

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

Unaudited Net Asset Value as at 30 June 2021

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value ("**NAV**") as at 30 June 2021.

Highlights

Period from 31 March 2021 to 30 June 2021

- The NAV is £26.78 m at 30 June 2021. (31 March 2021 £26.35m).
- The independent valuation of the property portfolio as at 30 June 2021 was £48.90m (31 March 2021: £48.825m).
- NAV per share at 30 June 2021 of 70.11p (31 March 2021 of 68.97p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 30 June were 1.66p.
- Dividend paid during the quarter of 0.75p.
- NAV total return (NAV movement) of 3%.

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 2021)

	<i>£m</i>	<i>Pence per Share</i>
Unaudited NAV as at 31 March 2021	26.35	68.97
Property portfolio valuation movement	0.07	0.19
Capitalised costs	-0.03	-0.07
Rent free debtor movement	0.04	0.11
Income earned for the period	0.87	2.27
Expenses for the period	-0.10	-0.25
Provision for bad debt	-0.01	-0.04
Interest paid	-0.12	-0.32
Dividend paid	-0.29	-0.75
Unaudited NAV as at 30 June 2021	26.78	70.11

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 30 June 2021 and income for the period. The earnings per share for the period from 1 April 2021 to 30 June 2021 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.66p.

Dividend Policy

A dividend per share of 0.75p per share has therefore been declared for the quarter ended June 30, 2021. The ex-dividend date will be 29 July 2021 and the record date will be 30 July 2021. The dividend will be paid on or around 27 August 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	Mar-21		Jun-21	
	Value	% Weighting	Value	% Weighting
North East	£12,175,000.00	24.94%	£12,175,000.00	24.90%
Scotland	£19,350,000.00	39.63%	£19,325,000.00	39.52%
North West	£14,800,000.00	30.31%	£14,900,000.00	30.47%
South West	£2,500,000.00	5.12%	£2,500,000.00	5.11%
	£48,825,000.00	100.00%	£48,900,000.00	100.00%
Sector	Mar-21		Jun-21	
	Value	% Weighting	Value	% Weighting
Office	£25,825,000.00	52.89%	£26,100,000.00	53.37%
Shopping Centre	£10,000,000.00	20.48%	£10,000,000.00	20.45%
Retail	£11,500,000.00	23.55%	£11,300,000.00	23.11%
Industrial	£1,500,000.00	3.07%	£1,500,000.00	3.07%
	£48,825,000.00	100.00%	£48,900,000.00	100.00%

The properties were valued at £48,900,000 as at 30 June 2021 (31 March 2021: £48,825,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers and were adjusted for lease incentives of £1,418,191. (31 March 2021: £1,460,011). Capitalised costs for the quarter were £28,380 (31 March 2021: £31,024).

Key KPIs		
	Mar-21	Jun-21
Total Number of Units	100	100
Total Number of Tenants	84	82
Total SQFT	336,303	336,303
Vacancy (% SQFT)	12.80%	14.00%
Vacancy (% ERV)	13.40%	14.80%
WAULT (Expiry)	4.57	4.4
WAULT (Breaks)	3.75	3.57

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 4.40 years.
- The portfolio yield is 6% (based on 30 June 2021 valuation).
- The occupancy rate is high at 86% 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

Reversionary lease agreed with Lloyds for a further 5 years from the current lease expiry of April 2023

Monteith House, Glasgow

SDS has commenced the tenant fit out works at a cost of c £2.8m. The works are due to complete at the end of August 2021.

Mayflower House, Gateshead

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

Gosforth Shopping Centre, Gosforth

Solicitors have been instructed on new Leases to existing Tenants Card Factory and Naked Deli along with a re-gear with Yum Lush.

A new letting has also been agreed with Julies Flowers to take occupation of Unit 9 for 10 years with the tenant having a break option in year 6. A stepped rent has been agreed, reaching £20,500pa in year 4.

Lakeside 5500, Cheadle Royal Business Park, Cheadle

Solicitors have been instructed to document a reversionary 10 year lease with a break in year 5 with Agilent. Once documented the new rent will show a healthy increase to the passing rent.

Discussions have commenced with Satixfy to agree a reversionary lease.

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