

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

Unaudited Net Asset Value as at 30 June 2019

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value ("**NAV**") as at 30 June 2019.

Highlights

Period from 31 March to 30 June 2019

- The independent valuation of the property portfolio as at 30 June 2019 was £57.2m (31 March 2019: £57.3m).
- NAV per share at 30 June 2019 of 90.86p (31 March 2019: 91.66p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 30 June were 1.57p.
- Dividend paid during the quarter of 1.50p.
- NAV total return (NAV movement plus dividend paid) of 0.80%.

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 30 June 2019)

	<i>£m</i>	<i>Pence per Share</i>
NAV as at 31 March 2019	35.02	91.66
<u>Property portfolio valuation movement</u>		
Capitalised costs and rent free debtor movement	(0.32)	(0.85)
Income earned for the period	1.03	2.71
Expenses for the period	(0.28)	(0.74)
Interest paid	(0.16)	(0.40)
Dividend paid	(0.58)	(1.52)
Unaudited NAV as at 30 June 2019	34.71	90.86

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 30 June 2019 and income for the period, but does not include a provision for the second interim dividend, which will be paid in August 2019. The earnings per share for the period from 1 April 2019 to 31 June 2019 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.57p.

As at 30 June 2019, the Company had cash balances of £1.26 million and borrowings of £22.7 million (loan-to-value of 39.8%).

Current Portfolio

Location	Mar-19		Jun-19	
	Value	% Weighting	Value	% Weighting
North East	£16,150,000.00	28.18%	£15,900,000.00	27.82%
Scotland	£18,350,000.00	32.02%	£18,350,000.00	32.11%
North West	£18,800,000.00	32.81%	£18,900,000.00	33.07%
South West	£4,000,000.00	6.98%	£4,000,000.00	7.00%
	£57,300,000.00	100.00%	£57,150,000.00	100.00%
Sector	Mar-19		Jun-19	
	Value	% Weighting	Value	% Weighting
Office	£25,400,000.00	44.33%	£25,800,000.00	45.14%
Shopping Centre	£13,750,000.00	24.00%	£13,500,000.00	23.62%
Retail	£16,650,000.00	29.06%	£16,450,000.00	28.78%
Industrial	£1,500,000.00	2.62%	£1,400,000.00	2.45%
	£57,300,000.00	100.00%	£57,150,000.00	100.00%

The properties were valued at £57,150,000 as at 30 June 2019 (31 March 2019: £57,300,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers and were adjusted for lease incentives of £495,895. (31 March 2019: £529,227). Capitalised costs for the quarter were £215,474 (31 March 2019: 88,695).

Key KPIs		
	Mar-19	Jun-19
Total Number of Units	105	105
Total Number of Tenants	89	90
Total SQFT	336,303	336,303
Vacancy (% SQFT)	9.80%	9.60%
Vacancy (% ERV)	6.90%	7.10%
WAULT (Expiry)	6.04	5.94
WAULT (Breaks)	4.74	4.69

Differentiated Investment Strategy

- Target lot sizes of £2m - £15m in regional locations.
- Sector agnostic – opportunity driven.
- Entrepreneurial asset management.
- Risk-controlled development.
- Dividend paid quarterly.
- Fully covered dividend policy.

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 5.94 years.
- The portfolio yield is 7.3% (based on 30 June 2019 valuation).
- The occupancy rate is high at 92.9% by ERV.
- Gearing - the loan-to-value ratio of 39.8% is directly in line with the stated intended target of 40%.
- Further asset management angles to exploit.

Asset Management Overview and Update

Arthur House, Manchester

The proposed refurbishment works of the 6th floor have now completed and the launch event was held on the 3rd of July.

A new letting on Floor 5 was completed to CIBT for c 1200sqft for a 5-year lease with a break in year 3 on un-refurbished space at £18.50psf. This secures the rental tone for the un-refurbished space in the building following the previous letting to I J Tours at the same level.

Burnside Industrial Estate, Aberdeen.

Refurbishment works to one terrace have commenced at a cost of c £300,000. Discussions are ongoing with other occupiers regarding renewals and new lettings.

Eastern Avenue, Gloucester

An Agreement for Lease has been entered into with Home Bargains for the former Office Outlet unit on a subject to planning basis. The planning application is due to be determined imminently. There is interest in the former Maplin unit from potential occupiers.

Dividends

The Board is targeting a fully covered annual dividend of 6.0p per share in respect of the year ending 30 September 2019*. At the current share price of 80.50p this would represent an annualised dividend yield of 7.45%.

**Target returns only and not a profit forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of expected or actual current or future results.*

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