25 October 2018
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Drum Income Plus REIT plc
("Drum" or the "Company")

Unaudited Net Asset Value as at 30 September 2018

Drum Income Plus REIT plc (LSE: DRIP) announces its unaudited net asset value (**"NAV"**) as at 30 September 2018.

Highlights

Period from 1 July 2018 to 30 September 2018

- Fair value independent valuation of property portfolio as at 30 September 2018 of £57.9m (30 June 2018: £58.7m).
- NAV per share at 30 September 2018 of 94.1p (30 June 2018: 95.7p).
- Earnings per share (excluding revaluation gains and losses on fair value of investments) for three months ended 30 September 2018 were 2.0p.
- Dividend paid during the quarter of 1.50p fully covered by earnings for the period.
- NAV total return (NAV movement plus dividend paid) of -[0.1]%.

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 2018)

	£m	*Pence per Share*
NAV as at 30 June 2018	36.5	95.7
Valuation change in property portfolio	(0.7)	(2.1)
Income earned for the period	1.3	3.3
Expenses for the period	(0.3)	(0.8)
Interest paid	(0.2)	(0.5)
Dividend paid	(0.6)	(1.5)
Unaudited NAV as at 30 September 2018	36.0	94.1

The NAV has been calculated in accordance with International Financial Reporting Standards and incorporates the independent portfolio valuation as at 30 September 2018 and income for the period, but does not include a provision for the fourth interim dividend, which will be paid in November 2018. The earnings per share for the period from 1 July 2018 to 30 September 2018 (excluding revaluation gains and losses on fair value of investments and expenses charged to capital) were 2.0p.

As at 30 September 2018, the Company had cash balances of £1.1 million and borrowings of £22.7 million (loan to value of 39.2%)

Current Portfolio

	Jun-18	**Sep-18**

Location	Value	% Weighting	Value	% Weighting
North East	£16,200,000.00	27.60%	£16,100,000.00	27.78%
Scotland	£18,400,000.00	31.35%	£18,850,000.00	32.53%
North West	£19,150,000.00	32.62%	£19,000,000.00	32.79%
South West	£4,950,000.00	8.43%	£4,000,000.00	6.90%
	£58,700,000.00	**100.00%**	**£57,950,000.00**	**100.00%**

Sector	Value	% Weighting	Value	% Weighting
Office	£24,250,000.00	41.65%	£24,800,000.00	42.80%
Shopping Centre	£13,700,000.00	23.34%	£13,700,000.00	23.64%
Retail	£18,400,000.00	31.35%	£17,300,000.00	29.85%
Industrial	£2,350,000.00	3.66%	£2,150,000.00	3.71%
	£58,700,000.00	**100.00%**	**£57,950,000.00**	**100.00%**

Key KPIs		
	Jun-18	**Sep-18**
Total Number of Units	108	108
Total Number of Tenants	92	87
Total SQFT	336,303	336,303
Vacancy (% SQFT)	8.00%	10.10%
Vacancy (% ERV)	0.60%	1.90%
WAULT (Expiry)	6.35	6.14
WAULT (Breaks)	5.18	4.95

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 – growing incrementally.

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, which may take the brunt of any Brexit-related market weakness.
- The weighted average unexpired lease term (WAULT) to expiry is 6.14 years.
- The portfolio yield is 7.0% (based on 30 September 2018 valuation).
- The occupancy rate is high at greater than 95% by ERV
- Gearing - the loan-to-value ratio of 39.2% 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

We received notification from DNV in May that they wished to vacate in December 18. We carried out a short marketing period and have let the space with a date of entry 1 week after the existing tenant vacates at a rent of £20 per square foot. The previous tenant was paying £17.50 per square foot. The new Agreement for Lease has now been signed. This has led to an increase in the value by £400,000 to £5.6m.

Duloch Park, Dunfermline

Heads of Terms are agreed with Johnson Cleaners for a 10 year lease with a break at year 5 at a rent of £32,000 per annum which is ahead of the Business Plan. Legal documentation now finalised.

Eastern Avenue, Gloucester

Office Outlet applied for a CVA which has been granted. Discussions are ongoing with the tenant. This has led to a decrease in the value by £850,000 to £4.0m. An Agreement for Lease has been entered into with Home Bargains for the Office Outlet unit on a subject to planning basis. Should planning be secured then this would hopefully result in a valuation uplift.

Dividends

The Board is targeting a fully covered annual dividend of 6.0p per share in respect of the year ending 30 September 2018*. At the current share price of 94.5p this would represent an annualised dividend yield of 6.3%.

**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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