

24 July 2020

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

Unaudited Net Asset Value as at 30 June 2020

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value ("**NAV**") as at 30 June 2020.

Summary

Period from 1 April 2020 to 30 June 2020

- The NAV is £26.32m at 30 June 2020. (31 March 2020 £30.28m).
- NAV per share at 30 June 2020 of 68.91p (31 March 2020 of 79.26p).
- The independent valuation of the property portfolio as at 30 June 2020 was £48.93m (31 March 2020: £53.3m).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 30 June were 1.10p.
- No dividend was paid during the quarter.
- NAV total return (NAV movement plus dividend paid) of -15%.

Covid-19 update

The Board and the Manager are taking every precaution to safeguard the health and wellbeing of staff, occupiers and stakeholders. We are continually monitoring our assets in light of the outbreak of Covid-19 and our primary focus through this exceptionally challenging period is to ensure that the portfolio is well positioned to begin its recovery. We are focused on preserving the long-term value and financial strength of the Company. Covid-19 has had and will continue to have a material impact upon the trading performance of the Sector.

Sentiment remains very cautious across the real estate sector as the full impact of Covid-19 on tenant cash flow and rental income has still to be fully established. Furthermore, there is a lack of transaction activity across the market. As a result, UK valuers are having to value sentiment with full knowledge that the material uncertainty clause is inserted in the valuation report.

For the period to 30 June 2020 the portfolio valuation has reduced by £4.4m, within which retail has received the largest reduction in value (£2.3m). This reduction was spread across the retail portfolio with Kew Retail Park, Southport receiving the most significant reduction (£1.4m) due principally to the CVA announced by Poundstretcher. In addition, Gosforth Shopping centre was reduced in value by £0.7m despite strong trading, good occupancy throughout the lockdown and 71% rental income received during the March and June quarters.

The valuation of the office portfolio was reduced by £1.3m with all assets receiving a reduction in value compared to March 20 valuation figures.

The £4.4M reduction in investment property has led to a corresponding reduction in NAV, offset to an extent by operating profit in the quarter. In arriving at the operating profit for the quarter, a specific provision for bad debts of £0.2m was made. Debtor recoverability will continue to be monitored closely.

The rent collection statistics for the June 2020 quarter, which encompasses the Scottish quarter starting 28 May 2020 and the English Quarter starting 25 June 2020, are as follows:

Scotland 70%
 England 58%
 Overall 62%

The Board has moved to a monthly reporting protocol with the Manager and Administrator to ensure all necessary actions are in place to secure rental receipts, reduce operating costs where possible, monitor and manage cashflow and meet liabilities as they fall due. As at 30 June 2020, the Company had cash balances of £0.62 million and borrowings of £22.76 million. The Company has a £25M facility in place with no need to refinance until 30 September 2022.

Operational Performance

While the focus of the Board and the Manager during the March and June quarters has been on tenant and cash management, it is encouraging to now report that those efforts are yielding results and that the portfolio is beginning to stabilise. The revenue account for the quarter recorded an operating profit of £0.4M (after a provision for bad debt of £0.2M). The fundamental driver for this has been the Manager's engagement with tenants, which has yielded £1.5M in rental receipts over the last 2 quarters, some 73% of the total rent demanded.

Dividends

While the Board is pleased to report a degree of stability, exceptional circumstances affecting global economies and markets continue to prevail. The Board has therefore maintained its current policy to preserve cash and suspend interim dividends. The position will be reviewed again for the September 2020 quarter, which is also the Company's year-end.

Unaudited NAV (As at 30 June 2020)

	<i>£m</i>	<i>Pence per Share</i>
NAV as at 31 March 2020 (revised)	30.28	79.26
Property portfolio valuation movement	-4.38	-11.45
Capitalised costs	-0.04	-0.11
Rent free debtor movement	0.04	0.10
Income earned for the period	1.01	2.65
Expenses for the period	-0.22	-0.58
Provision for bad debt	-0.20	-0.54
Interest paid	-0.17	-0.42
Dividend paid	-0.00	-0.00
Unaudited NAV as at 30 June 2020	26.32	68.91

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 30 June 2020 and income for the period. The earnings per share for the period from 1 April 2020 – 30 June 2020 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 1.10p.

Current Portfolio

Location	Mar-20		Jun-20	
	Value	% Weighting	Value	% Weighting
North East	£14,400,000.00	27.02%	£13,500,000.00	27.59%
Scotland	£18,100,000.00	33.96%	£17,175,000.00	35.10%
North West	£17,600,000.00	33.02%	£15,500,000.00	31.68%
South West	£3,200,000.00	6.00%	£2,750,000.00	5.62%
	£53,300,000.00	100.00%	£48,925,000.00	100.00%

Sector	Mar-20		Jun-20	
	Value	% Weighting	Value	% Weighting
Office	£25,700,000.00	48.22%	£24,400,000.00	49.87%
Shopping Centre	£12,000,000.00	22.51%	£11,250,000.00	22.99%
Retail	£14,200,000.00	26.64%	£11,950,000.00	24.43%
Industrial	£1,400,000.00	2.63%	£1,325,000.00	2.71%
	£53,300,000.00	100.00%	£48,925,000.00	100.00%

The properties were valued at £48,925,000 as at 30 June 2020 (31 March 2020: £53,300,000) by Savills (UK) Limited ('Savills'), in their capacity as external valuers. The fair value of investments adjusted for lease incentives of £414,971 was £48,510,028 (31 March 2020: £52,870,013). Capitalised costs for the quarter were £40,242 (31 March 2020: £59,997).

Key KPIs		
	Mar-20	Jun-20
Total Number of Units	104	104
Total Number of Tenants	89	92
Total SQFT	336,303	336,303
Vacancy (% SQFT)	9.60%	9.40%
Vacancy (% ERV)	9.80%	10.10%
WAULT (Expiry)	5.66	5.4
WAULT (Breaks)	4.6	3.9

Asset Management Overview and Update

Monteith House, Glasgow

A new 10 year lease has been agreed with SDS subject to securing vacant possession of two floors. It is currently anticipated that the new lease will commence in September.

Gosforth Shopping Centre, Gosforth

A lease extension for a period of 5 years has been documented with Costa Coffee at an annual rent of £30,000pa.

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Important information:

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.