

1st OCTOBER 2024 - 31st DECEMBER 2024



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.

Occupancy

The portfolio was 95.6% occupied at 31st December with 4.4% vacant (AREF/MSCI All Funds 11.9%), a reduction from 5.2% in September. Once lettings on the units currently under offer complete the vacancy rate will reduce to 3.9%. Since inception DPFC has had an average void rate of 3.0%. The void rate is calculated using the current estimated market rent for vacant units as a percentage of the Fund's total rental income.



Investment Strategy

DPFC's clear investment strategy targets:

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

Key Fund Data

Portfolio value	£84.8m
Net asset value	£82.2m
Number of assets	11
NAV per unit - FRS102 basis	141.34 p.p.u.
NAV per unit - INREV basis	141.40 p.p.u.
NAV per unit - MSCI/AREF basis	139.38 p.p.u.
Vacancy rate	4.4%
Weighted average lease length to expiry	3.83 years
Weighted average lease length to first break	2.81 years
November 2024 Distribution paid	1.9576 p.p.u.
Distribution for last 12 months	7.7722 p.p.u.
Year end	30-Sep
Total expense ratio (TER)	0.89%
SEDOL number	BXQ9SB8
ISIN number	GB00BXQ9SB85

Fund Review

Income and capital value growth are both driving DPFC's Total Return which continues to outperform the benchmarks at a property level (MSCI All Property Index) and fund level (AREF). Asset management endeavours have improved the rental levels being agreed with occupiers which, together with the reducing void rate, support valuation growth. DPFC continues to meet the Fund's Investment Objective.

Distribution

The Fund's distribution for the December 2024 quarter, to be paid in February 2025, is 1.9576p per unit, an annualised 5.63% of the opening NAV. Since inception the distribution has grown by an average of 1.8% pa and it has steadily increased over time. Since inception the annual distribution has never been cut. DPFC's distribution has shown low volatility, with the target of a sustainable and growing distribution continuing to be met.

Total return

A 3.2% Total Return was delivered by DPFC over the quarter (AREF/MSCI All Funds 2.4% total return). Over the last 12 months DPFC's Total Return was 8.6% (AREF/MSCI All Funds 5.4%). Total returns of 4.1%pa and 8.4%pa have been achieved over 3 and 5 years respectively (AREF/MSCI All Funds -2.0% and 2.1% respectively). Since inception DPFC has delivered a 9.7% TotalReturnannualised (111% total return in absolute terms, 70% distributed, 41% NAV growth).

Capital Growth

A 1.8% increase in the value of the DPFC portfolio was recorded over the quarter, its ninth consecutive quarter of growth (MSCI All Property Index 1.2%). Over the quarter, DPFC's Industrial assets (70% of portfolio) increased in value by 2.4% (MSCI 2.2%). Values of the Fund's Office property (14% of the portfolio) increased by 5.4% as a result of refurbishment and positive lease events (MSCI - 0.7%). The Fund's Retail Warehouseasset values (16% of the portfolio) reduced by 3.5% (MSCI +1.6%).

Asset Management

The Manager's income approach to asset management is implemented through a 5 year asset plan for each of the properties in the portfolio. Enhancing the quality and quantity of the income results in enhanced capital values. The Industrial sector continues to evidence attractive levels of rental growth. Rent reviews, lease renewals and new lettings on DPFC's assets have seen new rental tones evidenced which are supporting the portfolio valuations and growing rental income. Further letting activity at the 14,000sqft office property owned in Maidstone has resulted in a stronger rental tone of £22.00 psf being achieved at the property. After 3 units becoming available at the same time at Swindon, Woodside it is pleasing to report they have all been let, achieving rentals above £9.00 psf. This letting activity has helped reduce the portfolio vacancy rate to 4.4% (MSCI 11.9% December).



Historic Total Returns



ESG

DPFC seeks to minimise 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. Being able to assess and analyse the energy use and efficiency at a portfolio and unit level is key to delivering on DPFC's sustainability objectives. DPFC's GRESB score increased from 43 in 2023 to 58 in 2024 and we are targeting further improvements in the current year. The data we now collect on energy use will be invaluable in developing DPFC's Net Zero Carbon Route Map. We continue to use lease events as opportunities to engage tenants to improve energy efficiency whilst creating value through enhanced lease terms to potentially fund the EPC enhancement works. This has been the case this quarter in Northampton where a lease renewal facilitated works improving an EPC G to an EPC C.

Property Investment Market

Investment transaction volumes for December reached £5.5bn, 18% above the 5 year monthly average. Whilst the total transaction in the 2024 calendar year were £50bn, up from £41bn in 2023, this is still some way below the pre-pandemic 5 year average of £66bn. The Industrial sector accounted for 23% of transactions followed by offices at 19%, retail at 18% and hotels at 14%, the balance being the various 'Alternative' subsectors. Investor sentiment is sensitive to interest rate movements. The Bank of England's Monetary Policy Committee reduced the Base Rate to 4.5% at their February meeting and further reductions are anticipated during 2025. They will however be mindful of the level of economic activity and the rate of inflation when considering further interest rate cuts. DPFC's income approach to asset management is well suited to perform in the current economic environment. Looking at the individual commercial real estate sectors:

- Retail investment volumes increased to £1.7bn in December, more than double the 5 year monthly average, albeit £0.53bn was a single transaction. Over the trailing 12 months to February 2025 average yields have contracted by 35 bps driven by investor interest for the Retail Warehouse sub-sector. Retail rents have largely been rebased with the average annual growth rate recorded of 1.3%pa. 16% of the DPFC portfolio is invested in Retail Warehouses, a Retail sub sector aligned to successful retailer's multi-channel retailing model and customer convenience.
- Office investment volumes for 2024 totaled £9.5bn, marginally down on 2023 (£10.2bn) and well below the 5 year pre-covid average of £25.7bn. Average office yields compressed by c.45 bps over 2024. Rental growth continues with the average office rental value increasing by 2.1% pa against a 5 year average of 1.2%. Occupier and investor demand continues to focus on Grade A accommodation.
- Industrial investment sales rose to £2bn in December, up from £1.4bn in November, the highest figure since March 2022. For the year, investment volumes totaled £11.3bn, up 11% over 2023 albeit the average industrial yield remains 140 bps higher than in mid-2022. Occupier take up for the year exceeded 2023 by 18% with retailers and logistic providers accounting for c.30% of take up. Rental growth remains attractive and averaged 5.5% over the year.

Outlook

The current economic environment in the UK of low inflation, nominal GDP growth and reducing interest rates, is positive for real estate. DPFC's vacancy rate is low and declining, the occupiers have strong financial covenants, and the rent collection rate is high. The portfolio is weighted in the sub-sectors which are aligned to current social, economic and occupier trends resulting in robust occupier demand (as evidenced by the vacancy rate) and attractive rental growth. The Manager continues to believe DPFC's clear investment strategy and portfolio are well placed to meet the objectives set.



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Major Tenants



Ten largest tenants by income

Tenant	D & B Category	Percentage
Wickes Building Supplies Ltd	Minimum Risk	7%
Crowe UK LLP	Minimum Risk	6%
Telenco UK Ltd	Minimum Risk	4%
Currys Group Ltd	Lower than average risk	4%
Go Outdoors Retail Ltd	Lower than average risk	4%
MTD (UK & Ireland) Ltd	High risk	3%
JD Sports Gyms Ltd	Lower than average risk	3%
Frost Bodyshop Ltd	Minimum Risk	3%
Gridserve Holdings Ltd	Minimum Risk	3%
Graham Tiso Ltd	Higher than average risk	3%
Total proportion of rent roll		40%

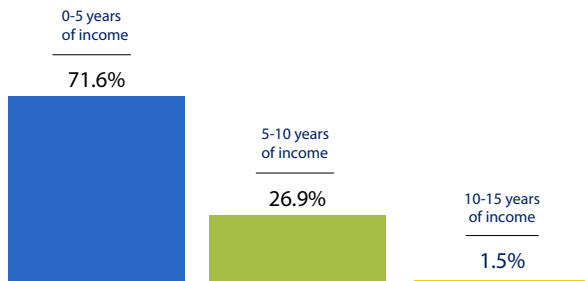
D & B Category

Glossary

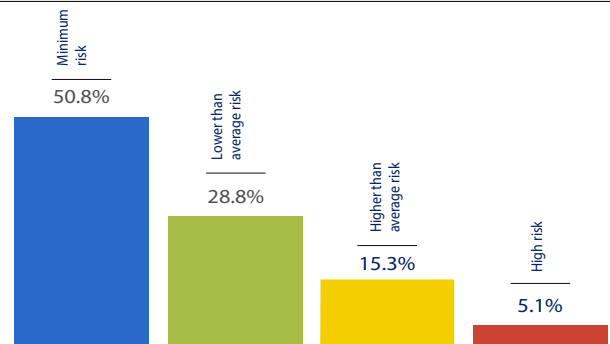


NAV per unit	Net Asset Value of the Trust prepared at the reporting date divided by units in issue
FRS102	Accounting basis on which accounts are prepared
INREV	European Association for Investors in Non-Listed Real Estate Vehicles. Utilising their reporting recommendations certain costs related to vehicle setup and property acquisition are added back to net assets and amortised over a five year period.
SEDOL & ISIN numbers	UK and International identifier of The Diversified Property Fund for Charities as an investment security
D&B	Dunn & Bradstreet provide data and analysis which is used to determine credit worthiness and relative risk of tenants
p.p.u.	Pence per unit
Historic Fund 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
MEES	Minimum Energy Efficiency Standards
GRESB	Global Real Estate Sustainability Benchmark

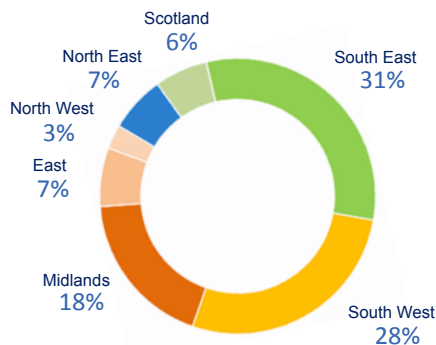
Lease Expiry Profile (Excl. Break Options)



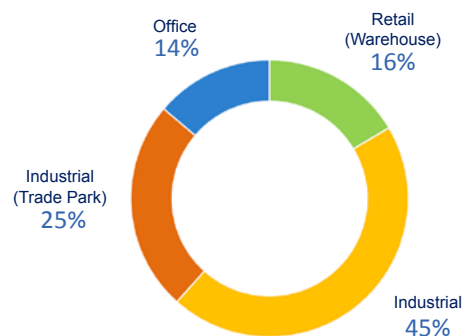
Tenant Covenants By D&B Risk Rating



Portfolio Analysis By Location



Portfolio Analysis By Sector



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