

Summit Properties Limited 2022 Half Year Results

We are pleased to present the interim unaudited results for the six months ended 30 June 2022 (“the Reporting Period”) of Summit Properties Limited (“the Company”) and its subsidiaries (“the Group”).

During the first half of 2022, the Company continued its expansion in the US real estate market, investing further in the residential sector in New York City (“NYC”) as well as in commercial assets throughout the US.

Financial Review

Profits

- Net profit of €62.1 million (H1 2021: €30.4 million, FY 2021: €122.9 million)
- Profit Before Tax (PBT) of €77.3 million (H1 2021: €33.0 million, FY 2021: €154.9 million)
- EBITDA of €83.5 million (H1 2021: €40.6 million, FY 2021: €169.6 million)
- Revaluation profit of €51.3 million (H1 2021: €3.8 million expense, FY 2021: €109.6 million profit)
- Gross profit of €46.4 million (H1 2021: €35.8 million, FY 2021: €61.6 million)

NAV

- EPRA NAV¹ of €1.1 billion (FY 2021: €1.0 billion)
- Group’s NAV of €1.0 billion (FY 2021: €0.9 billion)
- Total Assets of €2.1 billion (FY 2021: €1.8 billion)
- Shareholder Equity / Total Assets ratio of 49% (FY 2021: 52%)

The increase in EPRA NAV¹ was mainly due to €51.3 million revaluation uplift and €31.7 million Funds From Operations (FFO)¹ contribution. It was further supplemented by €43.8 million increase in capital reserve due to currency exchange gains.

Operational Review

¹ 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 10(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.

Rent and Operations

- FFO¹ increased to €31.7 million (H1 2021: €24.2 million, FY 2021: €36.7 million)
- Rental income increased to €73.0 million (H1 2021: €39.6 million, FY 2021: €77.1 million)
- New lease agreements and renewals in H1 2022:
 - German portfolio – signing agreements for 15,000 sqm worth ca. €1.6 millions of rent p.a.; Additional ca. 26,000 sqm worth ca. €4.2 million p.a. in advanced negotiations.
 - US portfolio – advanced negotiations for 148 new leases and renewals for ca. 105,000 sqm worth \$15.8 million of rent p.a.

Portfolio

- €1.6 billion portfolio as of 30 June 2022 (FY 2021: €1.2 billion) includes:
 - €0.6 billion German Portfolio:
 - Commercial properties well located in major cities
 - Ca. 90% 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. €20.4 million p.a. expected to increase to €22 million p.a. following the commencement of signed new leases during 2022
 - Low capital value below replacement cost
 - 213,000 sqm of additional building rights
 - €1.0 billion (\$1.1 billion to date) US property portfolio:
 - 89 residential buildings in NYC with net lettable area of 243,000 sqm
 - 26 commercial properties US with net lettable area of 1.0 million sqm
 - \$155 million of identified salable outparcels; \$40 million already sold and \$26 million signed to date
 - located across the US
 - €315.4 million of US properties and notes secured by properties acquired in H1 2022: €105.6 million of NYC residential and €134.8 million of US commercials
 - Further US acquisitions post reporting period:
 - \$42 million of three shopping centres with a total lettable area of ca. 103,000 of sqm, built on ca. 540,000 sqm of land. Annual NOI, based on existing contracts, amounts to ca. \$6.6 million.
 - Acquisition of minority holdings in one of the Company's NYC hotels.

Financing

- Group's net LTV 29% (FY 2021: 15%) with an average interest rate of 3.3% p.a. and average duration of more than 4 years.
 - Further financing activities post reporting period:
 - €33.6 million buyback of the Company's outstanding senior notes
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- \$40 million of secured debt facilities obtained on two US portfolio's properties; 15-year term at an average annual interest of 5.4% fixed for 5 years.

The full report is available on the Company's website www.summit-properties.com

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