

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

Unaudited Net Asset Value as at 30 September 2019

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

Highlights

Period from 1 July 2019 to 30 September 2019

- The independent valuation of the property portfolio as at 30 September 2019 was £55.35m (30 June 2019: £57.15m).
- NAV per share at 30 September 2019 of 85.60p (30 June 2019 of 90.86p).
- The quarterly valuations reflect the negative market sentiment and current lack of transactional sales in the retail sector along with the impact of not securing a positive planning result at 108 Eastern Avenue, Gloucester. The income from the portfolio remains strong and tenant retention is high.
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 30 September were 1.3p.
- Dividend paid during the quarter of 1.50p.
- NAV total return (NAV movement plus dividend paid) of -4%.

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 September 2019)

	<i>£m</i>	<i>Pence per Share</i>
NAV as at 30 June 2019	34.71	90.86
<u>Property portfolio valuation movement</u>		
Capitalised costs and rent free debtor movement	-1.93	-5.06
Income earned for the period	0.99	2.61
Expenses for the period	-0.36	-0.93
Interest paid	-0.14	-0.38
Dividend paid	-0.57	-1.50
Unaudited NAV as at 30 September 2019	32.70	85.60

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 30 September 2019 and income for the period, but does not include a provision for the fourth interim dividend, which will be paid in November 2019. The earnings per share for the period from 1 July 2019 to 30 September 2019 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.3p.

As at 30 September 2019, the Company had cash balances of £0.51 million and borrowings of £22.56 million (loan-to-value of 40.76%).

Current Portfolio

Location	Jun-19		Sep-19	
	Value	% Weighting	Value	% Weighting
North East	£15,900,000.00	27.82%	£15,400,000.00	27.82%
Scotland	£18,350,000.00	32.11%	£18,250,000.00	32.97%
North West	£18,900,000.00	33.07%	£18,200,000.00	32.88%
South West	£4,000,000.00	7.00%	£3,500,000.00	6.32%
	£57,150,000.00	100.00%	£55,350,000.00	100.00%

Sector	Jun-19		Sep-19	
	Value	% Weighting	Value	% Weighting
Office	£25,800,000.00	45.14%	£25,800,000.00	46.61%
Shopping Centre	£13,500,000.00	23.62%	£13,000,000.00	23.49%
Retail	£16,450,000.00	28.78%	£15,150,000.00	27.37%
Industrial	£1,400,000.00	2.45%	£1,400,000.00	2.53%
	£57,150,000.00	100.00%	£55,350,000.00	100.00%

The properties were valued at £55,350,000 as at 30 September 2019 (30 June 2019: £57,150,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers and were adjusted for lease incentives of £440,428. (30 June 2019: £495,895). Capitalised costs for the quarter were £187,607 (30 June 2019: £215,474).

Key KPIs		
	Jun-19	Sep-19
Total Number of Units	105	105
Total Number of Tenants	90	87
Total SQFT	336,303	336,303
Vacancy (% SQFT)	9.60%	10.90%
Vacancy (% ERV)	7.10%	10.20%
WAULT (Expiry)	5.94	5.85
WAULT (Breaks)	4.69	4.56

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 5.85 years.
- The portfolio yield is 7.1% (based on 30 September 2019 valuation).
- The occupancy rate is high at 89.8% by ERV.
- Gearing - the loan-to-value ratio of 40.76% is directly in line with the stated intended target of 40%.
- Further asset management angles to exploit.

Asset Management Overview and Update

3 Lochside Way, Edinburgh

An extension has been agreed with Leidos and upon vacation the unit is currently under offer pending exchange of legal contracts.

Burnside Industrial Estate, Aberdeen.

A new lease of Unit 2 has been entered into with Grampian Auto Services for a term of 5 years and a Lease Extension for a period of 5 years is currently with solicitors to document for an existing occupier.

108 Eastern Avenue Retail Park, Gloucester

The planning application for change of use on the former Office Outlet unit has been refused. Options are currently being reviewed.

Kew Retail Park, Southport

A reversionary lease is currently being documented with Wickes to extend occupation beyond the lease expiry for a further 5 years with a tenant break option in year 3.

Duloch Park, Dunfermline

Unit 2 is under offer to British Red Cross for a 10 year term with a tenant break option in year 5 at a rental in line with recent evidence on the park.

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 7.5%.

**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.*

Enquiries:

Drum Real Estate Investment Management (Investment Manager)

Bryan Sherriff

0131 285 0050

Cantor Fitzgerald Europe (Financial Adviser and Corporate Broker)

Robert Peel (Corporate Finance)

0207 894 7719

Richard Sloss (Sales)

0131 240 3863

Dickson Minto W.S. (Sponsor)

Douglas Armstrong

020 7649 6823

Weber Shandwick (Financial PR)

Nick Osborne

020 7067 0721