

RNS Number : 3664W  
Drum Income Plus REIT PLC  
23 April 2021

**Drum Income Plus REIT plc  
("Drum" or the "Company")**

**Unaudited Net Asset Value as at 31 March 2021**

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value ("**NAV**") as at 31 March 2021.

**Highlights**

**Period from 31 December 2020 to 31 March 2021**

- The NAV is £26.34m at 31 March 2021. (31 December 2020 £28.15m).
- The independent valuation of the property portfolio as at 31 March 2021 was £48.825m (31 December 2020: £50.75m).
- NAV per share at 31 March 2021 of 68.97p (31 December 2020 of 73.67p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 31 March were 1.10p.
- Dividend paid during the quarter of 0.75p.
- NAV total return (NAV movement) of -5%.

**Introduction**

The Company aims to provide shareholders with a regular dividend income plus the prospect of income and capital growth over the longer term. The Company invests in smaller UK commercial properties, principally in the office, retail (including retail warehouses) and industrial sectors, which have the potential to offer a secure income stream, to create value through active asset management and have strong prospects for future income and capital growth.

**Unaudited NAV (As at 31 March 2021)**

	<i>£m</i>	<i>Pence per Share</i>
Unaudited NAV as at 31 December 2020	28.15	73.67
Property portfolio valuation movement	-1.93	-5.04
Capitalised costs	-0.03	-0.08
Rent free debtor movement	0.02	0.06
Income earned for the period	0.90	2.35
Expenses for the period	-0.47	-1.23
Provision for bad debt	0.11	0.29
Interest paid	-0.12	-0.30
Dividend paid	-0.29	-0.75
Unaudited NAV as at 31 March 2021	26.34	68.97

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 31 March 2021 and income for the period. The earnings per share for the period from 1 January 2021 to 31 March 2021 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.10p.

**Dividend Policy**

A dividend per share of 0.75p per share has therefore been declared for the quarter ended March 31, 2021. The ex-dividend date will be 6 May 2021 and the record date will be 7 May 2021. The dividend will be paid on or around 27<sup>th</sup> May 2021. The dividend level will continue to be monitored quarterly and it is possible that it could increase should cash collection and tenant occupancy improve.

The Board acknowledges the importance of income for shareholders, and its objective remains paying dividends broadly linked to net rental receipts that do not inhibit the flexibility of the Company's investment strategy. In addition, the Board has the objective to declare dividends at a level required to maintain REIT status, being a minimum of 90% of tax-exempt income profits.

### Current Portfolio

Location	Dec-20		Mar-21	
	Value	% Weighting	Value	% Weighting
North East	£13,250,000.00	26.11%	£12,175,000.00	24.94%
Scotland	£19,550,000.00	38.52%	£19,350,000.00	39.63%
North West	£15,200,000.00	29.95%	£14,800,000.00	30.31%
South West	£2,750,000.00	5.42%	£2,500,000.00	5.12%
	<b>£50,750,000.00</b>	<b>100.00%</b>	<b>£48,825,000.00</b>	<b>100.00%</b>
Sector	Dec-20		Mar-21	
	Value	% Weighting	Value	% Weighting
Office	£26,350,000.00	51.92%	£25,825,000.00	52.89%
Shopping Centre	£11,000,000.00	21.67%	£10,000,000.00	20.48%
Retail	£11,950,000.00	23.55%	£11,500,000.00	23.55%
Industrial	£1,450,000.00	2.86%	£1,500,000.00	3.07%
	<b>£50,750,000.00</b>	<b>100.00%</b>	<b>£48,825,000.00</b>	<b>100.00%</b>

The properties were valued at £48,825,000 as at 31 March 2021 (31 December 2020: £50,750,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers and were adjusted for lease incentives of £1,460,011. (31 December 2020: £1,484,056). Capitalised costs for the quarter were £31,024 (31 December 2020: £56,116).

Key KPIs		
	Dec-20	Mar-21
Total Number of Units	100	100
Total Number of Tenants	85	84
Total SQFT	336,303	336,303
Vacancy (% SQFT)	11.30%	12.80%
Vacancy (% ERV)	13.60%	13.40%
WAULT (Expiry)	4.79	4.57
WAULT (Breaks)	3.68	3.75

### Differentiated Investment Strategy

- Target lot sizes of £2m - £15m in regional locations.
- Sector agnostic - opportunity driven.
- Entrepreneurial asset management.
- Risk-controlled development.

## **Portfolio Attributes**

In the context of the market uncertainty, the Board believes it is helpful to shareholders to highlight some key attributes of the Company's property portfolio:

- The Company has no exposure to Central London markets.
- The weighted average unexpired lease term (WAULT) to expiry is 4.57 years.
- The portfolio yield is 6% (based on 31 March 2021 valuation).
- The occupancy rate is high at 86.6% by ERV.
- Gearing - the loan-to-value ratio is in line with the stated intended target range of 40% - 50%.
- Further asset management angles to exploit.

## **Asset Management Overview and Update**

### **Duloch Park, Dunfermline**

Re-gear successfully documented with Indigo Sun for a period of 5 years. The transaction takes account of arrears built up during the initial lockdown period.

### **Monteith House, Glasgow**

Following completion of the new lease to SDS the tenant has confirmed that it will now undertake an extensive refurbishment of the building.

### **Mayflower House, Gateshead**

Following completion of the refurbishment to the vacant suite Knight Frank have been instructed to market the suite.

### **Eastern Avenue Gloucester**

We received notification of the planning hearing date in December for February 2021. The hearing was subsequently moved to the end of March due to the pandemic. If the appeal is successful, this will have significant benefit to the portfolio given the pre-let to Home Bargains which is contracted.

### **Arthur House, Manchester**

Successful removal of break dates within the lease with IJ Tours in lieu of rent arrears being written off.

### **3 Lochside Way, Edinburgh**

Following the departure of Exception and Cash Generator both suites are now actively being marketed by JLL and Knight Frank.

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