

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

Unaudited Net Asset Value as at 31 December 2019

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value ("**NAV**") as at 31 December 2019.

Highlights

Period from 1 October 2019 to 31 December 2019

- The independent valuation of the property portfolio as at 31 December 2019 was £55.35m (30 September 2019: £55.35m).
- NAV per share at 31 December 2019 of 85.14p (30 September 2019 of 84.97p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 31 December were 1.78p.
- Dividend paid during the quarter of 1.50p.
- NAV total return (NAV movement plus dividend paid) of 2%.

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 December 2019)

	<i>£m</i>	<i>Pence per Share</i>
NAV as at 30 September 2019 (audited)	32.46	84.97
<u>Property portfolio valuation movement</u>		
Capitalised costs and rent free debtor movement	-0.03	-0.07
Income earned for the period	1.09	2.85
Expenses for the period	-0.26	-0.67
Interest paid	-0.17	-0.44
Dividend paid	-0.57	-1.50
Unaudited NAV as at 31 December 2019 (unaudited)	32.52	85.14

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 31 December 2019 and income for the period, but does not include a provision for the first interim dividend, which will be paid in February 2020. The earnings per share for the period from 1 October 2019 to 31 December 2019 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.87p.

As at 31 December 2019, the Company had cash balances of £0.29 million and borrowings of £22.58 million (loan-to-value of 40.76%).

Current Portfolio

Location	Sep-19		Dec-19	
	Value	% Weighting	Value	% Weighting
North East	£15,400,000.00	27.82%	£15,400,000.00	27.82%
Scotland	£18,250,000.00	32.97%	£18,250,000.00	32.97%
North West	£18,200,000.00	32.88%	£18,200,000.00	32.88%
South West	£3,500,000.00	6.32%	£3,500,000.00	6.32%
	£55,350,000.00	100.00%	£55,350,000.00	100.00%

Sector	Sep-19		Dec-19	
	Value	% Weighting	Value	% Weighting
Office	£25,800,000.00	46.61%	£25,800,000.00	46.61%
Shopping Centre	£13,000,000.00	23.49%	£13,000,000.00	23.49%
Retail	£15,150,000.00	27.37%	£15,150,000.00	27.37%
Industrial	£1,400,000.00	2.53%	£1,400,000.00	2.53%
	£55,350,000.00	100.00%	£55,350,000.00	100.00%

The properties were valued at £55,350,000 as at 31 December 2019 (30 September 2019: £55,350,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers. The fair value of investments adjusted for lease incentives of £472,866 was £54,877,134. (30 September 2019: £54,879,976). Capitalised costs for the quarter were £47,346 (30 September 2019: £313,996.26).

Key KPIs		
	Sep-19	Dec-19
Total Number of Units	105	106
Total Number of Tenants	87	88
Total SQFT	336,303	336,303
Vacancy (% SQFT)	10.90%	10.70%
Vacancy (% ERV)	10.20%	10.50%
WAULT (Expiry)	5.85	5.79
WAULT (Breaks)	4.56	4.43

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 5.79 years.
- The portfolio yield is 7.2% (based on 31 December 2019 valuation).
- The occupancy rate is high at 89.5% 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

New letting to Nucana on the Second Floor West suite for a period of 5 years at an annual rent of New letting to Nucana on the Second Floor West suite for a period of 5 years at an annual rent of £95,310 per annum which reflects an increased headline rent of £22.50psf. The building is 100% occupied.

Burnside Industrial Estate, Aberdeen.

A Lease Extension for a period of 5 years has been agreed with the occupier of unit 3 and unit 4 is currently under offer following refurbishment in 2019.

108 Eastern Avenue Retail Park, Gloucester

Following external advice the decision has been made to appeal the refusal of the planning application on the former Office Outlet unit. The appeal will be submitted toward the end of Q1 2020.

Kew Retail Park, Southport

A reversionary lease is currently being documented with Wickes to extend occupation beyond the lease expiry for a further 4 years with a tenant break option in year 2.

Dulloch Park, Dunfermline

British Red Cross have now taken occupation of Unit 2 for a 10 year term with a tenant break option in year 5 at a rental in line with recent evidence on the park.

The Rent Review with Indigo Sun at Unit 5B has been documented and shows an uplift against previous passing rent.

Gosforth Shopping Centre, Gosforth

A lease extension for a period of 5 years is currently being documented with Costa Coffee.

Dividends

The Board is targeting a fully covered annual dividend of 6.0p per share in respect of the year ending 30 September 2020*. At the current share price of 77.50p this would represent an annualised dividend yield of 7.7%.

**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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