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PRESS RELEASE

Regulated Information

PURPLE REAL ESTATE INCOME PLC REPORTS A GROSS EARNINGS OF ₦561.4 MILLION IN THE FIRST QUARTER OF 2023

Lagos, Nigeria - 20 June 2023 - Purple Real Estate Income Plc ('Purple' or 'PREIP' or 'The Group') has announced its unaudited results for the first quarter ended 31 March 2023

Consolidated Statement of Profit or Loss

- Gross earnings of ₦561.4 million (Q1 2022: ₦3.3 billion)
- Total revenue of ₦515.5 million (Q1 2022: ₦3.1 billion)
- Gross profit of ₦500.6 million (Q1 2022: ₦1.4 billion)
- Total operating income ₦546.5 million (Q1 2022: ₦1.6 billion)
- Adjusted operating expenses of ₦241.4 million (Q1 2022: ₦334.3 million)
- Adjusted operating profit of ₦305.2 million (Q1 2022: ₦1.2 billion)
- Profit before income tax and after tax of ₦71.9 million (Q1 2022: ₦1.1 billion)

Consolidated Statement of Financial Position

- Total assets of ₦46.8 billion (FY 2022: ₦45.8 billion)
- Total liabilities of ₦24.4 billion (FY 2022: ₦23.1 billion)
- Shareholders' funds of ₦22.4 billion (FY 2022: ₦22.8 billion)

Key Ratios¹

- Rental income contribution of 21.9% (Q1 2022: 4.8%)
- Rental yield of 1.4% (Q1 2022: 3.0%)
- Adjusted operating profit margin of 54.4% (Q1 2022: 37.5%)
- Profit before and after-tax margin of 12.8% (Q1 2022: 32.6%)
- Return on average asset of 0.2% (Q1 2022: 3.9%)
- Return on average equity of 0.3% (Q1 2022: 11.3%)
- 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 See appendix for 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
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Commenting on the performance, the Chief Executive Officer, Mr Laide Agboola, stated:

"Despite being impacted by various external factors, including ongoing economic uncertainties, and changing market conditions, we achieved a profitable quarter; showcasing our resilience and strategic approach in navigating a dynamic market and industry landscape. We witnessed moderation in sales, which affected our top-line and bottom-line growth compared to the same period last year.

Due to the seasonality of real estate transactions, which typically experience a slowdown during the first quarter of the year, coupled with the expected political headwinds brought about by the election and inauguration activities, we expect a larger proportion of our revenues to crystallise over the third and fourth quarters. Key driving factors are the upcoming opening of Purple Lekki and increased close-out rates of real estate investments. In addition, by the third quarter, we expect to finalise and access long-term financing structures, which, coupled with new strategic alliances, will shore up our capital base for significant growth.

We remain confident in our long-term vision and initiatives which position Purple Real Estate Income Plc for sustained success. Our team has proactively adapted to the evolving market environment, implementing agile business practices, and adjusting our strategies to ensure operational efficiency and profitability. Purple Lekki is on track for completion and commercialisation as we progress through the year which will enhance our customer reach and optimise stakeholder value creation.

We are optimistic about the future of the real estate industry, our team is dedicated to identifying new opportunities, exploring emerging markets, and expanding our service offerings to capitalise on evolving customer needs and value delivery to stakeholders. "

Financial Review

Gross earnings of ₦561.4 million, down 82.7% (Q1 2022: ₦3.3 billion). Key drivers of gross earnings:

- **Revenue from the sale of trading properties under development**² (49.3% of gross earnings) of ₦277.1 million (Q1 2022: ₦2.7 billion; 84.5% of gross earnings). The major driver of this decline was the reduction in revenue from projects as a result of slow construction activities in Q1 2023 due to the uncertainties in the economy resulting from elections and other macroeconomic factors. We expect the trajectory to improve from Q2 2023 as we commence construction and move towards completion of Purple Lekki, whilst preparing to make further progress on other projects such as Urban and Macro.
- **Rental income**³ (21.9% of gross earnings) of ₦122.9 million from ₦157.5 million (4.8% of gross earnings) recorded in Q1 2022. This performance was due to concessions given to tenants, with a resultant rental yield of 1.4% in Q1 2023 (Q1 2022: 3.0%).
- **Revenue from services to tenants**⁴ (20.6% of gross earnings) of ₦115.5 million from ₦178.5 million (5.5% of gross earnings) in Q1 2022. This was also driven by concessions given to tenants.
- **Other income**⁵ (8.2% of gross earnings) of ₦45.9 million from ₦166.7 million (5.1% of gross earnings) in Q1 2022. The y-o-y reduction was mainly because of a 75.0% decline in Agency fees to ₦30.7 million (Q1 2022:

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

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

⁴ This amount represents the income earned from service charge and utilities at Maryland mall during the period.

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

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₦122.8 million). However, there was an increase of 176.5% and 53.9% in interest placement and commission sales respectively.

Costs of sales⁶ of ₦14.9 million (Q1 2022: ₦1.7 billion) reflected the decrease in sales of trading property under development which ensued from the earlier mentioned slow down construction activities in the period.

Gross profit of ₦500.6 million in Q1 2023 (Q1 2022: ₦1.4 billion), primarily on account of lower revenue from the sale of trading properties under development and service charges in Q1 2023 compared to Q1 2022.

Operating income of ₦546.5 million from ₦1.6 billion recorded in Q1 2022. This was because of the earlier mentioned decline in gross profit and other income.

Adjusted operating expenses⁷ of ₦241.4 million (43.0% of gross earnings), from ₦334.3 million (10.3% of gross earnings) in Q1 2022. This is attributable to:

- **Operating expenses** (40.9% of adjusted operating expenses) declined by 43.9% to ₦98.6 million in Q1 2023 from ₦175.9 million in Q1 2022 (52.6% of adjusted operating expenses) - benefitting from an 84.7% decrease in advertisement and public relations to ₦3.3 million (Q1 2022: ₦21.4 million).
- **Personnel expenses** (53.0% of adjusted operating expenses) declined by 13.8% to ₦127.9 million in Q1 2023 from ₦148.3 million in Q1 2022 (44.4% of adjusted operating expenses); primarily reflecting a 95.0% reduction in outsourced shared services to ₦2.0 million (Q1 2022: ₦38.7 million). However, in line with the strategic initiative of building internal capacity, ₦3.3 million was spent on personnel training and development which was a 264.8% increase from Q1 2022 expense of ₦0.9 million.
- **Depreciation** (6.1% of adjusted operating expenses) of ₦14.9 million in Q3 2023 from ₦10.0 million in Q1 2022 (3.0% of adjusted operating expenses).

This led to an **Adjusted operating profit** of ₦305.2 billion from ₦1.2 billion in Q1 2022.

Finance expenses grew by 43.7% to ₦233.3 million (Q1:2022 ₦162.4 million) leading to an interest coverage ratio of 1.3x (Q1 2022: 7.5x). While we anticipate finance expenses to remain a significant line item due to our investment strategy, 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 before tax and profit after tax of ₦71.9 million (Q1 2022: ₦1.1 billion) resulting in a margin of 12.8% (Q1 2022: 32.6%).

Year-to-date, **total assets** grew by 2.2% to ₦46.8 billion (FY 2022: ₦45.8 billion). Non-current assets grew by 1.0% to ₦35.9 billion (FY 2022 ₦35.5 billion) which was driven by a 1.0% growth in investment properties to ₦35.6 billion (FY 2022: ₦35.3 billion). Current assets increased by 6.4% to ₦11.0 billion (FY 2022: ₦10.3 billion) driven largely by a 4.6% increase in trading properties to ₦6.9 billion (FY 2022: ₦6.6 billion).

Shareholders' funds dropped to ₦22.4 billion from ₦22.8 billion due to a 2.5% decrease in retained earnings to ₦18.5 billion (FY 2022: ₦19.0 billion).

Total liabilities grew by 5.8% to ₦24.4 billion (FY 2022: ₦23.1 billion), driven by a 1.5% increase in borrowings to ₦20.3 billion (FY 2022: ₦20.0 billion).

⁶ This represents the cost of sales of Nano apartments.

⁷ This is the sum of personnel expenses, operating expenses, and depreciation.

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Outlook

We anticipate a pick-up in momentum in the coming quarters as the business environment improves. We expect the imminent completion of Purple Lekki, a mixed-use development, to provide a major boost to our revenue. This venture is poised to significantly contribute to the revenue from the sale of trading properties, which is a key component of our gross earnings. New strategic alliances within our capital structures will strengthen our competitive position, foster innovation, and drive sustainable growth.

In addition, the planned launch of our fractional investment and banking app in the second half of 2023 will open new revenue streams and further diversify our income base. This innovation aims to revolutionise and democratise property investment, providing more individuals with access to high-quality, high-return real estate investments, thereby potentially growing our revenue from services to tenants.

As we continue to strategically invest in our capabilities and resources, our focus remains on the optimisation of internal capacity as evidenced by our increased investment in personnel training and development in Q1 2023. This emphasis on building internal capacity should result in more efficient operations and cost reductions in the long term.

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Consolidated Statement of Profit and Loss for the Period ended 31 March 2023

<i>In thousands of naira</i>	Q1'23	Q1'22	% Δ
Gross Earnings	561,401	3,250,503	-82.7%
Income from Rent	122,857	157,539	-22.0%
Income from services to tenant	50,978	90,823	-43.9%
Income from Parking	7,445	6,128	21.5%
Income from Advertisement	57,117	81,540	-30.0%
Revenue from Nano sales	180,890	843,922	-78.6%
Revenue from Nano Fit out	96,190	-	-
Revenue from Macro Sales	-	1,297,856	-
Income from Urban Sales	-	606,000	-
Total Revenue	515,477	3,083,808	-83.3%
Cost of Sales	(14,876)	(1,694,021)	-99.1%
Gross Profit	500,602	1,389,787	-64.0%
Other Income	45,923	166,696	-72.5%
Revaluation gain	-	-	-
Impairment writeback/(Loss)	-	-	-
Total Operating Income	546,525	1,556,483	-64.9%
Finance Expenses	(233,289)	(162,381)	43.7%
Personnel Expense	(127,937)	(148,341)	-13.8%
Operating Expense	(98,639)	(175,923)	-43.9%
Depreciation	(14,792)	(9,992)	48.0%
Profit before tax	71,868	1,059,846	-93.2%
Tax Expense	-	75	-
Profit after tax	71,868	1,059.771	-93.2%

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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	35,604,466	35,250,352	1.0%
Property, plant, and equipment	120,369	134,310	-10.4%
Intangible assets	128,791	128,302	0.4%
Total non-current asset	35,853,625	35,512,964	1.0%
Current assets			
Trading properties	6,923,266	6,621,763	4.6%
Trade receivables	623,938	450,147	38.6%
Other assets and contract assets	3,370,363	2,711,743	24.3%
Cash and cash equivalents	65,573	541,111	-87.9%
Total current asset	10,983,140	10,324,764	6.4%
Total assets	46,836,765	45,837,729	2.2%
EQUITY:			
Share capital	2,061,443	2,061,443	-
Share premium	1,822,049	1,834,192	-0.7%
Retained earnings	18,527,619	18,994,892	-2.5%
NCI & Common control acquisition deficit	-	(140,468)	-
Shareholders' funds	22,411,111	22,750,060	-1.5%
LIABILITIES:			
Customer deposits	379,560	323,053	17.5%
Borrowings	20,329,634	20,031,124	1.5%
Other Liabilities	2,859,752	1,882,355	51.9%
Tax Payable	856,708	851,138	0.7%
Total liabilities	24,425,655	23,087,069	5.8%
Total equity & liabilities	46,836,765	45,837,729	2.2%

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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.

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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.

Adjusted 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 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 computed as the ratio of total liabilities to total equity.

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

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.

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