 £000	Cash flow £000	Non-cash changes £000	2024 £000
Cash at bank and in hand	103	1,260	-	1,363
	103	1,260	-	1,363
Debt due after one year	(3,950)	1,100	(25)	(2,875)
	(3,847)	**2,360**	**(25)**	**(1,512)**

21 POST BALANCE SHEET EVENT

On 28 March 2025, DPFC simultaneously exchanged contracts and completed the sale of Hall Green, Birmingham.

The contract price was £8.00m and realised a profit over book value of £1.95m and a profit over historic cost of £0.98m. Proceeds from the sale were applied to debt repayment with the balance held on deposit awaiting redeployment into a new acquisition.

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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.

GLOSSARY

Absolute Total Return

The period closing FRS102 NAV per share less the period opening FRS102 NAV per share plus dividends per share paid during the intervening period, all divided by period opening FRS102 NAV per share.

Total Return

Distributions are paid in the quarter following the period in which they are earned. Total Return is calculated quarterly by adjusting Absolute Total Return for distributions proposed for each quarter. Opening and closing FRS102 NAV and distributions are adjusted for distributions earned for the quarter. The Total Return for any given period is the Product of all quarterly amounts.

Trust Deed

The Trust Deed dated 21 January 2015 that established the Fund and all subsequent amendments and restatements.

Vacancy Rate

Estimated rental value (ERV) of vacant units divided by the sum of passing rent of let units and the ERV of vacant units.

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