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PRESS RELEASE

Regulated Information

PURPLE REAL ESTATE INCOME PLC REPORTS GROSS EARNINGS OF ₦4.8 BILLION IN THE FIRST HALF OF 2023

Lagos, Nigeria – 08 Aug 2023 - Purple Real Estate Income Plc ('Purple' or 'PREIP' or 'The Group') has announced its unaudited results for the first half ended 30 June 2023.

Consolidated Statement of Profit or Loss

- Gross earnings of **₦4.8 billion** (H1 2022: ~~₦4.7 billion~~)
- Total revenue of **₦972.8 million** (H1 2022: ~~₦3.9 billion~~)
- Gross profit of **₦903.5 million** (H1 2022: ~~₦1.2 billion~~)
- Total operating income **₦4.7 billion** (H1 2022: ~~₦2.0 billion~~)
- Adjusted operating expenses of **₦731.1 million** (H1 2022: ~~₦681.8 million~~)
- Adjusted operating profit of **₦4.0 billion** (H1 2022: ~~₦1.3 billion~~)
- Profit before income tax of **₦3.5 billion** (H1 2022: ~~₦938.1 million~~)
- Profit after tax of **₦3.5 billion** (H1 2022: ~~₦744.7 million~~)

Consolidated Statement of Financial Position

- Total assets of **₦51.7 billion** (FY 2022: ~~₦45.8 billion~~)
- Total liabilities of **₦26.7 billion** (FY 2022: ~~₦23.1 billion~~)
- Shareholders' funds of **₦25.0 billion** (FY 2022: ~~₦22.8 billion~~)

Key Ratios¹

- Rental income contribution of 5.6% (H1 2022: 5.8%)
- Rental yield of 4.4% (H1 2022: 4.6%)
- Adjusted operating profit margin of 83.3% (H1 2022: 27.0%)
- Profit before tax margin of 72.2% (H1 2022: 19.9%)
- Profit after tax margin of 72.2% (H1 2022: 15.8%)
- Return on asset of 13.4% (H1 2022: 3.3%)
- Return on equity of 27.7% (H1 2022: 6.6%)
- Total liabilities to equity of 1.1x (FY 2022: 1.0x)
- Total liabilities to asset of 0.5x (FY 2022: 0.5x)
- Total borrowings to equity of 0.9x (FY 2022: 0.9x)

¹ Kindly refer to page 7 for the definition of terms.

Purple Real Estate Income plc RC 1185154

A member of the Purple Group

Property Development Company of the Year (Thinkmint) - Commercial 2020
Property Development Company of the Year (Thinkmint) - Retail 2021



Directors: Olajumoke Akinwunmi | Olayide Agboola | Oluseyi Sowale | Obinna Onunkwo | Olatunbosun Omoniyi
Sir (Pharm) Nnamdi Obi | Fiona Ahimie | Muhtar Bakare | Prof Hilary Onyiuke | Adedoyin Afun | Osareme Archibong

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nano • macro • urban

purpleshop

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play

Commenting on the performance, the Chief Executive Officer, Mr Laide Agboola, stated:

“ We have reached the midpoint of the year with tremendous achievements and solid progress, reflecting our unwavering commitment to excellence and growth in a dynamic market. In the first half of 2023, we achieved remarkable financial results, demonstrating resilience and adaptability amidst challenging market conditions. This is evident in our bottom line which increased by 364% compared to the same period last year.

We are still very much on course with the commissioning of Purple Lekki in the third quarter and as the second half of 2023 evolves, we are cautiously optimistic about the opportunities and challenges that lie ahead. We will maintain our strategic focus on delivering high-quality developments, building strategic partnerships, and leveraging digital innovations to ensure continued growth and profitability. “

Financial Review

Gross earnings of ₦4.8 billion, up 1.6% (H1 2022: ₦4.7 billion). Key drivers of gross earnings:

- **Revenue from the sale of trading properties under development**² (8.7% of gross earnings) of ₦415.6 million (H1 2022: ₦3.3 billion; 70.5% of gross earnings). The major driver of this decline was the reduction in revenue from projects as a result of slower construction activities in H1 2023 relative to the prior year.
- **Rental income**³ (5.6% of gross earnings) of ₦266.6 million from ₦273.8 million (5.8% of gross earnings) recorded in H1 2022. During the period, the value of our investment properties increased by 15.5% to ₦40.7 billion which resulted to a rental yield of 0.1% in H1 2023 (H1 2022: 6.1%).
- **Revenue from services**⁴ (6.1% of gross earnings) of ₦290.7 million from ₦337.1 million (7.2% of gross earnings) in H1 2022. This decline was driven by slight decreases in the income generated from utilities ₦101.7 million (H1 2022: ₦117.2 million) and advertisement ₦115.5 million (H1 2022: ₦162.0 million).
- **Other income**⁵ (79.7% of gross earnings) of ₦3.8 billion from ₦779.8 million (16.6% of gross earnings) in H1 2022. This was majorly driven by a 677.8% increase in revaluation gain to ₦3.7 billion (H1 2022: ₦480.1 million).

Costs of sales of ₦69.3 million (H1 2022: ₦2.8 billion). This decline reflected the decrease in sales of trading properties under development which ensued from the earlier mentioned slowdown in construction activities in the period.

Gross profit of ₦903.5 million in H1 2023 (H1 2022: ₦1.2 billion). This 23.2% decline was primarily due to lower revenue from selling trading properties under development as well as revenue from services in H1 2023 compared to H1 2022.

Operating income of ₦4.7 billion (H1 2022: ₦2.0 billion). This was majorly driven by a 622.5% growth in other income to ₦3.8 billion (H1 2022: ₦527.7 million).

Adjusted operating expenses⁶ of ₦731.1 million (15.3% of gross earnings), from ₦681.8 million (14.5% of gross earnings) in H1 2022. This is attributable to:

- **Operating expenses** (53.6% of adjusted operating expenses) of ₦391.5 million in H1 2023 from ₦395.8 million in H1 2022 (58.1% of adjusted operating expenses) – a decline of 1.1% - benefitting majorly from a 64.7% decrease in advertisement and public relations to ₦10.8 million (H1 2022: ₦30.5 million).
- **Personnel expenses** (42.4% of adjusted operating expenses) grew by 20.0% to ₦310.0 million in H1 2023 from ₦258.3 million in H1 2022 (37.9% of adjusted operating expenses); primarily driven by a 73.0% increase in other outsourced staff cost to ₦156.7 million (H1 2022: ₦90.6 million). However, outsourced staff salaries declined by 11.9% to ₦91.0 million (H1 2022: ₦103.3 million).
- **Depreciation** (4.0% of adjusted operating expenses) of ₦29.6 million in H1 2023 from ₦27.7 million in H1 2022 (4.0% of adjusted operating expenses). This led to an **Adjusted operating profit** of ₦4.0 billion from ₦1.3 billion in H1 2022.

² This amount represents the income earned from Nano, Nano Fit-out, Urban, and Macro sales.

³ This amount represents the rental income earned at Maryland Mall during the period.

⁴ This amount represents the income earned from service charges, income from parking, advertisement income, and utilities at Maryland Mall during the period.

⁵ Other income represents interest income from placement, sales on commission, agency fee, revaluation gain, etc.

⁶ This is the sum of personnel expenses, operating expenses, and depreciation.



Finance expenses grew by 57.6% to ₦529.6 million (H1:2022 ₦336.0 million) leading to an interest coverage ratio of 3.8x (H1 2022: 7.5x). We remain committed to maintaining a healthy interest coverage ratio, and our focus will be on growing our operating profit to ensure we remain resilient in servicing our financial obligations.

Profit after tax of ₦3.5 billion (H1 2022: ₦744.7 million) resulting in a margin of 72.2% (H1 2022: 15.8%).

Year-to-date, **total assets** grew by 12.8% to ₦51.7 billion (FY 2022: ₦45.8 billion). Non-current assets grew by 16.3% to ₦41.3 billion (FY 2022 ₦35.5 billion) which was driven by a 15.5% growth in investment properties to ₦40.7 billion (FY 2022: ₦35.3 billion). Current assets increased by 0.8% to ₦10.4 billion (FY 2022: ₦10.3 billion) driven largely by a 9.8% increase in trading properties to ₦7.3 billion (FY 2022: ₦6.6 billion).

Shareholders' funds grew by 9.4% to ₦25.0 billion from ₦22.8 billion due to a 15.4% increase in retained earnings to ₦21.9 billion (FY 2022: ₦19.0 billion).

Total liabilities grew by 15.8% to ₦26.7 billion (FY 2022: ₦23.1 billion), driven by a 17.6% increase in borrowings to ₦23.6 billion (FY 2022: ₦20.0 billion).

Outlook

As we navigate the second half of 2023, we are pushing forward with our strategic initiatives that focus on digital innovations and expansion of our property portfolio, while maintaining our commitment to excellence and growth amidst the ever-evolving market dynamics.

We are thrilled to announce that the retail section in Purple Lekki will be opened in the third quarter marking a key milestone in our growth trajectory. Given the prime location and the uniqueness of the offering, we anticipate strong consumer interest and a significant contribution to our revenue and income streams. The opening is poised to trigger long-term financing from our local and international partners, therefore, providing us with the necessary capital to continue executing our growth strategies while maintaining a healthy balance sheet and capital structure.

In line with our commitment to leverage digital innovation, we are also excited about the imminent launch of our fractional investment app. This app, following the successful completion of its testing phase in August, is expected to open up new opportunities for investors by offering an accessible and efficient platform to invest in real estate. We anticipate the app will enhance customer experience, increase our market reach, and thereby diversify our revenue streams.

Notwithstanding the inherent challenges, we are cautiously optimistic about the evolving market conditions and, we expect our overall performance in the second half of the year to mirror the strong results achieved in the first half.

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Consolidated Statement of Profit and Loss for the Period ended 30 June 2023

<i>In thousands of naira</i>	H1'23	H1'22	% Δ
Gross Earnings	4,785,587	4,710,508	1.6%
Income from Rent	266,566	273,822	-2.6%
Income from services to tenant	163,629	162,198	0.9%
Income from Parking	11,495	12,980	-11.4%
Income from Advertisement	115,531	161,951	-28.7%
Revenue from Nano sales	271,335	2,528,115	-89.3%
Revenue from Nano Fit out	144,284	-	-
Revenue from Macro Sales	-	179,000	-
Income from Urban Sales	-	612,600	-
Total Revenue	972,839	3,930,665	-75.3%
Cost of Sales	(69,345)	(2,754,602)	-97.5%
Gross Profit	903,494	1,176,063	-23.2%
Other Income	3,812,748	527,700	622.5%
Revaluation gain	-	-	-
Impairment writeback/(Loss)	-	252,143	-
Total Operating Income	4,716,242	1,955,906	141.1%
Finance Expenses	(529,622)	(336,038)	57.6%
Personnel Expense	(309,986)	(258,277)	20.0%
Operating Expense	(391,540)	(395,818)	-1.1%
Depreciation	(29,583)	(27,696)	6.8%
Profit before tax	3,455,511	938,077	268.4%
Tax Expense	-	(193,399)	-
Profit after tax	3,455,511	744,678	364.0%



Consolidated Statement of Financial Position as at 31 March 2023

<i>In thousands of naira</i>	Q1'23	FY'22	% Δ
ASSETS:			
Non-current assets			
Investment properties	40,698,580	35,250,352	15.5%
Property, plant, and equipment	106,351	134,310	-20.8%
Intangible assets	488,032	128,302	280.4%
Total non-current asset	41,292,962	35,512,964	16.3%
Current assets			
Trading properties	7,269,806	6,621,763	9.8%
Trade receivables	715,604	450,147	59.0%
Other assets and contract assets	2,376,293	2,711,743	-12.4%
Cash and cash equivalents	44,494	541,111	-91.8%
Total current asset	10,406,196	10,324,764	0.8%
Total assets	51,699,159	45,837,729	12.8%
EQUITY:			
Share capital	2,061,443	2,061,443	-
Share premium	987,000	1,834,192	-46.2%
Retained earnings	21,916,963	18,994,892	15.4%
NCI & Common control acquisition deficit	-	(140,468)	-
Shareholders' funds	24,965,407	22,750,060	9.7%
LIABILITIES:			
Customer deposits	681,921	323,053	111.1%
Borrowings	23,560,375	20,031,124	17.6%
Other Liabilities	1,642,195	1,882,355	-12.8%
Tax Payable	849,261	851,138	-0.2%
Total liabilities	26,733,752	23,087,069	15.8%
Total equity & liabilities	51,699,159	45,837,729	12.8%



About Purple

Purple Real Estate Income Plc is Nigeria's breakthrough real estate platform at the forefront of a real estate revolution. We invest in the development, management, and acquisition of superior multi-purpose properties and infrastructure across a wide range of sectors to democratise access to real estate ownership and investment, breaking down the barriers that prevent investors from the gains of appreciating assets.

Purple Real Estate Income Plc commenced operations in 2014 and is responsible for developing the Maryland Mall, a Grade A mixed-use centre that boasts the largest outdoor LED screen in West Africa. Purple completed its listing and started trading on NASD as a Real Estate Company on 23 March 2023.

To discover more and join the purple community, visit [Purple.xyz](https://purple.xyz)

Disclaimer

This announcement contains or will contain forward-looking statements that reflect management's expectations regarding the Company's future growth, results of operations, performance, business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expects", "intend", "estimate", "project", "target", "risks", "goals" and similar terms and phrases have been used to identify the forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions have been applied in drawing the conclusions contained in the forward-looking statements. These factors or assumptions are subject to inherent risks and uncertainties surrounding future expectations generally.

Purple Real Estate Income Plc cautions readers that several factors could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully, and undue reliance should not be placed on forward-looking statements. For additional information concerning these risks or factors, reference should be made to the Company's disclosure materials filed from time to time with the Securities & Exchange Commission in Nigeria. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise.



Definition of terms

Gross earnings: computed as an aggregate of total revenue and other income.

Total revenue: derived as an aggregate of rental income, income from services to tenants, and revenue from Nano sales.

Cost of sales made up of the cost of sales from Nano sales.

Gross profit: derived by deducting the cost of sales from total revenue.

Operating income: computed by adding gross profit and other income.

Adjusted operating expenses: computed by adding personnel expenses, operating expenses and depreciation.

Adjusted operating profit: computed by deducting adjusted operating expenses from total operating income.

by subtracting adjusted operating expenses from net revenue.

Interest coverage ratio: computed as adjusted operating profit divided by finance cost.

Total borrowings: derived as an aggregate of short-term borrowings and long-term borrowings.

Rental income contribution: the ratio of rental income and gross earnings.

Rental yield: the ratio of rental income and completed investment property.

Current ratio: the ratio of current assets and current liabilities.

Adjusted operating profit margin: the ratio of adjusted operating profit and gross earnings.

Profit before tax margin: the ratio of profit before tax and gross earnings.

Profit after tax margin: the ratio of profit after tax and gross earnings

Total borrowings to equity: computed as the ratio of total borrowings to total equity.

Total liabilities to equity is computed as the ratio of total liabilities to total equity.

Total liabilities to assets is computed as the ratio of total liabilities to total asset.

Return on average asset: computed as the ratio of profit after tax and average total asset.

Return on average equity: computed as the ratio of profit after tax and average total equity.

