

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

Unaudited Net Asset Value as at 31 March 2019

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

Highlights

Period from 31 December 2018 to 31 March 2019

- The independent valuation of the property portfolio as at 31 March 2019 was £57m (31 December 2018: £57m).
- NAV per share at 31 March 2019 of 91.66p (31 December 2018: 91.6p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 31 March were 1.59p.
- Dividend paid during the quarter of 1.50p.
- NAV total return (NAV movement plus dividend paid) of 1.68%.

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 2019)

	<i>£m</i>	<i>Pence per Share</i>
NAV as at 31 December 2018	34.99	91.60
<u>Property portfolio valuation movement</u>		
Capitalised costs and rent free debtor movement	(0.02)	(0.05)
Income earned for the period	1.08	2.82
Expenses for the period	(0.32)	(0.84)
Interest paid	(0.15)	(0.40)
Dividend paid	(0.56)	(1.47)
Unaudited NAV as at 31 March 2019	35.02	91.66

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 31 March 2019 and income for the period, but does not include a provision for the second interim dividend, which will be paid in May 2019. The earnings per share for the period from 1 January 2019 to 31 March 2019 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.59p.

As at 31 March 2019, the Company had cash balances of £1.06 million and borrowings of £22.7 million (loan-to-value of 39.4%).

Current Portfolio

Location	Dec-18		Mar-19	
	Value	% Weighting	Value	% Weighting
North East	£16,150,000.00	28.18%	£16,150,000.00	28.19%
Scotland	£18,250,000.00	31.85%	£18,350,000.00	32.02%
North West	£18,900,000.00	32.98%	£18,800,000.00	32.81%
South West	£4,000,000.00	6.98%	£4,000,000.00	6.98%
	£57,300,000.00	100.00%	£57,300,000	100.00%
Sector	Dec-18		Mar-19	
	Value	% Weighting	Value	% Weighting
Office	£25,300,000.00	44.15%	£25,400,000.00	44.33%
Shopping Centre	£13,750,000.00	24.00%	£13,750,000.00	24.00%
Retail	£16,750,000.00	29.23%	£16,650,000.00	29.06%
Industrial	£1,500,000.00	2.62%	£1,500,000.00	2.62%
	£57,300,000.00	100.00%	£57,300,000	100.00%

The properties were valued at £57,300,000 as at 31 March 2019 (31 December 2018: £57,300,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers adjusted for lease incentives of £529,227. (31 December 2018: £597,433). Capitalised costs for the quarter were £88,695 (31 December 2018: £43,916).

Key KPIs		
	Dec-18	Mar-19
Total Number of Units	105	105
Total Number of Tenants	87	89
Total SQFT	336,303	336,162
Vacancy (% SQFT)	10.80%	9.80%
Vacancy (% ERV)	4.50%	6.90%
WAULT (Expiry)	6.25	6.04
WAULT (Breaks)	5.07	4.74

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 6.04 years.
- The portfolio yield is 6.9% (based on 31 March 2019 valuation).
- The occupancy rate is high at 90% by ERV
- Gearing - the loan-to-value ratio of 40.0% is directly in line with the stated intended target of 40%.
- Further asset management angles to exploit.

Asset Management Overview and Update

Dulloch Park, Dunfermline

CHAS have extended their occupation for a further 5 years with a break at year 3. The rent has increase to £33,150 per annum.

Gosforth Shopping Centre, Gosforth

The Company has undertaken new letting Savers for a 10-year lease with a tenant break in year 5 at a rent of £35,000 per annum. Gosforth Shopping Centre is now 100% let.

Arthur House, Manchester

The proposed refurbishment works of the 6th floor has been approved by the Board and these works have now been instructed. Completion will be in Q2 2019. There are further letting ongoing within the building of c10% of the total floor area.

Burnside Industrial Estate, Aberdeen.

Refurbishment works to one terrace have been instructed at a cost of c £300,000. This follows the successful lease renewal of unit 6 at £36,500 per annum for a 5-year term. Discussions are ongoing with other occupiers regarding renewals.

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 92.50p this would represent an annualised dividend yield of 6.5%.

**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.*

Director Disclosure

Mr Alan Robertson, a Director of the Company, has assumed the role of Consultant with Drum Property Group and is working with them on the asset management and redevelopment of a number of property investments in Aberdeen. As a result, Mr Robertson, although non-executive, is no longer considered independent. The majority of the Board continue to be non-executive and independent Directors.

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