Summus Capital OÜ

Estonia, Real Estate

Issuer
BB

Outlook
Stable

Senior unsecured debt
BB

Rating composition

Business risk profile		
Industry risk profile	BB	BB
Competitive position	BB	
Financial risk profile		
Credit metrics	BB	BB
Liquidity	+/- 0 notch	
Standalone credit assessment		**BB**
Supplementary rating drivers		
Financial policy	+/- 0 notch	+/-0 notch
Governance & structure	+/- 0 notch	
Parent/government support	+/- 0 notch	
Peer context	+/- 0 notch	
Issuer rating		**BB**

Key metrics

			Scope estimates	
Scope credit ratios*	**2023**	**2024**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	2.4x	2.1x	2.1x	2.1x
Scope-adjusted debt/EBITDA	7.6x	10.8x	10.2x	8.3x
Scope-adjusted loan/value	49%	57%	60%	59%
Scope-adjusted free operating cash flow/debt	9%	0%	9%	2%
Liquidity	>200%	90%	184%	189%

Rating sensitivities

The upside scenarios for the ratings and Outlook (collectively):

- Loan/value ratio reducing towards 50% (remote for the time being), supported by a more stringent financial policy.
- Significant improvement in Summus' business risk profile, i.e. increase in size, reduced portfolio and tenant concentration, while maintaining moderate credit metrics.

The downside scenarios for the ratings and Outlook (individually):

- Loan/value ratio above 60% on a sustained basis.
- EBITDA interest cover below 2x on a sustained basis.

**All credit metrics refer to Scope-adjusted figures.*

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Related methodologies

General Corporate Rating Methodology, Feb 2025

European Real Estate Rating Methodology, Jun 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Broader geographic diversification following entry into Poland, enhancing resilience beyond the Baltic states • High-quality, modern portfolio generating stable rental cash flows and strong tenant demand • Strong profitability, with EBITDA margins consistently above 80% • High occupancy (98%) and long WAULT (5 years), underpinning visibility of earnings • Improving funding profile, with 63% of debt fixed or hedged as of Q1 2025, leaving some moderate exposure to interest rate	• Modest scale in a European context, with limited market shares in fragmented commercial real estate markets • High retail exposure (~50% of leased area), a segment facing ongoing structural challenges • Tenant concentration, with the top three tenants accounting for 19% and the top 10 for 37% of rental income • Moderate leverage, with loan/value ratio expected to rise temporarily towards 60%, driven by debt-financed acquisitions • Debt-funded growth strategy, leaving credit metrics sensitive to acquisition timing, financing structures and conditions

2. Rating Outlook

The **Stable Outlook** reflects our expectation that Summus will continue to deliver solid operating performance and maintain moderate credit metrics, with loan/value ratio not exceeding 60% on a sustained basis and EBITDA interest cover remaining above 2x. This view is supported by Summus' resilient operating cash flows, high occupancy rates and predictable recurring rental income.

The Stable Outlook also reflects Summus' regional expansion strategy, supported by the EUR 30m bond issuance in June 2025 and the potential for additional debt. While these initiatives are expected to strengthen the company's scale and diversification over time, we assume that expansion will be pursued without compromising current credit metrics. We expect the issuer to adhere to its implicit deleveraging financial policy, funding acquisitions through a balanced mix of equity and debt. Furthermore, the company is anticipated to maintain a high proportion of fixed-rate debt and minimise negative carry from undeployed funds.

3. Corporate profile

Summus Capital OÜ ("Summus"), is an Estonian-based real estate investment company established in 2013, which owns, manage and lease commercial properties. As of end-2024, the company held a diversified portfolio of income-generating assets valued at EUR 509m, comprising retail, office, logistics and medical buildings across the Baltic region and Poland. The portfolio consists of 15 properties[1] with a total net leasable area (NLA) of 252,976 sq m.

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
5 Sep 2025	Affirmation	BB/Stable
4 Sep 2024	Affirmation	BB/Stable
5 Sep 2023	Affirmation	BB/Stable

[1] 16 properties up until May 2025. The 'Punane 56' property (NLA of ~4,700 sq m) in Tallinn was sold in May 2025 (valued EUR 3.9m at YE 2024).

5. Financial overview (financial data[2] in EUR m)

				Scope estimates	
Scope credit ratios	**2022**	**2023**	**2024**	**2025E**	**2026E**
EBITDA interest cover	2.4x	2.4x	2.1x	2.1x	2.1x
Debt/EBITDA	8.5x	7.6x	10.8x	10.2x	8.3x
Loan/value ratio	50%	49%	57%	60%	59%
Free operating cash flow/debt	10%	9%	0%	9%	2%
Liquidity	85%	>200%	90%	184%	189%
EBITDA					
Reported EBITDA	18.0	21.9	27.0	38.1	47.3
add: recurring dividends from associates	-	-	-	-	-
Other items (incl. one-offs)[3]	5.9	4.4	1.0	-	-
EBITDA	**24.0**	**26.3**	**28.0**	**38.1**	**47.3**
Funds from operations (FFO)					
EBITDA	24.0	26.3	28.0	38.1	47.3
less: interest	(9.8)	(10.8)	(13.1)	(17.9)	(22.4)
less: cash tax paid	-	-	-	(1.4)	(1.8)
Other non-operating charges before FFO	-	-	-	-	-
Funds from operations	**14.2**	**15.5**	**14.9**	**18.8**	**23.1**
Free operating cash flow (FOCF)					
Funds from operations	14.2	15.5	14.9	18.8	23.1
Change in working capital	5.6	4.3	(13.4)	13.3	(5.6)
Non-operating cash flow	-	-	-	-	-
less: capital expenditures (net)	0.7	(1.6)	(1.5)	1.6	(8.5)
less: lease amortisation	-	(0.3)	(0.0)	(0.0)	(0.0)
Free operating cash flow	**20.5**	**17.9**	**(0.0)**	**33.7**	**8.9**
Interest					
Interest paid as per cash flow statement	11.9	11.8	15.3	18.3	22.7
Interest received	-	(0.2)	(0.6)	(0.4)	(0.3)
Other interest adjustment[4]	(2.1)	(0.8)	(1.5)	-	-
Interest	**9.8**	**10.8**	**13.1**	**17.9**	**22.4**
Scope-adjusted total assets					
Total assets	429.1	425.9	551.0	654.1	679.0
less: cash and cash equivalents	(16.4)	(15.9)	(13.2)	(8.6)	(16.9)
less: positive value of derivatives	(7.0)	(2.5)	(0.8)	(0.8)	(0.8)
Scope-adjusted total assets	**405.7**	**407.4**	**537.0**	**644.8**	**661.3**
Debt					
Reported financial (senior) debt	228.2	218.6	315.9	396.7	406.3
add: shareholder loan	24.0	17.4	14.6	14.6	14.6
less: shareholder loan (equity credit)[5]	(24.0)	(17.4)	(14.6)	(14.6)	(14.6)
less: cash and cash equivalents	(16.4)	(15.9)	(13.2)	(8.6)	(16.9)
add: other debt-like items[6]	(6.9)	(2.1)	1.3	1.3	1.3
Debt	**204.9**	**200.6**	**304.0**	**389.5**	**390.8**

Figures may not add up due to rounding.

[2] FFO figures for the years 2022 and 2023 have been corrected. The treatment of the subordinated loans (100% equity credit) also led to retrospective adjustments.

[3] Include change in provisions.

[4] This adjustment includes interest paid on the subordinated loans, in proportion to the equity credit given (100%).

[5] We grant a 100% equity credit to the subordinated loans.

[6] Include net value of derivatives.

6. Environmental, social and governance (ESG) profile[7]

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit-positive credit-negative credit-neutral

ESG profile: neutral

Summus has made sustainability an integral part of its portfolio strategy. Since launching its ESG programme in 2021, the company has tracked progress across 15 metrics aligned with the EU taxonomy. By end-2024, 89% of the portfolio was certified[8], with coverage expected to reach 94% in 2025. Energy consumption has been reduced by 14% since 2021, translating into cost savings for tenants and reinforcing the portfolio's competitiveness.

We believe that Summus' actions to future-proof its portfolio by tackling greenhouse gas emissions and energy consumption are particularly relevant for commercial property companies, as it provides multiple benefits for tenants and visitors while limiting i) the risks of eroding property values and stranded assets, ii) transition risks, and iii) the need for capital-intensive actions going forward.

Indirect ESG-related risk also comes from Summus' tenants (reputational risk), which can only be partially addressed by choosing to not renew leases or seeking a better tenant mix.

[7] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

[8] BREEAM, WELL or LEED.

7. Business risk profile: BB

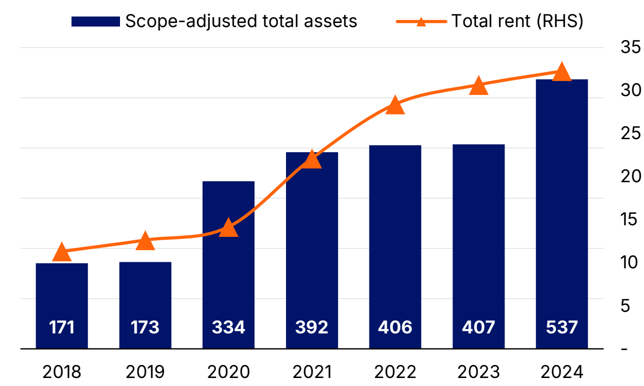
Industry risk profile: BB

Summus' industry risk is assessed as moderate, reflecting its focus on commercial real estate through a buy-and-hold investment strategy. Development exposure is negligible.

Small property company in a European context

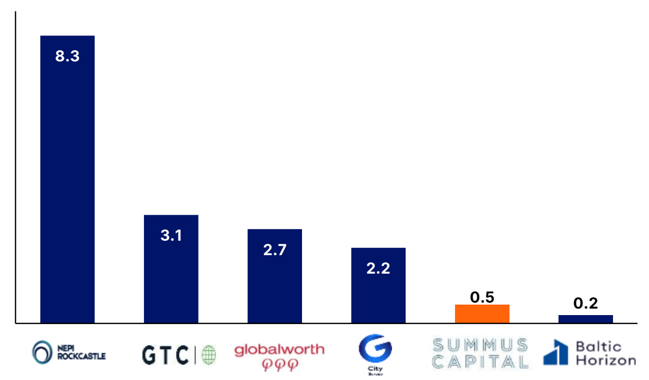
Summus remains small in a European context, with Scope-adjusted total assets of EUR 537m (up 32% YoY) and an (NLA) of 257,931 sq m as of end-December 2024. Growth was largely driven by the acquisition of two office properties in Poland value at EUR 102m, positioning the company among the largest commercial real estate owners in the Baltics. Looking ahead, further expansion is expected through opportunistic acquisitions within existing markets, in line with the company's stated regional growth ambitions. This includes the potential acquisition of a shopping centre in southern Poland, currently under review.

Figure 1: Scope-adjusted total assets and total rent (EUR m)



Sources: Scope, Summus

Figure 2: Summus and selected peers – Scope-adjusted total assets (EUR bn) as of YE 2024



Sources: Summus, public information, Scope

Modest market shares, though good visibility within shopping centres

Summus holds modest market shares within the highly fragmented Baltic commercial real estate markets. Its diversified portfolio spans multiple asset classes and geographies, but this breadth also limits market visibility in any single segment. The company has, however, established a meaningful footprint in Riga, where it owns three sizeable retail properties with a combined NLA of 84,400 sq m – representing more than 10% of the city's shopping centre stock above 10,000 sq m.

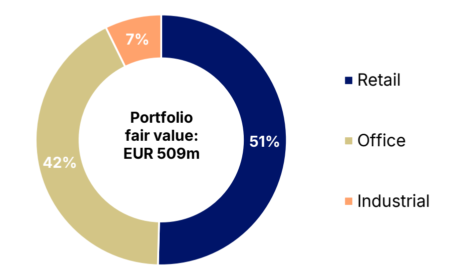
Improved geographic diversification with recent entry in Poland

The portfolio is geographically balanced, with 80% of total value located in the Baltic states (Estonia 14%, Latvia 33%, Lithuania 33%) and the remaining 20% in Poland as of end-2024. The recent expansion into Poland marks a strategic step towards a more resilient footprint, adding exposure to a larger economy with stronger demographics and more robust fundamentals than the Baltic region.

Supporting resilience against economic shocks

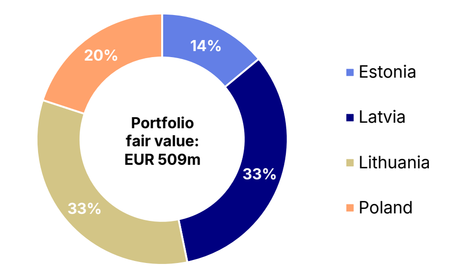
While the Baltic economies are closely integrated, they remain vulnerable to external shocks. Summus' diversified presence across the three states allows it to capture differing demand dynamics, while the addition of Poland enhances overall stability. The company is expected to maintain its focus on these markets.

Figure 3: Portfolio segment distribution (by fair value) – As of YE 2024



Sources: Summus, Scope

Figure 4: Portfolio geographic distribution (by fair value) – As of YE 2024



Sources: Summus, Scope

The credit quality and granularity of the tenant base has become an increasingly important consideration amid weaker economic environment, which raises the risk of defaults or payment delays. Summus' portfolio comprises more than 435 tenants, with moderate concentration: the top three contributed 19% of 2024 rental income and the top ten, 37% (excluding Poland).

Moderate tenant concentration

While this reflects some reliance on large tenants, risks are mitigated by the strong presence of anchor tenants[9], which accounted for 75% of rental income in 2024. This helps offset exposure to smaller or less-established tenants with weaker credit profiles. The addition of high-quality occupiers in Poland has further strengthened the tenant base.

...with high exposure to the retail sector

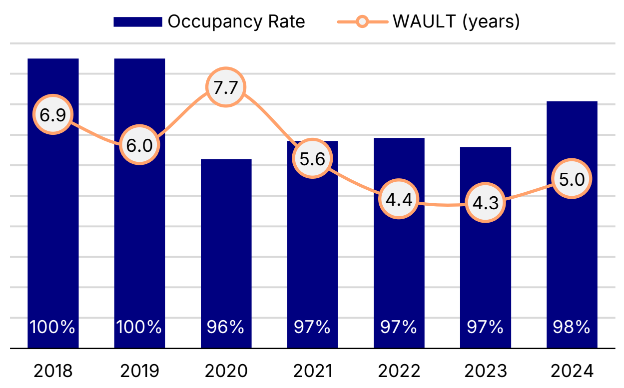
The tenant mix features a high share of retailers – including Kesko, Rimi, Maxima and Depo – representing around 50% of leased space. Retail exposure is spread across several end-products (e.g. food, fashion, DIY), providing some balance against structural challenges in discretionary retail. Consumer fundamentals are gradually improving, as evidenced in Summus' retail assets, recording 5.4% YoY growth in tenant turnover and 2% increase in footfall as of Q2 2025.

Portfolio value concentrated around large properties

Summus' portfolio value remains concentration around a few dominant properties due to its limited number of assets. The three largest assets – including Riga Plaza, Nordika shopping centre and Lakeside office building – represented 48% of total portfolio value at YE 2024, albeit down from 55% a year earlier.

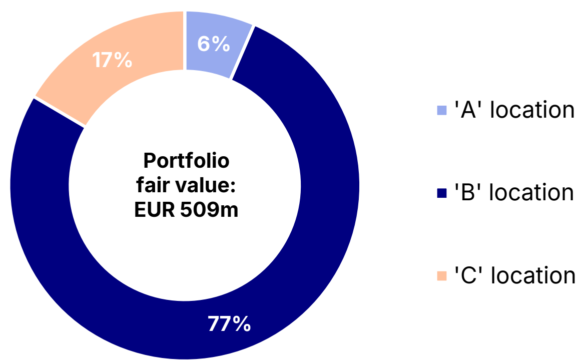
Summus' investment portfolio is predominantly concentrated in the Baltic states, which accounted for 80% of portfolio value at YE 2024. These markets are classified as 'B' locations[10] and are characterised by lower transaction volumes and liquidity compared with larger European markets, limiting their attractiveness for international investors. The company's entry into Poland, notably through exposure to Warsaw's larger and more liquid real estate market ('A' location), slightly enhances overall portfolio quality and marketability. Within its core markets, Summus' assets are generally located in strategic and well-connected areas.

Figure 5: Portfolio occupancy and WAULT



Sources: Summus, Scope

Figure 6: Categorisation of properties' locations[9]



Sources: Summus, Scope

Good overall asset quality, supporting tenant attractiveness

The weighted average economic age of Summus' portfolio is moderate, estimated at around nine years, supported by a balanced mix of modern properties and older, more established assets. The recent addition of two Polish office buildings, completed in less than five years, has further strengthened portfolio quality. Sustainability certification coverage has expanded, with 89% of assets certified[11] as of YE 2024 (up from 86% as of YE 2023), and is targeted to rise to 94% in 2025 with ongoing certification processes.

High and stable occupancy rate

Occupancy has remained consistently high, exceeding 96% since 2017. As of YE 2024, it stood at 98% (up 1.5 pp YoY), supported by robust leasing activity, particularly in retail. Occupancy is

[9] Established regional names according to Summus' classification.

[10] According to our definition, taking into account the available stock of commercial space (+/- 2 million sq m) and city influence.

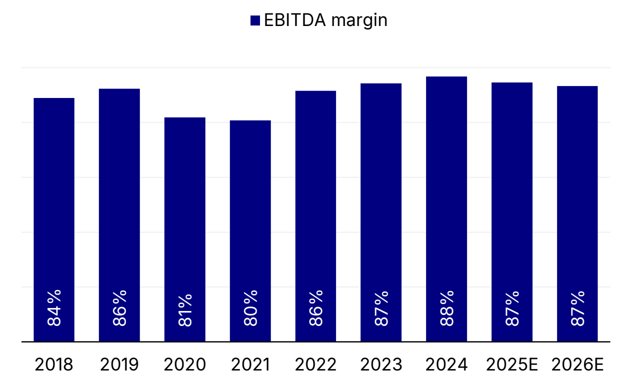
[11] BREEAM, WELL or LEED.

expected to remain above 95% over the medium term, reflecting the portfolio's quality and proven tenant retention.

WAULT supporting rental cash flow visibility

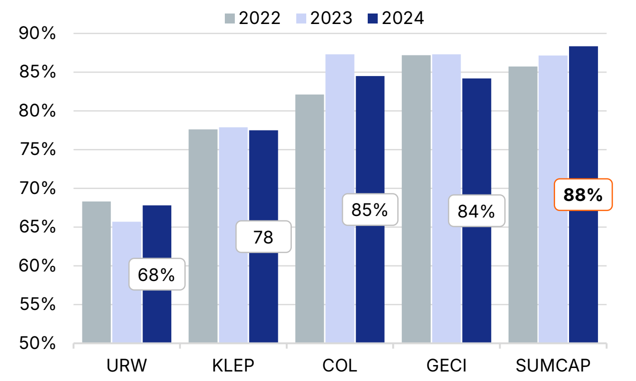
Cash flow visibility is reinforced by a weighted average unexpired lease term (WAULT) of 5 years at YE 2024, up from around 4.3 years at YE 2023. For anchor tenants, the WAULT is longer at around 5.9 years. This improvement stems from several lease extensions with major tenants and the acquisition of fully occupied Polish properties with unexpired lease terms of above five years.

Figure 7: Profitability



Sources: Summus, Scope estimates

Figure 8: Profitability vs selected peers



Sources: Summus, public information, Scope

Relatively high and stable profitability

Summus' profitability, as measured by its EBITDA margin, has consistently remained above 80% in recent years, placing the company among the highest in the sector. In 2024, the EBITDA margin increased to 88% (up 1.2 pp YoY).

Profitability continues to benefit from energy efficiency measures and the company's ability to pass through a large share of utility costs under current lease structures. EBITDA rose 7% to EUR 28m, aided by lower net service charges (down 5% YoY, after a 9% decline in 2023) despite inflationary pressures.

We anticipate profitability to remain above 85% over the medium term, underpinned by continued strong operating performance. This includes CPI-linked rent indexation, high occupancy levels, the full-year contribution from recent acquisitions, and ongoing cost discipline.

8. Financial risk profile: BB

Moderate leverage driven by debt-financed portfolio growth

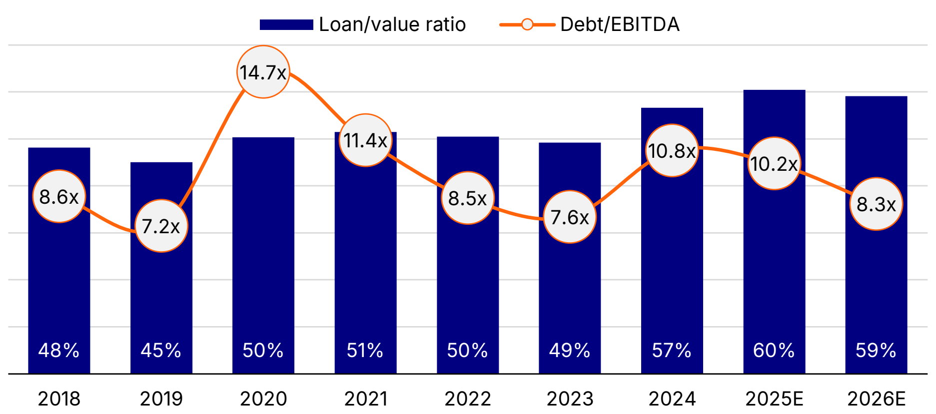
Leverage, as measured by the loan/value ratio, increased to 57% at YE 2024 (YE 2023: 49%), driven by debt-financing for the acquisition of two Polish office properties. This included EUR 58m in long-term loan facilities and a short-term VAT facility of EUR 16m, the latter was repaid by March 2025. Adjusted for this temporary VAT facility, leverage would have stood at 54% at YE 2024 – a level maintained through H1 2025. As of end-2024, reported debt amounted to EUR 304m, up from EUR 201m at YE 2023.

Leverage anticipated to rise towards 60%

We anticipate leverage to temporarily approach 60% due to planned portfolio expansion, with potential acquisitions already identified in the retail segment. In our base case, we assumed EUR 120m in property acquisitions between Q4 2025 and H1 2026. On this basis, leverage could temporarily rise towards 60%, depending on transaction timing.

However, we do not expect such levels to be sustained, with gradual deleveraging anticipated through regular loan portfolio amortisation. Importantly, we do not anticipate material pressure on leverage from portfolio devaluations.

Figure 9: Leverage



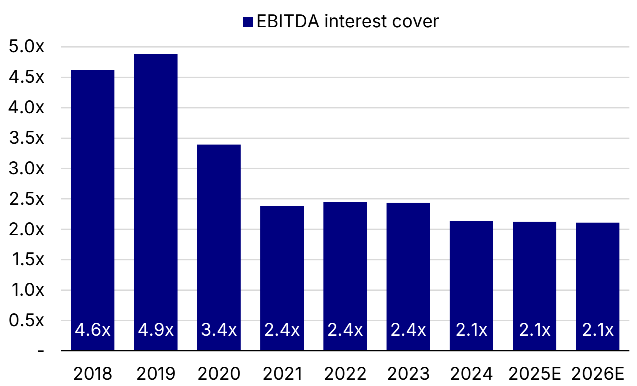
Sources: Summus, Scope estimates

Adequate debt protection, supported by reliable operating cash flows

Debt protection, as measured by EBITDA interest cover, stood at 2.1x in 2024 (2023: 2.4x). The decline reflects higher funding costs following Q2 2024 refinancing transactions, alongside debt-funded acquisitions. EBITDA interest cover was also distorted by the timing of the Polish acquisitions, which closed in December and contributed only two weeks of rental income, while higher interest expenses had already been incurred the preceding months.

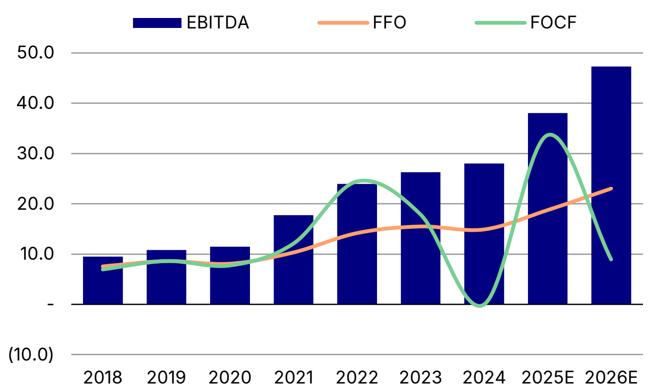
In June 2024, Summus issued EUR 15m of unsecured bonds, partly used to refinance its previous EUR 10m bond (6.8% coupon). The new bonds carry a 9.5% fixed coupon and mature in June 2027. In June 2025, the company raised a further EUR 30m bond (8% coupon, 4-year maturity) providing funding capacity for its expansion strategy. Debt protection is currently constrained by the negative carry of these bonds until proceeds are deployed, as limited interest income does not fully offset the increased interest burden.

Figure 10: Debt protection



Sources: Summus, Scope estimates

Figure 11: Cash flows (EUR m)



Sources: Summus, Scope estimates

Moderate exposure to interest rate risk

Summus' exposure to interest rate risk is moderate, with 63% of outstanding debt fixed or hedged as of Q1 2025, above its minimum hedging target of 50%. Current debt protection provides some headroom against earnings volatility, as evidenced by the company's debt service coverage ratio (DSCR) covenant, which stood at 1.32x on the trailing 12 months to Q2 2025 (minimum requirement: 1.2x).

From 2025, debt protection will benefit from the full-year EBITDA contribution of the Polish properties. As such, we expect EBITDA interest cover to remain around 2x, with rental growth and CPI indexation partly offsetting higher funding costs from June 2024 refinancing and June 2025 bond issue.

Steady cash flow generation covering capital expenditures

Summus has maintained modest recurring capex of EUR 1.5m-2.5m in recent years, reflecting its acquisitive growth strategy, limited development exposure and modern asset base. Portfolio growth has been driven primarily by acquisitions, with no capital recycling initiatives until Q2 2025, when Punane 56 (acquired in 2015) was sold.

Moderate reliance on external financing

Cash flow generation has been steady, with positive FOCF in recent years. Over 2022-2026E, FOCF/debt has averaged around 6%, implying moderate reliance on external funding while helping to contain leverage despite debt-financed acquisitions.

Table 1. Liquidity sources and uses (in EUR m)

	2024	2025E	2026E
Unrestricted cash (t-1)	15.9	13.2	8.6
Non-accessible cash (t-1)	-	-	-
Open committed credit lines (t-1)	-	-	-
FOCF (t)	(0.0)	33.7	8.9
Short-term debt (t-1)	17.8	25.4	9.3
Liquidity	**90%**	**184%**	**189%**

Sources: Summus, Scope estimates

Adequate liquidity

Summus' liquidity is adequate, supported by cash sources (EUR 13.2m as of end-December 2024 and forecasted FOCF of EUR 34m), sufficiently covering EUR 25.4m of debt due in the 12 months to end-2025. In Q1 2025, the company repaid the temporary EUR 15.9m VAT facility linked to the Polish acquisitions.

As of end-June 2025, the cash position was bolstered by the EUR 30m bond issuance and proceeds from the disposal of Punane 56, raising cash holdings to EUR 39.2m. Liquidity is further supported by the absence of material near-term debt maturities, reflecting the company's proactive refinancing approach.

9. Supplementary rating drivers: +/- 0 notch

Supplementary rating drivers have no impact on the standalone issuer rating.

10. Debt rating

Senior unsecured debt rating: BB

We have affirmed the BB rating assigned to senior unsecured debt issued by Summus Capital OÜ. Our recovery analysis indicates an 'above average' recovery in a hypothetical default scenario in 2026, based on Summus' distressed liquidation value. This assumes a 35% market value decline on Summus' investment properties (equivalent to a 'BB' category stress) and a 10% deduction for liquidation costs.

However, the debt rating is capped at the issuer level, reflecting the high sensitivity of recovery prospects to property advance rates. Recovery expectations would fall to 'average' under slightly higher haircuts, which does not support a rating uplift for this debt class.

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