

Value and Indexed Property Income Trust PLC – VIP
Third Quarter Update – Raising Income and Tenant Quality

Value and Indexed Property Income Trust PLC (“VIP”) invests directly in UK commercial property to deliver long, strong, indexed income. Since 30 September 2022, it has added £0.4 million of annualised rent, raising the total contracted rent roll to £8.8 million, by:

1. Completing the lease of a new 80 bedroom Premier Inn hotel and in-house Brewers Fayre pub/restaurant at Alnwick, Northumberland, on practical completion of development works in October 2022. The hotel and pub/restaurant are open and trading. The property is let to Premier Inn for twenty five years with a tenant’s option to break in 2042, and five yearly CPI-linked rent reviews to a maximum of 4% per annum; and
2. Agreeing rent reviews at Dundee and Thetford (industrials) and Doncaster (leisure), delivering an average uplift of 10.6% against their previous passing rents.

There are no voids in the portfolio and 100% of rent has been collected.

The completion of the Alnwick development follows the purchase earlier in VIP’s year of an index-linked Marks & Spencer supermarket at Rayleigh, Essex and the sale of five over-rented or short let properties. This activity has further improved tenant quality with 54% of total rents payable by the top five tenants - M&S, HM Government/Councils, Premier Inn, Co-op and Sainsburys - up from 44% in March 2022.

VIP has a resilient, diversified portfolio with long leases (WAULT 12.1 years to break) and indexed (80%) and fixed (16%) rent increases. 11 indexed rent reviews have completed in VIP’s financial year so far: 7 x annual rent increases (5 @ 4%, 1 @ 7% and 1 @ 1.95%) and 4 x five yearly rent increases (averaging a total uplift of 16.2%). There are 13 rent reviews falling due over the next 12 months.

92% of VIP’s properties have an EPC (Energy Performance Certificate) rating A-C (up from 64% since March 2022) and we continue to work with our tenants to improve energy efficiency.

VIP has a 36 year dividend growth record. The targeted total dividend for the full year 2022/2023 is 12.9p, representing a yield of 5.8% at the closing price of 222p on 1 February 2023. The Company is expected to fully cover the dividend in 2023/2024 following reinvestment of the £5 million proceeds from sales completed in September 2022. The interest rate payable on VIP’s debt is 3.8%, of which 97% is fixed, with an average maturity of 8.1 years.

Savills independently revalue the property portfolio half-yearly at 31 March and 30 September.

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