

Summit Properties Limited **2021 Full Year Audited Results**

We are pleased to present the audited results for the year ended 31 December 2021 (“the Reporting Period”) of the Company and its subsidiaries (“the Group”).

The results of the Reporting Period outline in particular the transition of the Group’s property portfolio and its operating markets. The successful disposition of the German commercial portfolio¹ by selling part of it at a sale price of ca. €1.0 billion (the “2021 Sale”) was accompanied by activity in the US real estate market and acquisition of US properties for €0.9 billion.

These activities resulted in a considerable increase of the Group’s cash balance and Portfolio’s FFO² rate. Along with the resulting decrease in the net LTV, they enable further substantial growth by way of new acquisitions, as well as by the development of building rights of existing properties.

Financial Review

Profits

- Net profit of €122.9 million (FY 2020: €97.8 million)
- Profit Before Tax (PBT) of €154.9 million (FY 2020: €116.4 million)
- EBITDA of €169.6 million (FY 2020: €130.3 million)
- Revaluation profit of €109.6 million (FY 2020: €72.6 million)
- Gross profit of €61.6 million (FY 2020: €70.9 million)

NAV

- EPRA Net Asset Value (EPRA NAV²) of €1.0 billion (FY 2020: €0.9 billion)
- Group’s NAV of €0.9 billion (FY 2020: €0.8 billion)
- Total Assets of €1.8 billion (FY 2020: €1.6 billion)
- Shareholder Equity / Total Assets ratio of 52% (FY 2020: 50%)

¹ For pro-forma financial information, please refer to the respective pro-forma section

² **Alternative performance measures**

The Group prepares its financial statements using IFRS. However, it also uses a number of adjusted measures in assessing and managing performance of the business.

EPRA metrics:

Performance measures used by the Group include those defined by EPRA, are designed to enhance transparency and comparability across the European real estate sector. The Group considers these standard metrics to be the most appropriate method of reporting the value of the business and a reconciliation to IFRS numbers is included in Note 11(c) of the financial statements.

Funds From Operations (‘FFO’):

The Group considers this measure to be most appropriate when considering its dividend policy as it is a cash measure and it is familiar to non-property and international investors. Funds From Operations is a measure determined by recurring operating profits, deducted by the Group’s interest expenses and excludes other one off expenses or fair value adjustments.

The increase in EPRA NAV² was mainly a result of €109.6 million revaluation uplift, supplemented by a €36.7 million FFO² contribution.

Operational Review

Rent and Operations

- FFO² amounted to €36.7 million (FY 2020: €47.5 million). Following additional acquisitions FFO² run rate of over €80 million.
- Rental income of €77.1 million (FY 2020: €76.4 million)
- New lease agreements and renewals in 2021:
 - German portfolio – signing 99 leases for 213,000 sqm worth ca. €15 million of rental income p.a.; Additional 25,000 sqm worth ca. €4 million in advanced negotiations.
 - US portfolio – signing 87 agreements for 25,000 sqm worth ca. \$3.5 million of rental income p.a.; Additional 35,000 sqm worth ca. \$5 million in advanced negotiations.

Changes in rental income and FFO² are mainly a result of the 2021 Sale and acquisition of US assets during the Reporting Period.

Compared to 2020, the FFO² run rate of the Group's portfolio to date has almost doubled.

Portfolio

- Sale of German commercial assets with a value of €1.0 billion to an international fund in June 2021.
- Commencement of activity in the US real estate market and investment in the residential sector in New York City ("NYC") as well as in commercial properties throughout the US.
- €1.2 billion portfolio as of 31 December 2021 (FY 2020: €1.5 billion) includes:
 - €0.6 billion German Portfolio
 - German commercial properties primarily located in major cities
 - 92% occupancy rate, exc. properties under development
 - Net lettable area of ca. 329,000 sqm on ca. 537,000 sqm of land
 - Net rent of ca. €20 million p.a. expected to increase to €22 million in 2022 as a result of rent commencing under several newly signed leases.
 - €0.6 billion US Portfolio
 - €0.4 billion of defensive residential portfolio in NYC
 - €0.2 billion of high yielding, low capital values retail assets, located across the US, including two NYC hotels near Times Square
 - Further \$250 million of US acquisitions post reporting period: \$115 million of residential buildings and \$137 million of retail assets.
- Including signed deals to date, €0.9 billion of US Portfolio comprised of:

- 85 residential buildings in NYC with net lettable area of 247,000 sqm
- 21 US commercial properties with net lettable area of 920,000 sqm
- Substantial further upside potential inherent in the portfolio:
 - German portfolio well located with low capital values compared to replacement costs and 211,000 sqm of additional building rights
 - German properties are 30% under-rented compared to ERV
 - US portfolio with stable rental growth acquired at low capital value rates
 - US portfolio includes over \$100 million of identified salable outparcels; \$16 million sold to date and \$25 million in various stages of negotiations.

Financing

- Group's net LTV of 15% (FY 2020: 33%) with an average interest rate of 2.9% p.a. and average duration of more than 4 years.
- €410 million of cash available for acquisitions
- Balanced and secured financing structure with nearly no financing on German portfolio and no financial covenants in most of US loans.
- Ongoing refinancing activity of current US bank debt to further enhance financing performance.

The full report is available on the Company's website www.summit-properties.com or can be downloaded from the following link:

For further information please contact:

Summit Properties Limited

Zohar Levy - Managing Director

Itay Barlev - Finance Director

Tel: +44 (0) 1481 700 300

Carey, Company Secretary

Christopher Le Page

Tel: +44 (0) 1481 700 300