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Form 10-K. []

The aggregate market value of the voting stock held by nonaffiliates of the Registrant, as of February 27, 2001 was \$590,743,788.

The number of shares of the Registrant's Common Stock, par value \$.01 per share, outstanding as of February 27, 2001 was 26,485,819.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2000 Proxy Statement for the Registrant's 2001 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K, are incorporated by reference herein as portions of Part III of this Form 10-K.

2

TABLE OF CONTENTS

ITEM	PAGE
----	----
PART I	
1. Business.....	3
2. Properties.....	9
3. Legal Proceedings.....	12
4. Submission of Matters to a Vote of Security Holders.....	12
PART II	
5. Market for Registrant's Common Equity and Related Stockholder Matters.....	13
6. Selected Financial Data.....	14
7. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	17
7A. Quantitative and Qualitative Disclosures about Market Risk.....	37
8. Financial Statements and Supplementary Data.....	37
9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	37
PART III	
10. Directors and Executive Officers of Registrant.....	38
11. Executive Compensation.....	38
12. Security Ownership of Certain Beneficial Owners and Management.....	38

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13. Certain Relationships and Related Transactions..... 38

PART IV

14. Exhibits, Financial Statement Schedules and Reports on Form 8-K..... 39

PART I

This Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The Company's actual results could differ materially from those set forth in the forward-looking statements. Certain factors that might cause such a difference are discussed in the section entitled "Forward-Looking Statements" on page 17 and elsewhere in this Form 10-K.

ITEM 1. BUSINESS

THE COMPANY

Summit Properties Inc. (the "Company") is an established leader in the development, acquisition, and management of luxury apartment communities. It has received numerous national awards including the "National Award for Customer Service" from CEL & Associates in 1998, 1999 and 2000. As of December 31, 2000, the Company owned or held an ownership interest in 64 completed Communities comprised of 18,706 apartment homes with an additional 2,469 apartment homes under construction in seven new Communities (collectively, the "Communities"). The Company is a fully integrated organization with multifamily development, construction, acquisition and management expertise. As of December 31, 2000, the Company had approximately 600 employees.

The Company's business is conducted principally through Summit Properties Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"), of which the Company is the sole general partner and an 85.8% economic owner as of December 31, 2000. The Company's property management, certain construction, and other businesses are conducted through its subsidiaries, Summit Management Company, a Maryland corporation (the "Management Company"), and Summit Apartment Builders, Inc., a Florida corporation (the "Construction Company"). Except where otherwise explicitly noted, the "Company" shall collectively hereinafter refer to Summit Properties Inc. and its subsidiaries, including the Operating Partnership, the Management Company and the Construction Company.

The Company, operating throughout the Southeast, Southwest, Midwest, and Mid-Atlantic states, has chosen to focus its current efforts in its seven largest core markets with a particular focus on the high growth areas of Washington, DC, Southeast Florida and Atlanta. In keeping with this strategy, the Company has established city operating offices in each of these high growth markets. These city offices have direct responsibility for development, construction, and management of the Communities in their geographic markets. The Company believes that this decentralized structure provides it with superior local knowledge and experience in each market.

OPERATING PHILOSOPHY

The Company views customer service as its driving force and seeks to provide its residents with experienced, well-trained and attentive management staffs. Utilizing a hiring process known as "Success By Selection", the Company distills

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potential candidates down to those who believe in superior customer service. Once hired, every associate enters into a comprehensive training program called "Ask for Action". This training program ensures that all associates have a clear understanding of their job responsibilities, the high standards of performance expected of them, and the importance of excellent customer service. The Company has also developed five classes focusing on excellence in property management to provide on-going training and to further enhance associate productivity. The Company believes that this training regimen, along with the "Success by Selection" hiring process, is providing a higher quality management staff, evidenced by higher resident satisfaction at the Communities and lower associate turnover.

The Company has long stressed the importance of developing strong customer relationships with its residents. The Company's commitment to resident satisfaction is evidenced by its "Peak Services". Among the many Peak Services are: a 30 Day Happiness Guarantee where residents can move from the Company's property without early lease termination charges if they are not satisfied with their home during the first 30 days; Same Day Maintenance Service and Emergency Maintenance available 24 hours a day; Business Services; Package

3

4

Acceptance and Delivery; Loaner Living Accessories where the Company provides convenience tools for the residents' use; No Nonsense Transfer Policy where residents can easily move from one Summit Community to another without incurring many of the additional fees normally associated with such a move; and a free current run Video Library.

The Company believes that this commitment to service excellence, in addition to the upscale features of its Communities and premium locations in high growth markets, has allowed the Company to charge market-leading rents to its residents while maintaining high occupancy rates.

GROWTH STRATEGIES

In addition to Superior Customer Service, the Company has identified four other strategies to create long term value for its stockholders: Efficient Capital Management; Strategic Market Selection; Decentralized, Fully Integrated Operating Teams; and Sound Risk Management.

Efficient Capital Management. The Company has determined that currently its most efficient source of capital is contained within its existing portfolio of properties. By disposing of older communities in less desirable locations, and redeploying that capital in new communities in larger high growth markets, the Company is able to create value in two ways. First, the Company has historically realized higher cash flows, on average, from the newer communities where this "recycled capital" has been utilized as compared to the older communities which have provided the source of this capital. Secondly, this recycling has reduced the average age of the Company's portfolio to approximately six years. This reduction in average age of the Company's portfolio has resulted in lower maintenance costs and has allowed the Company to better adapt its product to constantly changing market demands in terms of both size and amenities. Although the Company anticipates continuing this strategy of reinvesting capital obtained from dispositions into the development of new communities, there can be no assurance that the Company will be able to complete its disposition strategy or that assets identified for sale can be sold on terms that are satisfactory to the Company or at all.

Strategic Market Selection. The Company's strategy is to be the market-leading operator of luxury apartment homes in a carefully selected group of markets. The Company seeks to maximize growth by focusing its operations in a select number

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of markets throughout the Southeast, Southwest, and Mid-Atlantic states with particular emphasis on the large high growth markets of Washington, DC, South Florida and Atlanta. These markets have typically experienced stronger upswings and recovered from downturns more quickly. The Company believes that by operating in these markets it has a better opportunity to maximize the economic return from its Communities by optimizing the trade-off between increasing rental rates and maintaining high occupancy levels. Consistent with this strategy, the Company is typically among the rental rate leaders in its markets. The Company's affluent resident profile, well-trained property management staff, and management information systems support this strategy.

The Company is currently in the process of exiting its smaller markets and reinvesting the sale proceeds into new communities in its larger core markets. The Company believes this strategy will improve its financial performance by improving economies of scale, concentrating market knowledge, and increasing brand awareness.

4

5

For the year ended December 31, 2000, average rent per occupied apartment home for the Company's fully stabilized Communities increased 2.4%, and property operating income from these Communities increased 5.5% for the same period. Average occupancy, rental revenue, and property operating income levels for the Company's fully stabilized Communities are as follows for the years set forth below:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
Average Physical Occupancy(1).....	94.6%	93.9%	93.3%
Average Monthly Rental Revenue per Occupied Apartment Home			
(1).....	\$886	\$831	\$763
Average Monthly Rental Revenue per Apartment Home Growth			
Rate.....	2.4%	2.2%	3.3%
Property Operating Income Growth Rate(2).....	5.5%	6.0%	3.6%
Number of Communities(1).....	37	36	39

(1) The Company also has two acquisition Communities, fourteen stabilized development Communities (i.e., stabilized after January 1, 1998) and fourteen Communities in lease-up. In 2000, average physical occupancy rates were 92.8% and 94.0% and average monthly rental revenue were \$914 and \$951 per occupied apartment home for acquisition Communities and stabilized development Communities, respectively. Annual averages for Communities in lease-up are not meaningful as the Communities were in various stages of construction/lease-up during the year.

(2) Property Operating Income is defined as total rental and other property revenues less property operating and maintenance expense (excluding depreciation and amortization).

Decentralized, Fully Integrated Operating Teams. The Company has successfully integrated property management, development, and construction on a local level through its "City Team" concept. Each of the City Teams includes a developer adept at visualizing market opportunities, construction personnel who specialize in apartment buildings, and management personnel experienced in the marketing, leasing and maintenance of high-end apartment communities. Working within well

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understood corporate guidelines under the direction of senior management at the Company's headquarters, these teams operate as autonomous units in each of our major markets. As a result, the Company believes that it will be able to select the best sites in its markets, build high quality communities both in terms of architecture and construction techniques, and operate the communities to generate market leading rents while maintaining high occupancies. The Company believes this integrated approach will create premium quality communities with increased customer satisfaction.

Sound Risk Management. The Company practices sound risk management with respect to its portfolio of properties. Potential developments or acquisitions proposed by the various City Teams are vigorously reviewed by a panel of senior management of the Company prior to construction starting or an acquisition occurring. Decisions are based on maintaining a diverse portfolio, whereby the economic factors of the Company's aggregate property pool mitigate the risks of placing too much of the Company's portfolio in one or two markets. The Company believes that this combination of locally generated development opportunities, together with centralized review and assessment relative to how these local opportunities fit into the Company's overall growth strategies, produces superior product with manageable risk.

DEVELOPMENT PROGRAM

Through its City Teams, the Company maintains an active development program which provides a predictable and consistent stream of new revenues. Focusing on development allows the Company to build desirable properties that generate premium rents. It also provides returns which generally exceed those achieved on acquisitions.

In 2000, the Company completed development of eight Communities, adding 1,696 apartment homes to the Company's portfolio. These eight Communities represent a total investment of approximately \$161.2 million. The Communities completed in 2000 are Summit New Albany II located in Columbus, Ohio; Summit Largo located in Largo, Maryland; Summit Hunter's Creek located in Orlando, Florida; Summit Deer Creek located in Atlanta, Georgia; Summit Ashburn Farm located in Loudon County, Virginia; Summit Russett II located

in Laurel, Maryland; Summit Grandview located in Charlotte, North Carolina and Reunion Park by Summit located in Raleigh, North Carolina.

The Company utilizes the Construction Company in addition to third-party general contractors to build its new Communities. Of the 2,469 apartment homes in development at December 31, 2000, 95.8% are being built by the Construction Company, which has resulted in higher quality construction, improved timeliness and cost savings.

As of December 31, 2000, the Company had seven apartment Communities under construction (four of which are also in lease-up) containing 2,469 apartment homes, with a total budgeted cost of approximately \$237.1 million.

The following provides summary information regarding the Communities under construction as of December 31, 2000 (dollars in thousands):

COMMUNITY	APARTMENT HOMES	TOTAL ESTIMATED COSTS	COST TO DATE	ESTIMATED COST TO COMPLETE	ANTICIPATED CONSTRUCTION COMPLETION DATE
-----	-----	-----	-----	-----	-----

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Summit Deerfield -- Cincinnati, OH(1).....	498	\$ 41,500	\$ 35,210	\$ 6,290	Q3 2001
Summit Overlook -- Raleigh, NC.....	320	25,500	14,314	11,186	Q3 2001
Summit Crest -- Raleigh, NC.....	438	30,700	21,148	9,552	Q3 2001
Summit Peachtree City -- Atlanta, GA...	397	31,500	24,008	7,492	Q4 2001
Summit Grand Parc -- Washington, DC....	105	29,400	13,038	16,362	Q1 2002
Summit Brookwood -- Atlanta, GA.....	359	41,500	2,208	39,292	Q4 2002
Summit Valley Brook -- Philadelphia, PA.....	352	37,000	9,507	27,493	Q1 2003
Other development and construction costs(2).....	--	--	43,149	--	
	-----	-----	-----	-----	
	2,469	\$237,100	\$162,582	\$117,667	
	=====	=====	=====	=====	

(1) Summit Deerfield is under contract for sale expected in 2001 as part of the Company's strategy to exit the Midwest markets. The Company does not expect to realize a loss upon the sale of Summit Deerfield.

(2) Consists primarily of land held for development and other predevelopment costs.

The Company is optimistic about the operating prospects of the Communities under construction. However, as with any development project, there are uncertainties and risks associated with the development of the Communities described above. While the Company has prepared development budgets and has estimated completion and stabilization target dates based on what it believes are reasonable assumptions in light of current conditions, there can be no assurance that actual costs will not exceed current budgets or that the Company will not experience construction delays due to the unavailability of materials, weather conditions or other events. Similarly, market conditions at the time these Communities become available for leasing will affect rental rates and the period of time necessary to achieve stabilization, and could result in achieving stabilization later than currently anticipated. See "Management's Discussions and Analysis of Financial Condition and Results of Operations -- Development Activity" for a discussion of uncertainties and risks associated with the Company and development activity.

ACQUISITION AND DISPOSITION PROGRAM

While the Company has emphasized development of new apartment communities as one of its strategies for growth, it also has the expertise to capitalize on expansion opportunities through the strategic acquisition of properties that meet the Company's investment criteria. The Company has acquired more than 9,102 apartment homes since its formation in 1994. Acquisitions have generally been concentrated in the Company's core markets in order to further strengthen brand identity and operational efficiencies. The Company's extensive local-market knowledge and development expertise give it an advantage in identifying and underwriting acquisition opportunities which the Company believes will create shareholder value. In 2000, elevated purchase prices for acquisitions in the open market would have generally resulted in economic performance for those assets that were unattractive when compared to the potential economic performance of the Company's development program. As a result, the Company made no such open market acquisitions in

2000. However, this pricing dynamic also created an opportunity for the Company to increase its disposition activity, thereby enhancing its Capital Recycling

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Program, which is dependent on the execution of attractively priced dispositions.

During 2000, the Company disposed of seven communities for an aggregate sales price of approximately \$104 million. For the most part, these communities were located outside the Company's core markets and, as such, did not fit into the Company's strategic market selection strategy. These proceeds provided the basis for the Company's Capital Recycling Program.

Anticipating an increase in the pricing of open market acquisitions in some of its core markets, the Company entered into separate joint ventures during 1998 with the sponsor of two apartment communities to be developed in Atlanta. The Company owned a 49% interest in each of these two joint ventures. The terms of these joint ventures afforded the Company the future opportunity to obtain full ownership of each of these communities at attractive prices. On August 1, 2000, the Company purchased its joint venture partner's interest in each of these two communities, Summit Shiloh (182 apartment homes) and Summit Sweetwater (308 apartment homes), for an aggregate purchase price of approximately \$36 million.

COMPANY HISTORY

The Company was formed in 1993 to continue and expand the multifamily development, construction, acquisition, operation, management and leasing businesses of the predecessor entities through which the Company historically conducted operations prior to its initial public offering (the "Summit Entities"). The Summit Entities were founded by the Company's Co-Chairman of the Board, William B. McGuire, Jr., in 1972. In 1981, William F. Paulsen joined the predecessor to the Company as Chief Executive Officer and shepherded the growth of its multifamily development and management activities. The Company organized itself as a real estate investment trust (a "REIT") and completed its initial public offering of common stock on February 15, 1994.

The Company, a Maryland corporation, is a self-administered and self-managed REIT. The Company's Common Stock is listed on the New York Stock Exchange (the "NYSE") under the symbol "SMT". The executive offices of the Company are located at 309 East Morehead Street, Suite 200, Charlotte, North Carolina 28202. The Company's telephone number is (704) 334-3000 and its facsimile number is (704) 333-8340. The Company also maintains offices in Atlanta, Georgia; Bethesda, Maryland; Ft. Lauderdale, Florida; Dallas, Texas and Raleigh, North Carolina.

2000 SIGNIFICANT EVENTS

On March 12, 2000, the Company adopted a new common stock repurchase program pursuant to which the Company is authorized to purchase up to an aggregate of \$25 million of outstanding common stock, par value \$.01 per share, of the Company ("Common Stock"). During 2000, the Company repurchased 279,400 shares of Common Stock under the repurchase program for an aggregate purchase price, including commissions of approximately \$5.5 million, or an average price of \$19.80 per share.

On April 20, 2000, the Company commenced a new program for the sale by the Operating Partnership of up to \$250 million aggregate principal amount of Medium-Term Notes due nine months or more from the date of issuance. The new program was established under the Company's and the Operating Partnership's existing shelf registration statement. During 2000, the Operating Partnership issued notes with an aggregate principal amount of \$52 million in connection with the new program.

THE OPERATING PARTNERSHIP

The Operating Partnership was formed on January 14, 1994, and is the entity through which principally all of the Company's business is conducted. The

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Company controls the Operating Partnership as the sole general partner and as the holder of 85.8% of the common units of limited partnership interest in the Operating Partnership ("Common Units") as of December 31, 2000. As the sole general partner of the Operating Partnership, the Company has the exclusive power to manage and conduct the business of the Operating

7

8

Partnership, subject to certain voting rights of holders of the preferred units of limited partnership interest discussed below. Subject to the rights and preferences of the outstanding preferred units, the Company's general and limited partnership interests in the Operating Partnership as of December 31, 2000, entitle it to share in 85.8% of the cash distributions from, and in the profits and losses of, the Operating Partnership.

Each Common Unit may be redeemed by the holder thereof for cash equal to the fair market value of a share of the Company's Common Stock or, at the option of the Company, an equivalent number of shares of Common Stock (subject to adjustment). The Company presently determines on a case-by-case basis whether it will elect to issue shares of Common Stock in connection with a redemption of Common Units rather than paying cash. With each redemption of Common Units for Common Stock, the Company's percentage ownership interest in the Operating Partnership will increase. Similarly, when the Company acquires a share of Common Stock under its common stock repurchase program or otherwise, it simultaneously disposes of one Common Unit of the Operating Partnership. In addition, whenever the Company issues shares of Common Stock for cash, the Company will contribute any net proceeds therefrom to the Operating Partnership and the Operating Partnership will issue an equivalent number of Common Units to the Company.

During 1999, the Operating Partnership issued 3.4 million Series B and 2.2 million Series C Cumulative Perpetual Preferred Units.

The Operating Partnership cannot be terminated, except in connection with a sale of all or substantially all of the assets of the Company, for a period of 99 years from the date of formation without a vote of the limited partners of the Operating Partnership.

COMPETITION

Within each market there are numerous housing alternatives that compete with the Company's Communities in attracting residents. The Company's Communities compete directly with other rental apartments, condominiums and single-family homes that are available for rent or sale in the markets in which the Company's Communities are located. In addition, various entities, including insurance companies, pension and investment funds, partnerships, investment companies and other multifamily REITs, compete with the Company for the acquisition of existing properties and the development of new properties, some of which may have greater resources than the Company. The Company competes against these firms and other housing alternatives by stressing its customer service, market presence and experience. Although the Company believes that it has certain competitive advantages in its markets, competitive residential housing in a particular area could adversely affect the Company's ability to lease apartment homes and to increase or maintain its rents.

ENVIRONMENTAL MATTERS

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required, in many instances regardless of knowledge or responsibility, to investigate and remediate the effects of hazardous or toxic substances or

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petroleum product releases at such property. The owner or operator of real estate may be held liable to a governmental entity or to third parties for property damage and for investigation and remediation costs incurred by such parties in connection with the contamination, which may be substantial. The presence of such substances, or the failure to properly remediate the contamination, may adversely affect the owner's ability to borrow against, sell or rent such property. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. In connection with the ownership, operation, management and development of the Company's Communities and other real properties, the Company may be potentially liable for such damages and costs.

Certain federal, state and local laws, ordinances and regulations govern the removal, encapsulation and disturbance of asbestos-containing materials, or ACMs, when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. Such law, ordinances and regulations may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the

8

9

ownership, operation, management and development of the Company's Communities and other real properties, the Company may be potentially liable for such costs.

The Company's assessments of its Communities have not revealed any environmental liability that the Company believes would have a material adverse effect on its business, assets, financial condition or results of operations, nor is the Company aware of any other environmental conditions which would have such a material adverse effect. It is possible, however, that the Company's assessments do not reveal all environmental liabilities or that there are material environmental liabilities of which the Company is unaware. Moreover, there can be no assurance that future laws, ordinances or regulations will not impose any material environmental liability, or that the current environmental condition of the Company's Communities will not be affected by tenants, the condition of land or operations in the vicinity of the properties, such as the presence of underground storage tanks, or third parties unrelated to the Company.

ITEM 2. PROPERTIES

THE COMMUNITIES

As of December 31, 2000, the Company owned, and operated through the Operating Partnership, 59 completed Communities and four Communities which are currently under construction and in lease-up, for a total of 18,926 apartment homes. Forty-four of the Communities have been completed since January 1, 1990 and, as of December 31, 2000, the average age of the completed Communities was approximately 6 years. The following is a summary of Communities by market:

	NUMBER OF COMMUNITIES	NUMBER OF APARTMENT HOMES	% OF TOTAL APARTMENT HOMES
	-----	-----	-----
Washington, DC.....	10	3,196	16.9%
Atlanta, Georgia.....	9	2,864	15.1%
Raleigh, North Carolina.....	9	2,726	14.4%
Charlotte, North Carolina.....	11	2,246	11.9%
South Florida.....	6	2,019	10.7%
Dallas, Texas.....	3	1,359	7.2%

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Orlando, Florida.....	3	926	4.9%
Richmond, Virginia.....	3	862	4.6%
Austin, Texas.....	2	856	4.5%
Cincinnati, Ohio.....	1	498	2.6%
Tampa, Florida.....	3	480	2.5%
Columbus, Ohio.....	1	428	2.3%
San Antonio, Texas.....	1	250	1.3%
Philadelphia, Pennsylvania.....	1	216	1.1%
	-----	-----	-----
	63	18,926	100.0%
	=====	=====	=====

All of the Communities target middle to upper income apartment renters as customers and have amenities, apartment home sizes and mixes consistent with the desires of this resident population. The Communities are located throughout the Southeastern, Southwestern, Mid-Western and Mid-Atlantic United States.

9

10

The following table highlights certain information regarding the Communities:

MARKET AREA/COMMUNITY	LOCATION	NUMBER OF APARTMENTS	YEAR COMPLETED	AVERAGE APARTMENT SIZE	AVERAGE PHYSICAL OCCUPANCY 2000 (1)
-----	-----	-----	-----	-----	-----
ATLANTA					
Summit Club at Dunwoody.....	Atlanta, GA	324	1997	1,007	95.3
Summit Glen.....	Atlanta, GA	242	1992	983	94.9
Summit on the River.....	Atlanta, GA	352	1997	1,103	93.0
Summit St. Clair.....	Atlanta, GA	336	1997	969	92.8
		-----		-----	-----
ATLANTA WEIGHTED AVERAGE.....		1,254		1,019	93.9
CHARLOTTE					
Summit Arbors.....	Charlotte, NC	120	1986	944	96.4
Summit Crossing.....	Charlotte, NC	128	1985	978	93.8
Summit Foxcroft(4).....	Charlotte, NC	156	1979	940	94.1
Summit Norcroft.....	Charlotte, NC	162	1991	1,112	94.7
Summit Radbourne.....	Charlotte, NC	225	1991	1,006	96.6
Summit Simsbury.....	Charlotte, NC	100	1985	874	95.2
Summit Touchstone.....	Charlotte, NC	132	1986	899	94.7
		-----		-----	-----
CHARLOTTE WEIGHTED AVERAGE.....		1,023		975	95.2
ORLANDO					
Summit Fairways.....	Orlando, FL	240	1996	1,302	95.2
Summit Sand Lake.....	Orlando, FL	416	1995	1,035	94.1
		-----		-----	-----
ORLANDO WEIGHTED AVERAGE.....		656		1,133	94.5
RALEIGH					
Summit Highland.....	Raleigh, NC	172	1987	986	95.4
Summit Mayfaire.....	Raleigh, NC	144	1995	1,047	95.4
Summit Square.....	Durham, NC	362	1990	925	94.6
		-----		-----	-----
RALEIGH WEIGHTED AVERAGE.....		678		966	95.0
RICHMOND					
Summit Breckenridge.....	Glen Allen, VA	300	1987	928	93.7

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Summit Stony Point.....	Richmond, VA	250	1986	1,045	94.0
Summit Waterford.....	Midlothian, VA	312	1990	995	94.1
		-----		-----	-----
RICHMOND WEIGHTED AVERAGE.....		862		986	93.9
SOUTH FLORIDA					
Summit Aventura.....	Aventura, FL	379	1995	1,106	95.4
Summit Del Ray.....	Delray Beach, FL	252	1993	968	94.1
Summit Palm Lake.....	W. Palm Beach, FL	304	1992	919	92.1
Summit Plantation I.....	Plantation, FL	262	1995	1,283	93.7
Summit Portofino.....	Broward County, FL	322	1995	1,307	95.9
		-----		-----	-----
SOUTH FLORIDA WEIGHTED AVERAGE.....		1,519		1,119	94.4
TAMPA					
Summit Gateway.....	St. Petersburg, FL	212	1987	828	96.2
Summit Lofts.....	Palm Harbour, FL	200	1990	1,045	92.3
Summit Walk.....	Tampa, FL	68	1993	1,614	95.0
		-----		-----	-----
TAMPA WEIGHTED AVERAGE.....		480		1,030	94.4
WASHINGTON, D.C.					
Summit Belmont.....	Fredricksburg, VA	300	1987	881	97.1
Summit Fair Oaks.....	Fairfax, VA	246	1990	938	96.0
Summit Meadow.....	Columbia, MD	178	1990	1,020	94.1
Summit Reston.....	Reston, VA	418	1987	854	96.9
Summit Windsor.....	Frederick, MD	453	1989	903	93.8
		-----		-----	-----
WASHINGTON, D.C. WEIGHTED AVERAGE.....		1,595		905	95.6
WILMINGTON/NEWARK, DE					
Summit Pike Creek.....	Newark, DE	264	1988	899	96.2
DALLAS					
Summit Belcourt.....	Dallas, TX	180	1994	875	94.9
Summit Buena Vista.....	Dallas, TX	467	1996	925	92.3
		-----		-----	-----
DALLAS WEIGHTED AVERAGE.....		647		911	93.0
SAN ANTONIO					
Summit Turtle Rock.....	San Antonio, TX	250	1995	857	93.5
AUSTIN					
Summit Arboretum.....	Austin, TX	408	1996	847	96.1
		-----		-----	-----
TOTAL WEIGHTED AVERAGE OF COMMUNITIES STABILIZED IN 2000 AND 1999.....		9,636		991	94.6
		-----		-----	-----

MARKET AREA/COMMUNITY	MORTGAGE NOTES PAYABLE AT DECEMBER 31, 2000 (IN THOUSANDS)
-----	-----
ATLANTA	
Summit Club at Dunwoody.....	--
Summit Glen.....	(3)
Summit on the River.....	(3)
Summit St. Clair.....	(3)
ATLANTA WEIGHTED AVERAGE.....	
CHARLOTTE	
Summit Arbors.....	--
Summit Crossing.....	3,985
Summit Foxcroft (4).....	2,519
Summit Norcroft.....	(3)

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Summit Radbourne.....	8,294
Summit Simsbury.....	(5)
Summit Touchstone.....	(5)
CHARLOTTE WEIGHTED AVERAGE...	
ORLANDO	
Summit Fairways.....	--
Summit Sand Lake.....	13,990
ORLANDO WEIGHTED AVERAGE.....	
RALEIGH	
Summit Highland.....	(3)
Summit Mayfaire.....	--
Summit Square.....	--
RALEIGH WEIGHTED AVERAGE.....	
RICHMOND	
Summit Breckenridge.....	--
Summit Stony Point.....	(6)
Summit Waterford.....	--
RICHMOND WEIGHTED AVERAGE.....	
SOUTH FLORIDA	
Summit Aventura.....	--
Summit Del Ray.....	(3)
Summit Palm Lake.....	--
Summit Plantation I.....	(3)
Summit Portofino.....	--
SOUTH FLORIDA WEIGHTED AVERAG	
TAMPA	
Summit Gateway.....	(6)
Summit Lofts.....	--
Summit Walk.....	--
TAMPA WEIGHTED AVERAGE.....	
WASHINGTON, D.C.	
Summit Belmont.....	(6)
Summit Fair Oaks.....	--
Summit Meadow.....	(3)
Summit Reston.....	--
Summit Windsor.....	(3)
WASHINGTON, D.C. WEIGHTED AVE	
WILMINGTON/NEWARK, DE	
Summit Pike Creek.....	(6)
DALLAS	
Summit Belcourt.....	9,386
Summit Buena Vista.....	24,980
DALLAS WEIGHTED AVERAGE.....	
SAN ANTONIO	
Summit Turtle Rock.....	10,634
AUSTIN	
Summit Arboretum.....	19,567
TOTAL WEIGHTED AVERAGE OF COM	
IN 2000 AND 1999.....	

10

11

MARKET AREA/COMMUNITY	LOCATION	NUMBER OF APARTMENTS	YEAR COMPLETED	AVERAGE APARTMENT SIZE	AVERAGE PHYSICAL OCCUPANCY 2000 (1)
-----	-----	-----	-----	-----	-----

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STABILIZED DEVELOPMENT COMMUNITIES (7)

Summit Ballantyne.....	Charlotte, NC	400	1998	1,053	93.2
Summit Camino Real.....	Dallas, TX	712	1998	860	92.3
Summit Doral.....	Miami, FL	260	1999	1,172	96.4
Summit Fair Lakes.....	Fairfax, VA	530	1999	996	96.7
Summit Governor's Village....	Raleigh, NC	242	1999	1,134	92.6
Summit Lake.....	Raleigh, NC	446	1999	1,075	93.6
Summit Las Palmas.....	Austin, TX	448	1998	890	94.2
Summit New Albany.....	Columbus, OH	301	1998	1,235	94.5
Summit Norcroft II.....	Charlotte, NC	54	1997	1,168	94.7
Summit Plantation II.....	Plantation, FL	240	1997	1,173	93.6
Summit Russett.....	Laurel, MD	314	1997	958	92.0
Summit Sedgebrook.....	Charlotte, NC	368	1999	1,017	92.3
Summit Stonefield.....	Yardley, PA	216	1998	1,022	96.4
Summit Westwood.....	Raleigh, NC	354	1999	1,112	95.4
		-----		-----	----
		4,885		1,028	94.0
		-----		-----	----

ACQUISITION COMMUNITIES

Summit Shiloh.....	Atlanta, GA	182	2000	1,151	92.3
Summit Sweetwater.....	Atlanta, GA	308	2000	1,151	93.1
		-----		-----	----
		490		1,151	92.8
		-----		-----	----

TOTAL WEIGHTED AVERAGE OF STABILIZED

COMMUNITIES.....		15,011		1,008	94.4
		-----		-----	----

COMMUNITIES IN LEASE-UP (8)

Reunion Park by Summit.....	Raleigh, NC	248	2000	941	52.4
Summit Ashburn Farm.....	Loudon County, VA	162	2000	1,061	76.5
Summit Crest.....	Raleigh, NC	438	2001	1,129	4.1
Summit Deer Creek.....	Atlanta, GA	292	2000	1,187	66.5
Summit Deerfield.....	Cincinnati, OH	498	2001	1,189	9.43
Summit Fairview.....	Charlotte, NC	135	1983	1,036	95.2
Summit Grandview.....	Charlotte, NC	266	2000	1,082	9.9
Summit Hunter's Creek.....	Orlando, FL	270	2000	1,082	61.6
Summit Largo.....	Largo, MD	219	2000	1,042	95.7
Summit Lenox.....	Atlanta, GA	431	1965	963	70.7
Summit New Albany II.....	Columbus, OH	127	2000	1,235	81.3
Summit Overlook.....	Raleigh, NC	320	2001	1,056	0.3
Summit Peachtree City.....	Atlanta, GA	397	2001	1,026	N/A
Summit Russett II.....	Laurel, MD	112	2000	1,025	22.9
		-----		-----	----
		3,915		1,078	
		-----		-----	----

TOTAL COMMUNITIES.....		18,926		1,011	
		=====		=====	=====

MORTGAGE
NOTES
PAYABLE AT
DECEMBER 31,
2000

MARKET AREA/COMMUNITY

(IN THOUSANDS)

STABILIZED DEVELOPMENT COMMUN

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Summit Ballantyne.....	(3)
Summit Camino Real.....	16,519
Summit Doral.....	--
Summit Fair Lakes.....	48,340
Summit Governor's Village....	--
Summit Lake.....	--
Summit Las Palmas.....	(3)
Summit New Albany.....	--
Summit Norcroft II.....	(3)
Summit Plantation II.....	(3)
Summit Russett.....	--
Summit Sedgebrook.....	--
Summit Stonefield.....	--
Summit Westwood.....	--
ACQUISITION COMMUNITIES	
Summit Shiloh.....	--
Summit Sweetwater.....	--
TOTAL WEIGHTED AVERAGE OF STA COMMUNITIES.....	
COMMUNITIES IN LEASE-UP (8)	
Reunion Park by Summit.....	--
Summit Ashburn Farm.....	--
Summit Crest.....	--
Summit Deer Creek.....	--
Summit Deerfield.....	--
Summit Fairview.....	--
Summit Grandview.....	--
Summit Hunter's Creek.....	--
Summit Largo.....	--
Summit Lenox.....	--
Summit New Albany II.....	--
Summit Overlook.....	--
Summit Peachtree City.....	--
Summit Russett II.....	--
TOTAL COMMUNITIES.....	

- (1) Average physical occupancy is defined as the number of apartment homes occupied divided by the total number of apartment homes contained in the Communities, expressed as a percentage. Average physical occupancy has been calculated using the average occupancy that existed on Sunday during each week of the period.
- (2) Represents the average monthly net rental revenue per occupied apartment home.
- (3) Collateral for fixed rate mortgage of \$140.6 million.
- (4) Summit Foxcroft is held by a partnership in which the Company is a 75% managing general partner.
- (5) Collateral for a fixed rate mortgage of \$8.3 million.
- (6) Collateral for letters of credit in an aggregate amount of \$38.3 million which serve as collateral for \$37.4 million in tax exempt bonds.
- (7) Communities that were stabilized in 2000 but were stabilized subsequent to January 1, 1998.

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(8) Communities that were in lease-up during 2000. These Communities have, and are, leasing at a rate consistent with the Company's expectations. As with any community in lease-up, there are uncertainties and risks associated with the Company's communities in lease-up. While the Company has estimated completion and stabilization budgets and target dates based on what it believes are reasonable assumptions in light of current conditions, there can be no assurance that actual costs will not exceed current budgets or that the Company will not experience delays in reaching stabilization of such Communities.

Information with respect to total debt secured by 29 of the Company's Communities having an aggregate net book value of approximately \$468.5 million as of December 31, 2000, is as follows (in thousands):

	FIXED RATE -----	VARIABLE RATE -----
Total principal.....	\$ 307,036	\$ 37,363
Interest rates range from.....	6.24% to 9.80%	6.25%(1)
Weighted average interest rate.....	6.86%	6.25%(1)
Annual debt service.....	\$ 24,932	\$ 3,128(2)

Aggregate maturities for secured debt:

2001.....	\$ 6,663
2002.....	15,148
2003.....	7,384
2004.....	7,813
2005.....	42,785
Thereafter.....	264,606

Total.....	\$344,399
	=====

(1) Interest rate as of December 31, 2000.

(2) Annual debt service for variable rate loans represents 2000 costs and includes letter of credit fees and other bond related costs.

COMMUNITY MANAGEMENT

Each of the Communities is operated by the Company's property management staff. The management team for each Community includes supervision by a regional vice-president and regional property manager, as well as on-site management, maintenance personnel and an off-site support staff. Community management teams perform leasing and rent collection functions and coordinate resident services. All personnel are extensively trained and experienced and are encouraged to continue their education through both Company-designed and outside courses.

ITEM 3. LEGAL PROCEEDINGS

Neither the Company nor any of the Communities is presently subject to any material litigation nor, to the Company's knowledge, is any litigation threatened against the Company or any of the Communities, other than routine actions for negligence or other claims and administrative proceedings arising in the ordinary course of business, some of which are expected to be covered by

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liability insurance and all of which collectively are not expected to have a material adverse effect on the business, financial condition or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the Company's security holders during the fourth quarter of 2000.

12

13

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock began trading on the NYSE on February 8, 1994 under the symbol "SMT". The following table sets forth the quarterly high and low sales prices per share reported on the NYSE:

QUARTER -----	2000		1999	
	HIGH	LOW	HIGH	LOW
January 1 through March 31.....	\$19.75	\$17.56	\$18.50	\$16.00
April 1 through June 30.....	22.00	19.00	20.25	16.50
July 1 through September 30.....	24.69	21.19	20.63	18.94
October 1 through December 31.....	26.13	22.00	19.94	16.50

On February 27, 2001, the last reported sale price of the Common Stock on the NYSE was \$23.31. On February 27, 2001, there were 1,444 holders of record of 26,485,819 shares of the Company's Common Stock.

The Company declared a dividend of \$0.4375 per share of Common Stock for each of the four quarters in 2000, which was paid on May 15, 2000 for the first quarter, August 15, 2000 for the second quarter, November 15, 2000 for the third quarter and February 15, 2001 for the fourth quarter.

The Company declared a dividend of \$0.4175 per share of Common Stock for each of the four quarters in 1999, which was paid on May 13, 1999 for the first quarter, August 14, 1999 for the second quarter, November 12, 1999 for the third quarter, and February 14, 2000 for the fourth quarter.

The Company intends to continue to make regular quarterly dividends to holders of shares of Common Stock. Future dividends will be declared at the discretion of the Board of Directors and will depend on actual cash flow of the Company, its financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code, and such other factors as the Board of Directors may deem relevant. The Board of Directors may modify the Company's dividend policy from time to time.

On October 10, 2000, the Company issued to a limited partner of the Operating Partnership 12,132 shares of Common Stock in exchange for the corresponding number of Common Units. Such shares of the Company's Common Stock were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder. In light of the information obtained by the Company in connection with such transaction, management of the Company believes that the Company may rely on

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such exemption.

13

14

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial and other information on a consolidated historical basis for the Company as of and for each of the years in the five-year period ended December 31, 2000. This table should be read in conjunction with the Consolidated Financial Statements of Summit Properties Inc. and the Notes thereto included elsewhere herein (amounts in thousands except per share and property information).

SELECTED FINANCIAL DATA
SUMMIT PROPERTIES INC. (HISTORICAL)

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
OPERATING INFORMATION:					
Revenue					
Rental.....	\$ 172,639	\$ 162,859	\$ 137,961	\$ 110,105	\$ 89,000
Interest and other.....	17,005	13,989	9,608	6,572	5,000
Total.....	189,644	176,848	147,569	116,677	94,000
Property operating and maintenance expense (before depreciation).....	59,087	57,318	51,550	42,032	35,000
Interest expense.....	38,649	37,282	32,550	20,901	16,000
Depreciation and amortization.....	37,674	35,424	29,953	23,710	19,000
General and administrative expense....	4,752	3,876	3,861	2,740	2,000
Loss (income) from equity investments.....	1,178	615	328	(274)	
Total.....	141,340	134,515	118,242	89,109	73,000
Income before gain on sale of real estate assets, extraordinary items and minority interest of unitholders in Operating Partnership and dividends to preferred unitholders in Operating Partnership.....	48,304	42,333	29,327	27,568	21,000
Gain on sale of real estate assets....	38,510	17,427	37,148	4,366	
Income before extraordinary items, minority interest of unitholders in Operating Partnership and dividends to preferred unitholders in Operating Partnership.....	\$ 86,814	\$ 59,760	\$ 66,475	\$ 31,934	\$ 21,000
Net income.....	\$ 63,874	\$ 45,745	\$ 56,375	\$ 27,116	\$ 16,000
Income per share before extraordinary items -- basic.....	\$ 2.42	\$ 1.65	\$ 2.28	\$ 1.17	\$ 0.00
Income per share before extraordinary items -- diluted.....	\$ 2.41	\$ 1.65	\$ 2.28	\$ 1.17	\$ 0.00

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	=====	=====	=====	=====	=====
Net income per share -- basic.....	\$ 2.42	\$ 1.65	\$ 2.26	\$ 1.17	\$ 0
Net income per share -- diluted.....	\$ 2.41	\$ 1.65	\$ 2.26	\$ 1.17	\$ 0
Dividends per share.....	\$ 1.75	\$ 1.67	\$ 1.63	\$ 1.59	\$ 1

14

15

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
Weighted average shares outstanding -- basic.....	26,341	27,698	24,935	23,146	18,
Weighted average shares outstanding -- diluted.....	26,542	27,769	24,944	23,182	18,
Weighted average shares and units outstanding -- basic.....	30,697	32,135	29,141	27,258	22,
Weighted average shares and units outstanding -- diluted.....	30,897	32,206	29,150	27,294	22,
BALANCE SHEET INFORMATION:					
Real estate, before accumulated depreciation.....	\$1,423,179	\$1,284,818	\$1,206,536	\$ 913,033	\$ 704,
Total assets.....	1,340,151	1,217,413	1,198,664	825,293	634,
Total long-term debt.....	763,899	649,632	726,103	474,673	309,
Stockholders' equity.....	338,677	327,335	358,925	265,839	257,
OTHER INFORMATION:					
Cash flow provided by (used in):					
Operating activities.....	\$ 70,968	\$ 59,021	\$ 63,808	\$ 55,947	\$ 41,
Investing activities.....	(118,197)	(39,751)	(219,170)	(175,907)	(103,
Financing activities.....	46,247	(17,977)	154,636	119,858	63,
Funds from operations(1).....	\$ 73,342	\$ 70,707	\$ 58,242	\$ 50,201	\$ 39,
Total completed communities (at end of period).....	59	65	66	61	
Total apartment homes developed(2)....	1,696	1,650	973	1,454	1,
Total apartment homes acquired.....	490	--	3,557	1,434	
Total apartment homes (at end of period) (3).....	17,273	16,765	16,631	14,462	11,
Ratio of earnings to fixed charges(4).....	1.99	1.85	2.52	1.93	1

(1) The Company considers funds from operations ("FFO") to be an appropriate measure of performance of an equity REIT. The Company computes FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO, as defined by NAREIT, represents net income (loss) excluding gains or losses from sales of property, plus depreciation of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures, all determined on a consistent basis in accordance with generally accepted accounting principles ("GAAP"). The Company's methodology for calculating FFO may differ from the methodology

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for calculating FFO utilized by other real estate companies, and accordingly, may not be comparable to other real estate companies. The Company believes that Funds from Operations is helpful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, it provides investors with an understanding of the ability of the Company to incur and service debt and to make capital expenditures. FFO should not be considered as an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the

15

16

Company's liquidity, nor is it indicative of funds available to fund the Company's cash needs, including its ability to make dividend or distribution payments. FFO is calculated as follows (dollars in thousands):

	YEARS ENDED DECEMBER 31,				
	2000	1999	1998	1997	1996
Income before gain on sale of real estate assets, minority interest of unitholders in Operating Partnership and extraordinary items.....	\$35,884	\$35,635	\$29,327	\$27,568	\$21,18
Management Company gain on sale.....	(208)	--	--	--	--
Real estate depreciation.....	37,666	35,072	28,915	22,633	18,20
Funds from Operations.....	\$73,342	\$70,707	\$58,242	\$50,201	\$39,39

- (2) Represents the total number of apartment homes in Communities completed and owned by the Company during the period.
- (3) Represents the total number of apartment homes in Communities completed and owned by the Company at the end of the period.
- (4) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of pre-tax income from continuing operations (including gains on sale of real estate) plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expense (whether expensed or capitalized), dividends to preferred unitholders in the Operating Partnership, the estimated interest component of rent expense, and the amortization of debt issuance costs. To date, the Company has not issued any preferred stock; therefore, the ratios of earnings to combined fixed charges and preferred stock dividend requirements are the same as the ratios of earnings to fixed charges presented.

16

17

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

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This report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements relating to the operating performance of fully stabilized Communities, the development, acquisition or disposition of properties, estimated net asset value, anticipated construction completion and lease-up dates, and estimated development costs. You can identify forward-looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume" and other similar expressions which predict or indicate future events and trends and which do not relate to historical matters. You should not rely on forward-looking statements, because they involve known and unknown risks, uncertainties and other factors, some of which are beyond the control of the Company. These risks, uncertainties and other factors may cause the actual results, performance or achievements of the Company to be materially different from the anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Factors which could have a material adverse effect on the operations and future prospects of the Company include, but are not limited to: (1) economic conditions generally and the real estate market specifically, including changes in occupancy rates and market rents, (2) legislative/regulatory changes (including changes to laws governing the taxation of real estate investment trusts ("REITs")), (3) availability of capital, (4) interest rates, (5) uncertainties associated with the Company's development activities, including the failure to obtain zoning and other approvals and increases in construction costs, (6) the failure of acquisitions to yield expected results, (7) the failure to sell Communities marketed for sale or to sell such Communities in a timely manner or on favorable terms, (8) construction delays due to the unavailability of materials, weather conditions or other delays, (9) competition which could limit the Company's ability to secure attractive investment opportunities, lease apartment homes or increase or maintain rents, (10) supply and demand for apartment communities in the Company's current and proposed market areas, especially the Company's core markets, (11) changes in generally accepted accounting principles, or policies and guidelines applicable to REITs, and (12) those factors discussed in the section entitled "Operating Performance of the Company's Fully Stabilized Communities," in the section entitled "Net Asset Value," and in the section entitled "Certain Factors Affecting the Performance of Development Communities," on pages 19, 31 and 34, respectively, of this report. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

HISTORICAL RESULTS OF OPERATIONS

The Company's net income is generated primarily from operations of its Communities. The changes in operating results from period to period reflect changes in existing Community performance and changes in the number of apartment homes due to development, acquisition and disposition of Communities. Where appropriate, comparisons are made on a "fully stabilized Communities," "acquisition Communities," "stabilized development Communities", "Communities in lease-up" and "disposition Communities" basis in order to adjust for changes in the number of apartment homes. A Community is deemed to be "stabilized" when it has attained a physical occupancy level of at least 93%. A Community that the Company has acquired is deemed "fully stabilized" when owned by the Company for one year or more as of the beginning of the year. A Community that the Company has developed is deemed "Fully Stabilized" when stabilized for the two prior years as of the beginning of the current year. A Community is deemed to be a "stabilized development" when stabilized as of the beginning of the current year but not the entire two prior years. All Communities information presented is before real estate depreciation and amortization expense. Communities' average physical occupancy presented is defined as the number of apartment homes occupied divided by the total number of apartment homes contained in the Communities, expressed as a percentage. Average physical occupancy has been calculated using the average of the occupancy that existed on Sunday during each

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week of the period. Average monthly rental revenue presented represents the average monthly net rental revenue per occupied apartment home. The Company's methodology for calculating average physical occupancy and

17

18

average monthly rental revenue may differ from the methodology used by other apartment companies, and accordingly, may not be comparable to such other apartment companies.

Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby the cost of carpet replacements is capitalized and depreciated over their estimated useful lives. Previously, the cost of carpet replacement had been expensed. The Company believes that the newly adopted accounting policy is preferable as it is consistent with standards and practices utilized by the majority of the Company's peers and provides a better matching of expenses with the related benefit of the expenditure. The change in accounting policy is being treated prospectively as a change in accounting principle inseparable from a change in accounting estimate. The effect of this change for the years ended December 31, 2000 and 1999 was a net increase in net income of \$1.5 million and \$1.4 million, respectively. Comparative property operating information included in this section for the year ended December 31, 1998 has been adjusted to reflect the 1999 change in accounting policy. Carpet replacement expenditures for the entire portfolio of communities for the years ended December 31, 2000, 1999 and 1998 were \$1.7 million, \$1.8 million and \$1.7 million, respectively.

Results of Operations for the Years Ended December 31, 2000, 1999 and 1998

Income before minority interest of common unitholders in the Operating Partnership, gain on sale of real estate assets and extraordinary items increased from 1998 (\$29.3 million) to 1999 (\$42.3 million) and from 1999 to 2000 (\$48.3 million) primarily due to increased property operating income at stabilized Communities, as well as the addition of property operating income from Communities in lease-up, partially offset by a decrease in property income due to the disposition of Communities.

OPERATING PERFORMANCE OF THE COMPANY'S PORTFOLIO OF COMMUNITIES

The operating performance of the Communities is summarized below (dollars in thousands):

	YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2000	1999	% CHANGE	1999	1998	% CH
Property revenues:						
Fully Stabilized Communities(1)...	\$101,235	\$ 97,346	4.0%	\$ 85,499	\$ 82,127	4
Acquisition Communities(2).....	2,194	--	100.0%	36,038	10,873	231
Stabilized Development						
Communities.....	55,269	46,914	17.8%	24,166	22,013	9
Communities in lease-up.....	16,654	6,394	160.5%	19,711	3,482	466
Communities sold.....	10,082	22,875	-55.9%	8,115	27,161	-70
Total property revenues.....	185,434	173,529	6.9%	173,529	145,656	19
Property operating and maintenance expense:						

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Fully Stabilized Communities.....	32,889	32,538	1.1%	28,216	28,096	0
Acquisition Communities.....	687	--	100.0%	12,873	3,256	295
Stabilized Development Communities.....	16,891	14,187	19.1%	7,157	6,545	9
Communities in lease-up.....	5,244	2,519	108.2%	5,758	1,337	330
Communities sold.....	3,376	8,074	-58.2%	3,314	10,572	-68
	-----	-----		-----	-----	
Total property operating and maintenance expense.....	59,087	57,318	3.1%	57,318	49,806	15
	-----	-----		-----	-----	
Property operating income.....	\$126,347	\$116,211	8.7%	\$116,211	\$ 95,850	21
	=====	=====		=====	=====	
Apartment homes, end of period.....	18,926	17,673	7.1%	17,673	18,003	-1
	=====	=====		=====	=====	

- (1) Includes Communities which were stabilized during the entire period for each of the comparable periods presented.
- (2) The 2000 and 1999 comparison includes the Communities acquired in 2000. The 1999 and 1998 comparison includes the Communities acquired in 1998. There were no Communities acquired in 1999.

18

19

A summary of the Company's apartment homes for the years ended December 31, 2000, 1999 and 1998 is as follows:

	2000	1999	1998
	-----	-----	-----
Apartment homes at the beginning of the year.....	17,673	18,003	14,981
Acquisitions.....	490	--	3,558
Developments which began rental operations during the year.....	2,439	1,188	1,825
Sale of apartment homes.....	(1,676)	(1,518)	(2,361)
	-----	-----	-----
Apartment homes at the end of the year(1).....	18,926	17,673	18,003
	=====	=====	=====

- (1) The Company also owns a 25% interest in a joint venture which owns 1,433 apartment homes.

OPERATING PERFORMANCE OF THE COMPANY'S FULLY STABILIZED COMMUNITIES

The operating performance of the Fully Stabilized Communities is summarized below (dollars in thousands except average monthly rental revenue):

	YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2000	1999	% CHANGE	1999	1998	% CH
	-----	-----	-----	-----	-----	-----
Property revenues:						
Rental.....	\$ 94,501	\$91,411	3.4%	\$80,163	\$77,800	3
Other.....	6,734	5,935	13.5%	5,336	4,327	23

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Total property revenues.....	101,235	97,346	4.0%	85,499	82,127	4
Property operating and maintenance expense:						
Personnel.....	6,265	7,080	-11.5%	6,539	6,185	5
Advertising and promotion.....	1,310	1,318	-0.6%	1,154	1,179	-2
Utilities.....	4,533	4,436	2.2%	3,976	3,919	1
Building repairs and maintenance(1).....	5,060	5,141	-1.6%	4,877	4,780	2
Real estate taxes and insurance.....	11,159	10,471	6.6%	8,117	8,495	-4
Property supervision.....	2,831	2,415	17.2%	2,134	2,012	6
Other operating expense.....	1,731	1,677	3.2%	1,419	1,526	-7
Total property operating and maintenance expense.....	32,889	32,538	1.1%	28,216	28,096	0
Property operating income.....	\$ 68,346	\$64,808	5.5%	\$57,283	\$54,031	6
Average physical occupancy.....	94.6%	93.7%	1.0%	93.9%	93.4%	0
Average monthly rental revenue.....	\$ 886	\$ 865	2.4%	\$ 831	\$ 813	2
Number of apartment homes.....	9,636	9,636		8,755	8,755	
Number of apartment communities.....	37	37		36	36	

(1) Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby expenditures for carpet replacement are capitalized. Previously, the cost of carpet replacement had been expensed. While the 1998 historical financial statements have not been restated to reflect the change, for comparative purposes only, fully stabilized Communities' building repairs and maintenance cost for the year ended December 31, 1998 has been adjusted in the table above to reflect the new policy. Carpet replacement costs for comparison of the years ended December 31, 2000 and 1999 were \$1.3 million and \$1.2 million, respectively. Carpet replacement costs for comparison of the years ended December 31, 1999 and 1998 were \$1.3 million and \$1.1 million, respectively.

Rental and other revenue increased from 1999 to 2000 due to higher rental rates, higher occupancy rates and increased revenue from sources other than rental income such as telephone, cable and water submeter income. The 4.0% property revenue growth rate was stable when compared to the prior year rate of growth. The growth rate for 2000 was especially strong in the Washington, DC and Austin markets. In 2001, the Company expects

the rate of growth to remain steady as permit issuances generally decline in the markets where the Company operates. The Company believes its expectations relative to property revenue growth are based on reasonable assumptions as to future economic conditions and the quantity of competitive multi-family apartment communities in the markets in which the Company does business. However, there can be no assurance that actual results will not differ from these assumptions.

Property operating and maintenance expenses increased by 1.1% from 1999 to 2000. As a percentage of total property revenues, property operating and maintenance expense decreased to 32.5% from 33.4% for the years ended December 31, 2000 and

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1999, respectively. The Company expects the rate of operating expense growth to increase in 2001 as a result of upward pressure on operating expenses, particularly personnel costs and real estate taxes.

Rental and other revenue increased from 1998 to 1999 primarily due to higher rental rates, higher occupancy rates and increased revenue from sources of income such as water submeter, cable and telephone income. Property operating and maintenance expenses were relatively stable from 1998 to 1999, increasing by 0.4%. As a percentage of total property revenues, property operating and maintenance expenses decreased to 33.0% from 34.2% for the years ended December 31, 1999 and 1998, respectively.

OPERATING PERFORMANCE OF THE COMPANY'S ACQUISITION COMMUNITIES

Acquisition Communities for the year ended December 31, 2000 consist of Summit Sweetwater and Summit Shiloh, (representing a total of 490 apartment homes) both of which were acquired on August 1, 2000. Acquisition Communities used in the comparison of the years ended December 31, 1999 and 1998 consist of the following: Summit St. Clair, Summit Club at Dunwoody and Summit Lenox (representing a total of 1,093 apartment homes) and seven communities (representing a total of 2,465 apartment homes) which were acquired from Ewing Industries and its affiliates in 1998 (the "Texas Acquisition Communities") (a total of 3,558 apartment homes). Summit Las Palmas (448 apartment homes), one of the Texas Acquisition Communities, was acquired effective December 31, 1998 and, accordingly, its rental operations for 1998 are not reflected in the Company's financial statements for such year. There were no Community acquisitions during 1999. The operations of these Communities are summarized as follows (dollars in thousands except average monthly rental revenue):

	YEAR ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2000	1999	1999	1998
Property revenues:				
Rental.....	\$2,016	\$ --	\$34,116	\$10,427
Other.....	178	--	1,922	446
Total property revenues.....	2,194	--	36,038	10,873
Property operating and maintenance expense (1).....	687	--	12,873	3,256
Property operating income.....	\$1,507	\$ --	\$23,165	\$ 7,617
Average physical occupancy (2).....	92.8%	--%	91.9%	95.6%
Average monthly rental revenue.....	\$ 914	\$ --	\$ 876	\$ 936
Number of apartment homes:				
1998 Acquisitions.....	--	--	3,558	3,558
2000 Acquisitions.....	490	--	--	--
Total number of apartment homes.....	490	--	3,558	3,558

(1) Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby expenditures for carpet replacement are capitalized. Previously, the cost of carpet replacement had been expensed. While the 1998 historical financial statements have not been restated to

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reflect the change, for comparative purposes only, acquisition Communities' property operating and maintenance expense for the year ended December 31, 1998 has been adjusted in the table above to reflect the new policy. Carpet

20

21

replacement costs for the year ended December 31, 2000 were \$8,000. Carpet replacement costs for comparison of the years ended December 31, 1999 and 1998 were \$217,000 and \$3,000, respectively.

- (2) Since the Ewing properties were acquired mid-fourth quarter 1998, their impact on average monthly rental revenue for the year ended December 31, 1998 was minimal. Average monthly rental revenue for the years ended December 31, 1999 and 1998 for Summit St. Clair, Summit Club at Dunwoody and Summit Lenox were \$967 and \$936, respectively.

The unleveraged yield on investment for the Communities acquired during 2000, defined as property operating income on an annualized basis divided by total acquisition cost, for the year ended December 31, 2000 was 10.2%.

OPERATING PERFORMANCE OF THE COMPANY'S STABILIZED DEVELOPMENT COMMUNITIES

The Company had fourteen Communities with a total of 4,885 apartment homes (Summit Ballantyne, Summit Norcroft II, Summit Sedgebrook, Summit Governor's Village, Summit Lake, Summit Westwood, Summit New Albany I, Summit Fair Lakes, Summit Stonefield, Summit Russett I, Summit Doral, Summit Plantation II, Summit Las Palmas, and Summit Camino Real) which were stabilized during the entire year ended December 31, 2000, but were stabilized subsequent to January 1, 1998. The comparison of the years ended December 31, 1999 and 1998 represents a total of 2,212 apartment homes (Summit Ballantyne I, Summit Fairways, Summit Lake I, Summit Norcroft II, Summit Plantation II, Summit on the River, Summit Russett I, Summit Sedgebrook I and Summit Stonefield).

The operating performance of the stabilized development Communities is summarized below (dollars in thousands except average monthly rental revenue):

	YEAR ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2000	1999	1999	1998
Property revenues:				
Rental.....	\$51,409	\$44,073	\$22,557	\$20,722
Other.....	3,860	2,841	1,609	1,291
Total property revenues.....	55,269	46,914	24,166	22,013
Property operating and maintenance expense (1).....	16,891	14,187	7,157	6,545
Property operating income.....	\$38,378	\$32,727	\$17,009	\$15,468
Average physical occupancy.....	94.0%	85.3%	93.6%	88.4
Average monthly rental revenue.....	\$ 951	\$ 906	\$ 928	\$ 903
Number of apartment homes.....	4,885	4,885	2,212	2,212

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(1) Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby expenditures for carpet replacement are capitalized. Previously, the cost of carpet replacement had been expensed. While the 1998 historical financial statements have not been restated to reflect the change, for comparative purposes only, stabilized development Communities' property operating and maintenance expense for the year ended December 31, 1998 has been adjusted in the table above to reflect the new policy. Carpet replacement costs for comparison of the years ended December 31, 2000 and 1999 were \$343,000 and \$174,000, respectively. Carpet replacement costs for comparison of the years ended December 31, 1999 and 1998 were \$167,000 and \$79,000, respectively.

The unleveraged yield on those Communities considered stabilized development Communities in 2000, defined as property operating income divided by total development cost, for the year ended December 31, 2000 was 10.5%.

21

22

OPERATING PERFORMANCE OF THE COMPANY'S COMMUNITIES IN LEASE-UP

The Company had fourteen Communities in lease-up during the year ended December 31, 2000. A Community in lease-up is defined as one that has commenced rental operations during the current year but was not stabilized as of the beginning of the current year. The following is a summary of twelve of the fourteen Communities in lease-up during 2000:

COMMUNITY	NUMBER OF APARTMENT HOMES	ACTUAL/ ANTICIPATED CONSTRUCTION COMPLETION	ACTUAL/ ANTICIPATED STABILIZATION
Summit New Albany II -- Columbus, OH(1).....	127	Q1 2000	Q2 2000
Summit Largo -- Largo, MD(1).....	219	Q1 2000	Q1 2000
Summit Hunter's Creek -- Orlando, FL(1).....	270	Q1 2000	Q3 2000
Summit Deer Creek -- Alpharetta, GA(1).....	292	Q2 2000	Q3 2000
Summit Ashburn Farm -- Loudon County, VA(1).....	162	Q3 2000	Q3 2000
Reunion Park by Summit -- Raleigh, NC(1).....	248	Q3 2000	Q4 2000
Summit Russett II -- Laurel, MD.....	112	Q4 2000	Q1 2001
Summit Grandview -- Charlotte, NC.....	266	Q4 2000	Q4 2001
Summit Deerfield -- Cincinnati, OH(2) (3).....	498	Q3 2001	Q2 2002
Summit Overlook -- Raleigh, NC(2).....	320	Q3 2001	Q1 2001
Summit Crest -- Raleigh, NC(2).....	438	Q3 2001	Q2 2002
Summit Peachtree City -- Atlanta, GA(2).....	397	Q4 2001	Q4 2002

	3,349		
	=====		

- (1) These properties stabilized during 2000.
- (2) These properties are included in the Construction in Progress category at December 31, 2000.
- (3) Summit Deerfield is under contract for sale expected during 2001 as part of the Company's strategy to exit the Midwest markets. The Company does not expect to incur a loss upon the sale of Summit Deerfield.

In addition to the Communities listed in the table above, Summit Fairview,

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located in Charlotte, North Carolina, and Summit Lenox, located in Atlanta, Georgia, are existing Communities of the Company which underwent major renovations during 2000. The renovations included upgrades of the interior of the apartment homes (new cabinets, fixtures and other interior upgrades), and upgrades to the parking lots and landscaping, as well as exterior painting of buildings. The renovations required certain apartment homes to be unavailable for rental over the course of the projects. The operations of Summit Fairview and Summit Lenox are included in lease-up Communities results due to the renovation work. The renovation work at Summit Fairview was complete at December 31, 2000 and the renovation work at Summit Lenox was substantially complete at December 31, 2000.

The Company had fourteen Communities with 3,148 apartment homes in lease up during the year ended December 31, 1999 (Summit Ballantyne I, Summit New Albany I, Summit Fair Lakes I, Summit Governor's Village, Summit Lake II, Summit Westwood, Summit Sedgebrook II, Summit Fair Lakes II, Summit Doral, Summit New Albany II, Summit Largo, Summit Hunter's Creek, Summit Deer Creek and Summit Fairview).

22

23

The operating performance of the Company's lease-up Communities is summarized as follows (dollars in thousands):

	YEAR ENDED DECEMBER 31,		YEAR ENDED DECEMBER	
	2000	1999	1999	1
Property revenues:				
Rental.....	\$15,327	\$6,075	\$18,507	\$3
Other.....	1,327	319	1,204	---
Total property revenues.....	16,654	6,394	19,711	3
Property operating and maintenance expense(1)...	5,244	2,519	5,758	1
Property operating income.....	\$11,410	\$3,875	\$13,953	\$2
Number of apartment homes.....	3,915	3,915	3,148	3

(1) Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby expenditures for carpet replacement are capitalized. Previously, the cost of carpet replacement had been expensed. While the 1998 historical financial statements have not been restated to reflect the change, for comparative purposes only, lease-up Communities' property operating and maintenance expense for the year ended December 31, 1998 has been adjusted in the table above to reflect the new policy. Carpet replacement costs for comparison of the years ended December 31, 2000 and 1999 were \$14,000 and \$23,000, respectively. Carpet replacement costs for comparison of the years ended December 31, 1999 and 1998 were \$16,000 and \$21,000, respectively.

OPERATING PERFORMANCE OF THE COMPANY'S DISPOSITION COMMUNITIES

Disposition communities consist of the former Summit Creekside, Summit Eastchester, Summit Sherwood, Summit River Crossing, Summit Blue Ash, Summit Park and Summit Village, all of which were sold during the year ended December

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31, 2000 (the "2000 Dispositions"). The 2000 Dispositions resulted in the Company receiving net proceeds on sale of approximately \$102.4 million. The 1999 disposition communities consist of the former Summit Hampton, Summit Oak, Summit Beacon Ridge, Summit Heron's Run, Summit McIntosh, Summit Perico and Summit East Ridge (the "1999 Dispositions"). The 1999 to 1998 comparison below consists of the 2000 Dispositions, the 1999 Dispositions as well as the following communities sold during 1998 (referred to herein using former community names): Summit Providence, Summit Springs, Summit Old Town, Summit Creek, Summit Green, Summit Hill, Summit Hollow and Summit Station. The operating performance of these communities is summarized below (dollars in thousands):

	YEAR ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2000	1999	1999	1998
Property revenues:				
Rental.....	\$ 9,386	\$21,299	\$7,518	\$25,115
Other.....	696	1,576	597	1,115
Total property revenues.....	10,082	22,875	8,115	27,000
Property operating and maintenance expense (1).....	3,376	8,074	3,314	10,000
Property operating income.....	\$ 6,706	\$14,801	\$4,801	\$16,000
Number of apartment homes.....	1,676	3,194	1,518	3,194

(1) Effective January 1, 1999, the Company implemented prospectively a new accounting policy whereby expenditures for carpet replacement are capitalized. Previously, the cost of carpet replacement had been expensed. While the 1998 historical financial statements have not been restated to reflect the change, for comparative purposes only, disposition Communities' property operating and maintenance expense for the year ended December 31, 1998 has been adjusted in the table above to reflect the new policy. Carpet replacement costs for comparison of the years ended December 31, 2000 and 1999 were \$163,000 and \$366,000, respectively. Carpet replacement costs for comparison of the years ended December 31, 1999 and 1998 were \$155,000 and \$504,000, respectively.

OPERATING PERFORMANCE OF SUMMIT MANAGEMENT COMPANY

The Management Company is accounted for under the equity method of accounting. The operating performance of the Management Company and its wholly owned subsidiary, the Construction Company, is summarized below (dollars in thousands):

	YEAR ENDED DECEMBER 31,			YEAR ENDED DECEMBER 31,		
	2000	1999	% CHANGE	1999	1998	% CHANGE

Revenues:

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Management fees charged to Operating						
Partnership.....	\$ 5,735	\$4,972	15.3%	\$4,972	\$3,884	28.
Third party management fee revenue.....	1,103	1,263	-12.7%	1,263	1,177	7.
Construction revenue.....	2,494	1,774	40.6%	1,774	1,141	55.
Gain on sale of real estate assets.....	238	--	100.0%	--	--	0.
Other revenue.....	372	844	-55.9%	844	194	335.
	-----	-----		-----	-----	
Total revenue.....	9,942	8,853	12.3%	8,853	6,396	38.
	-----	-----		-----	-----	
Expenses:						
Operating.....	9,398	8,699	8.0%	8,699	5,893	47.
Depreciation.....	313	284	10.2%	284	244	16.
Amortization.....	303	289	4.8%	289	286	1.
Interest.....	677	300	125.7%	300	300	0.
	-----	-----		-----	-----	
Total expenses.....	10,691	9,572	11.7%	9,572	6,723	42.
	-----	-----		-----	-----	
Loss before extraordinary items.....	(749)	(719)	4.2%	(719)	(327)	119.
Extraordinary items.....	(30)	--	100.0%	--	--	0.
	-----	-----		-----	-----	
Net loss.....	\$ (779)	\$ (719)	8.3%	\$ (719)	\$ (327)	119.
	=====	=====		=====	=====	

The increase in operating revenue for the year ended 2000 over 1999 was primarily the result of an increase in the management fee charged to the Operating Partnership's Communities from 2.50% in 1999 to 2.75% in 2000 and higher revenues from increased construction activity at the Construction Company. The increase in management fee is the first increase since the Company's initial public offering in 1994. The increase in interest expense resulted from an inter-company loan made to the Management Company by the Operating Partnership in late 1999 for the purpose of purchasing a parcel of land in Raleigh, North Carolina. The Management Company sold such parcel of land on February 29, 2000 resulting in a gain on sale of \$238,000. The increase in operating expenses for the year was a result of increased construction activities and increased personnel at the Management Company in order to better support the Company's growth objectives, including improving the operating performance of its stabilized Communities.

Third party apartment homes under management were 1,723, 2,435 and 3,310 during the years ended December 31, 2000, 1999 and 1998, respectively. Property management fees included \$1.1 million, \$1.3 million and \$1.2 million of fees from third parties for the years ended December 31, 2000, 1999 and 1998, respectively. Property management fees from third parties as a percentage of total property management revenues were 16.1%, 20.3% and 23.3% for the years ended December 31, 2000, 1999 and 1998, respectively. The Company expects third party management revenue as a percentage of total property management revenue to continue to decline.

All of the Construction Company's revenues are from contracts with the Company.

OTHER INCOME AND EXPENSES

Interest income increased by \$562,000 to \$3.6 million in 2000 compared to 1999, primarily due to interest earned on notes receivable of approximately \$809,000 as well as an increase of approximately \$429,000 in interest earned on employee stock loans over 1999, offset by a decrease in interest earned on proceeds from property sales placed in escrow in accordance with like-kind exchange income tax regulations of approximately \$739,000. Interest income increased by \$1.9 million to \$3.0 million in 1999 compared to 1998, primarily due to

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25

interest earned in 1999 on the proceeds from property sales placed in escrow in accordance with like-kind exchange income tax regulations.

Other income increased by \$329,000 to \$618,000 in 2000 compared to 1999, primarily as a result of a credit enhancement fee earned in connection with a property that is being developed for the Company by a third party, as well as dividends earned on an equity investment. Other income decreased by \$560,000 to \$289,000 in 1999 compared to 1998, primarily as a result of an incentive fee earned in connection with a property that the Company had developed and managed for a third party in 1998.

Depreciation expense increased by \$2.2 million, or 6.3%, to \$36.6 million in 2000 compared to 1999, primarily due to depreciation expense related to the Company's 2000 acquisitions and increased depreciation of Communities in lease-up. Depreciation expense increased by \$5.4 million, or 18.7%, to \$34.4 million in 1999 compared to 1998 due to an increase in depreciation expense related to the 1998 acquisitions and Communities in lease-up.

Interest expense, including amortization of deferred financing costs, increased by \$1.4 million for the year ended December 31, 2000 compared to the year ended December 31, 1999. The increase was primarily the result of an increase of \$56.4 million in the Company's average indebtedness outstanding and an increase in the effective interest rate of 0.39% (6.65% to 7.04%) in 2000 as compared to the same period in 1999.

Interest expense, including amortization of deferred financing costs, increased by \$4.8 million during the year ended December 31, 1999 as compared to the year ended December 31, 1998. The increase was primarily the result of an increase of \$104.7 million in the Company's average indebtedness outstanding offset by a decrease in the effective interest rate of .07% (6.72% to 6.65%) in 1999 as compared to the same period in 1998.

General and administrative expenses have remained relatively stable as a percentage of total revenues. As a percentage of total revenues, general and administrative expenses were 2.5%, 2.2% and 2.6% in 2000, 1999 and 1998, respectively.

The \$38.5 million gain on sale of assets in 2000 resulted from the disposition of seven communities. The seven communities sold were:

COMMUNITY -----	LOCATION -----
Summit Creekside	Hickory, NC
Summit Sherwood	Winston-Salem, NC
Summit Eastchester	High Point, NC
Summit River Crossing	Indianapolis, IN
Summit Blue Ash	Blue Ash, OH
Summit Park	Forest Park, OH
Summit Village	Atlanta, GA

The Communities disposed of in 2000 were part of the Company's plan to dispose of assets that no longer meet its growth objectives or to make desired changes in the number of apartment homes in each of the Company's markets. The Company believes that by concentrating its efforts and capital in a limited number of large markets it will gain a competitive advantage as it improves operational efficiencies, builds a more significant brand name and improves market

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knowledge. Also, by disposing of assets that no longer meet the Company's long-term growth objectives, capital is provided to fund the development of new, higher growth assets. The \$17.4 million gain on the sale of assets in 1999 resulted from the disposition of seven communities. The \$37.1 million gain on sale of assets in 1998 resulted from the sale of eight communities.

The extraordinary items in the year ended December 31, 1998 resulted from the write-off of deferred financing costs in connection with the replacement by the Company of a prior unsecured credit facility and prepayment penalties incurred on six mortgage notes which were repaid during the period.

25

26

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's net cash provided by operating activities increased from \$59.0 million for the year ended December 31, 1999 to \$71.0 million for the same period in 2000, primarily due to a \$5.8 million increase in property operating income, a \$1.2 million accrual of vested stock awards at December 31, 2000, a \$2.9 million increase in depreciation and amortization and a \$4.8 million decrease in cash used in accounts payable and accrued expenses.

Net cash used in investing activities increased from \$39.8 million for the year ended December 31, 1999 to \$118.2 million for the same period in 2000 due to approximately \$33.1 million in cash expended for acquisition Communities during 2000 and an approximate \$5.7 million decrease in proceeds from the sale of Communities from 1999 to 2000. In addition, the Company funded approximately \$168.6 million of construction and land acquisition activity during 2000, a \$40.8 million increase over 1999. Proceeds from the sale of Communities during 2000 represent funds expended from like-kind exchange escrows. In the event that the proceeds from these property sales are not fully invested in qualified like-kind property during the required time period, a special distribution may be made or company level tax may be incurred.

Net cash provided by financing activities was \$46.2 million for the year ended December 31, 2000. Net cash used in financing activities was \$18.0 million for the year ended December 31, 1999. The increase in cash provided by financing activities during 2000 is primarily due to an increase in net borrowings from 1999 to 2000 of \$137.6 million on the Company's unsecured credit facility, proceeds received from issuance of mortgage debt and unsecured medium term notes in the aggregate of \$74.2 million, all offset by the repayments of an unsecured bank note of \$15.0 million and other secured mortgages and tax-exempt bonds in the aggregate of \$9.6 million. In addition, the value of stock repurchased during 2000 was approximately \$39.5 million less than in 1999, there were no issuances of preferred units in 2000 (\$136.3 million in 1999) and the proceeds from the dividend reinvestment and stock purchase plans was approximately \$10.5 million less in 2000 than in 1999.

The ratio of earnings to fixed charges was 1.99 to 1 for the year ended December 31, 2000 compared to 1.85 to 1 for the year ended December 31, 1999.

The Company has elected to be taxed as a Real Estate Investment Trust under Sections 856 and 860 of the Internal Revenue Code of 1986, as amended. REITs are subject to a number of organizational and operational requirements, including a requirement that 95% (90% effective for tax years beginning after December 31, 2000) of ordinary taxable income be distributed (see "Recently Enacted Legislation" on page 36). As a REIT, the Company generally will not be subject to federal income tax on net income to the extent taxable income is distributed.

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The Company's outstanding indebtedness at December 31, 2000 totaled \$763.9 million. This amount includes approximately \$303.0 million in fixed rate conventional mortgages, \$37.4 million of variable rate tax-exempt bonds, \$278.0 million of unsecured notes, \$4.0 million of tax-exempt fixed rate loans, and \$141.5 million under the Company's unsecured credit facility.

The Company expects to meet its short-term liquidity requirements (i.e., liquidity requirements arising within 12 months) including recurring capital expenditures relating to maintaining its existing properties, generally through its working capital, net cash provided by operating activities and borrowings under its unsecured credit facility. The Company believes that its cash provided by operating activities will be adequate to meet operating requirements and payments of dividends and distributions during the next twelve months.

The Company expects to meet its long-term liquidity requirements (i.e., liquidity requirements arising after 12 months), such as scheduled mortgage debt maturities, property acquisitions, financing of construction and development activities and other non-recurring capital improvements, through the issuance of unsecured notes and equity securities, from undistributed Funds from Operations (see page 35), from proceeds received from the disposition of certain properties, and, in connection with the acquisition of land or improved property, through the issuance of Common Units.

26

27

Credit Facility

On September 26, 2000, the Company obtained a new unsecured line of credit (the "Unsecured Credit Facility") in the amount of \$225.0 million which replaced the existing \$200.0 million credit facility. The Unsecured Credit Facility provides funds for new development, acquisitions and general working capital purposes. The Unsecured Credit Facility has a three year term, expiring on September 26, 2003, with annual extension options and bears interest at LIBOR + 100 basis points based upon the Company's current credit rating of BBB- by Standard & Poor's Rating Services and Baa3 by Moody's Investors Service. The spread component of the aggregate interest rate will be reduced in the event of an upgrade of the Company's unsecured credit rating. The Unsecured Credit Facility is repayable monthly on an interest only basis with principal due at maturity. The Company's credit facility had an average interest rate and average balance outstanding during the years ended December 31, 2000, 1999 and 1998 of 7.20%, 6.06% and 6.67% and \$119.8 million, \$99.2 million and \$98.0 million, respectively. In addition, the maximum outstanding principal amount during 2000, 1999 and 1998 was \$174.0 million, \$176.0 million and \$175.0 million, respectively.

The Unsecured Credit Facility also provides a bid option sub-facility equal to a maximum of fifty percent of the total facility (\$112.5 million). This sub-facility provides the Company with the option to place borrowings in fixed LIBOR contract periods of thirty, sixty, ninety and one hundred eighty days. The Company may have up to seven fixed LIBOR contracts outstanding at any one time. Upon proper notifications, all lenders participating in the Unsecured Credit Facility may, but are not obligated to, participate in a competitive bid auction for these fixed LIBOR contracts.

The Unsecured Credit Facility requires the Company to comply with certain affirmative and negative covenants, including the following requirements: (i) the Company maintain its qualification as a REIT; (ii) the Company maintain a ratio of EBITDA (as defined therein) to fixed charges (as defined therein) of not less than 1.75 to 1; (iii) dividends not exceed 90% of funds from operations (as defined therein); (iv) the Company maintain a ratio of total funded debt (as defined therein) to implied capitalization value (as defined therein) of less

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than .55 to 1; and (v) the Company maintain a ratio of unencumbered asset value (as defined therein) to unsecured debt of less than 1.75 to 1. In addition, the Unsecured Notes and the Unsecured Bank Notes require the Company to comply with certain affirmative and negative covenants, including the following requirements: (i) the ratio of unencumbered assets (as defined therein) to unsecured debt equal or exceed 175%; (ii) the ratio of total construction in progress (as defined therein) to implied capitalization value not exceed 0.25% and (iii) secured debt not exceed 40% of implied capitalization value (as defined therein). The Company was in compliance with these covenants at December 31, 2000.

Medium-Term Notes

On May 29, 1998, the Company established a program for the sale by the Operating Partnership of up to \$95 million aggregate principal amount of Medium-Term Notes due nine months or more from the date of issuance (the "MTN Program"). The Operating Partnership issued Medium-Term Notes with an aggregate principal amount of \$80 million in connection with the MTN Program as follows: (i) on July 28, 1998, the Operating Partnership sold \$30 million of notes which are due on July 30, 2001 and bear interest at 6.75% per year; (ii) on October 5, 1998, the Operating Partnership sold \$25 million of 6.71% notes which were due and repaid on October 5, 2000; and (iii) on March 18, 1999, the Operating Partnership sold \$25 million of notes which are due on March 16, 2009 and bear interest at 7.59% per year.

On April 20, 2000, the Company commenced a new program for the sale by the Operating Partnership of up to \$250 million aggregate principal amount of Medium-Term Notes due nine months or more from the date of issuance. The new program was established under the Company's and the Operating Partnership's existing shelf registration statement. During 2000, the Operating Partnership issued Medium-Term Notes with an aggregate principal amount of \$52.0 million in connection with the new MTN Program as follows: (i) on July 19, 2000 the Operating Partnership sold \$10.0 million of notes which are due on July 19, 2010 and bear interest at 8.50% per year; (ii) on October 20, 2000, the Operating Partnership sold \$17.0 million of notes which are due on October 20, 2003 and bear interest at 7.87% per year; and (iii) on November 17, 2000, the Operating Partnership sold \$25.0 million of notes which are due on November 17, 2005 and bear interest at 8.037% per year.

27

28

Private Placement of Preferred Units

On April 29, 1999, the Operating Partnership completed a private placement of 3.4 million of its 8.95% Series B Cumulative Redeemable Perpetual Preferred Units (the "Series B Preferred Units") to two institutional investors at a price of \$25.00 per unit. The net proceeds of approximately \$83.0 million were used to repay amounts outstanding under the Company's unsecured credit facility. The Series B Preferred Units may be exchanged by the holders into shares of 8.95% Series B Cumulative Redeemable Perpetual Preferred Stock of the Company ("Series B Preferred Shares") on a one-for-one basis (subject to adjustment). Holders of the Series B Preferred Units may exercise their exchange right (a) at any time on or after April 29, 2009, (b) at any time if full quarterly distributions are not made for six quarters, or (c) upon the occurrence of specified events related to the treatment of the Operating Partnership or the Series B Preferred Units for federal income tax purposes. The Operating Partnership may redeem the Series B Preferred Units at any time on or after April 29, 2004 for cash at a redemption price equal to the redeemed holder's capital account (initially \$25.00 per unit), plus all accumulated, accrued and unpaid distributions or dividends. In lieu of cash, the Operating Partnership may elect to deliver Series B Preferred Shares on a one-for-one basis (subject to adjustment), plus

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an amount equal to all accumulated, accrued and unpaid distributions or dividends. The Series B Preferred Units have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into any other securities of the Company or the Operating Partnership. Distributions on the Series B Preferred Units are cumulative from the date of original issuance and are payable quarterly at the rate of 8.95% per annum of the \$25.00 original capital contribution. Holders of the Series B Preferred Units received distributions in the aggregate amount of approximately \$7.6 million and \$5.1 million during 2000 and 1999, respectively.

On September 3, 1999, the Operating Partnership completed a private placement of 2.2 million of its 8.75% Series C Cumulative Redeemable Perpetual Preferred Units (the "Series C Preferred Units") to an institutional investor at a price of \$25.00 per unit. The net proceeds of approximately \$54.0 million were used to repay amounts outstanding under the Company's unsecured credit facility. The Series C Preferred Units may be exchanged by the holder into shares of 8.75% Series C Cumulative Redeemable Perpetual Preferred Stock of the Company ("Series C Preferred Shares") on a one-for-one basis (subject to adjustment). The holder of the Series C Preferred Units may exercise its exchange right (a) at any time on or after September 3, 2009, (b) at any time if full quarterly distributions are not made for six quarters, (c) upon the occurrence of specified events related to the treatment of the Operating Partnership or the Series C Preferred Units for federal income tax purposes, or (d) at any time that such institutional investor's holdings in the Operating Partnership exceed 18% of the total profits of or capital interests in the Operating Partnership for a taxable year. The Operating Partnership may redeem the Series C Preferred Units at any time on or after September 3, 2004 for cash at a redemption price equal to the redeemed holder's capital account (initially \$25.00 per unit), plus all accumulated, accrued and unpaid distributions or dividends. The Series C Preferred Units have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into any other securities of the Company or the Operating Partnership. Distributions on the Series C Preferred Units are cumulative from the date of original issuance and are payable quarterly at the rate of 8.75% per annum of the \$25.00 original capital contribution. The holder of the Series C Preferred Units received distributions in the aggregate amount of approximately \$4.9 million and \$1.5 million during 2000 and 1999, respectively.

Common Stock Repurchase Program

On May 11, 1999, the Board of Directors of the Company authorized a common stock repurchase program pursuant to which the Company was authorized to purchase up to an aggregate of \$50 million of outstanding Common Stock (the "\$50 Million Program"). All repurchases were made on the open market at prevailing prices or in privately negotiated transactions. During the year ended December 31, 2000, the Company completed the \$50 Million Program by repurchasing 131,900 shares of Common Stock for an aggregate purchase price, including commissions, of approximately \$2.5 million, or an average price of \$18.88 per share. In total, the Company repurchased 2.5 million shares of Common Stock under the \$50 Million Program for an aggregate purchase price, including commissions, of approximately \$50 million, or an average price of \$19.63 per share.

28

29

On March 12, 2000, the Board of Directors of the Company authorized a new common stock repurchase program pursuant to which the Company is authorized to purchase up to an aggregate of \$25 million of outstanding Common Stock (the "\$25 Million Program"). All repurchases have been and will be made on the open market at prevailing prices or in privately negotiated transactions. This authority may be exercised from time to time and in such amounts as market conditions warrant. During the year ended December 31, 2000, the Company repurchased 279,400 shares

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of Common Stock under the \$25 Million Program for an aggregate purchase price, including commissions, of approximately \$5.5 million or an average price of \$19.80 per share.

Market Risk

The Company's capital structure includes the use of variable rate and fixed rate debt and, therefore, the Company is exposed to the impact of changes in interest rates. While the Company has historically had limited involvement with derivative financial instruments, it may utilize such instruments in certain situations to hedge interest rate exposure by modifying the interest rate characteristics of related balance sheet instruments and prospective financing transactions. The Company generally does not utilize derivative financial instruments for trading or speculative purposes. The Company generally refinances maturing debt instruments at then-existing market interest rates and terms which may be more or less favorable than the interest rates and terms on the maturing debt.

The following table provides information about the Company's interest rate swap and other financial instruments that are sensitive to changes in interest rates and should be read in conjunction with the accompanying consolidated financial statements and notes thereto. For debt, the table presents principal cash flows and related weighted average interest rates in effect at December 31, 2000 by expected maturity dates. The weighted average interest rates presented in this table are inclusive of credit enhancement fees. For the interest rate swap, the table presents the notional amount and related weighted average pay rate by year of maturity.

EXPECTED YEAR OF MATURITY

	2001	2002	2003	2004	2005	THE
	-----	-----	-----	-----	-----	-----
FIXED RATE DEBT:						
Conventional fixed rate.....	5,436	13,817	6,047	6,473	41,438	22
Average interest rate.....	6.64%	8.48%	6.57%	6.57%	6.95%	
Tax-exempt fixed rate.....	67	71	76	80	87	
Average interest rate.....	6.95%	6.95%	6.95%	6.95%	6.95%	
Unsecured fixed rate.....	30,000	41,000	47,000	50,000	25,000	8
Average interest rate.....	6.75%	7.21%	7.08%	6.95%	8.04%	
<hr/>						
Total fixed rate debt.....	35,503	54,888	53,123	56,553	66,525	31
Average interest rate.....	6.73%	7.53%	7.02%	6.91%	7.36%	
<hr/>						
VARIABLE RATE DEBT:						
Tax-exempt variable rate.....	1,160	1,260	1,260	1,260	1,260	3
Average interest rate.....	5.65%	5.65%	5.65%	5.65%	5.65%	
Variable rate Credit Facility.....	--	--	141,500	--	--	
Average interest rate.....	--	--	7.20%	--	--	
<hr/>						
Total variable rate debt.....	1,160	1,260	142,760	1,260	1,260	3
Average interest rate.....	5.65%	5.65%	7.19%	5.65%	5.65%	
<hr/>						
Total Debt.....	36,663	56,148	195,883	57,813	67,785	34
Average interest rate.....	6.70%	7.49%	7.14%	6.88%	7.33%	
<hr/>						
INTEREST RATE SWAP:						
Pay variable/Receive fixed.....			30,000			
Average pay rate.....			3-month			

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	LIBOR
	+0.11%
Receive rate.....	6.625%

At December 31, 2000 and 1999, the fair values of the Company's interest rate swap were \$485,000 and \$445,000, respectively. The Company estimates that the fair value of the debt approximates carrying value based upon its effective borrowing rates for issuance of debt with similar terms and remaining maturities.

29

30

Schedule of Debt

The following table sets forth certain information regarding debt financing as of December 31, 2000 and 1999 (dollars in thousands):

	INTEREST RATE AS OF DECEMBER 31, 2000	MATURITY DATE (1)	PRINCIPAL OUTSTANDING DECEMBER 31,	
			2000	1999
FIXED RATE DEBT				
MORTGAGE LOAN(2).....	6.24%	10/15/08	\$140,550	\$143,74
MORTGAGE LOAN(3).....	8.00%	9/1/05	8,272	8,37
MORTGAGE NOTES				
Summit Foxcroft.....	8.00%	4/1/20	2,519	2,59
Summit Radbourne.....	9.80%	3/1/02	8,294	8,40
Summit Sand Lake.....	7.88%	2/15/06	13,990	14,34
Summit Fair Lakes.....	7.82%	7/1/10	48,340	-
Summit Buena Vista.....	6.75%	2/15/07	24,980	25,39
Summit Belcourt.....	6.75%	1/1/06	9,386	9,55
Summit Camino Real.....	6.75%	6/1/06	16,519	16,80
Summit Turtle Rock.....	6.75%	12/1/05	10,634	10,82
Summit Los Arboles.....	6.75%	12/1/05	19,567	19,91
Mortgage Notes paid in 2000.....			--	3,24
TAX EXEMPT MORTGAGE NOTES				
Summit Crossing.....	6.95%	11/1/25	3,985	4,04
TOTAL MORTGAGE DEBT.....			307,036	267,24
UNSECURED NOTES				
6.75% Medium-Term Notes due 2001.....	6.75%	7/30/01	30,000	30,00
7.87% Medium-Term Notes due 2003.....	7.87%	10/20/03	17,000	-
8.037% Medium-Term Notes due 2005.....	8.04%	11/17/05	25,000	-
7.59% Medium-Term Notes due 2009.....	7.59%	3/16/09	25,000	25,00
8.50% Medium-Term Notes due 2010.....	8.50%	7/19/10	10,000	-
6.80% Notes due 2002.....	6.80%	8/15/02	25,000	25,00
6.63% Notes due 2003.....	6.63%	12/15/03	30,000	30,00
6.95% Notes due 2004.....	6.95%	8/15/04	50,000	50,00
7.20% Notes due 2007.....	7.20%	8/15/07	50,000	50,00
Bank Note Due 2002.....	7.85%	8/3/02	16,000	16,00
Unsecured Notes paid in 2000.....			--	40,00
TOTAL UNSECURED NOTES.....			278,000	266,00
TOTAL FIXED RATE DEBT.....			585,036	533,24

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VARIABLE RATE DEBT					
UNSECURED CREDIT FACILITY.....	LIBOR + 100	9/26/03	141,500	78,000	
TAX EXEMPT BONDS(4)					
Summit Belmont.....	6.25%	4/1/07	11,005	11,220	
Summit Pike Creek.....	6.25%	8/15/20	11,648	12,200	
Summit Gateway.....	6.25%	7/1/07	6,500	6,700	
Summit Stony Point.....	6.25%	4/1/29	8,210	8,250	
			-----	-----	
TOTAL TAX EXEMPT BONDS.....			37,363	38,380	
			-----	-----	
TOTAL VARIABLE RATE DEBT.....			178,863	116,380	
			-----	-----	
TOTAL OUTSTANDING INDEBTEDNESS.....			\$763,899	\$649,630	
			=====	=====	

(1) With the exception of the Mortgage Loan referred to in Note 2 below, which has a \$140.6 million balance at December 31, 2000, all the secured debt can be prepaid at any time. Such Mortgage Loan can be

30

31

prepaid after February 15, 2001. Prepayment of all such secured debt is generally subject to penalty or premium; however, the tax exempt mortgage notes can be prepaid at any time without penalty or premium.

(2) Mortgage Loan secured by the following Communities:

Summit Glen	Summit Las Palmas	Summit St. Clair
Summit Ballantyne	Summit Meadow	Summit Highland
Summit Del Ray	Summit Windsor	Summit Norcroft
Summit Plantation	Summit on the River	

(3) Mortgage Loan secured by Summit Simsbury and Summit Touchstone Communities.

(4) The tax exempt bonds (the "Bonds") bear interest at various rates set by a remarketing agent at the demand note index plus 0.50%, set weekly, or the lowest percentage of prime which allows the resale at a price of par. The Bonds are enhanced by letters of credit from a financial institution (the "Credit Enhancements"), each of which Credit Enhancement will terminate prior to the maturity dates of the related Bonds. In the event such Credit Enhancements are not renewed or replaced upon termination, the related loan obligations will be accelerated.

The one-month LIBOR rate at December 31, 2000 was 6.56%.

The Company's outstanding indebtedness (excluding the Unsecured Credit Facility) had an average maturity of 6.4 years as of December 31, 2000. The aggregate maturities of all outstanding debt (excluding the Unsecured Credit Facility) as of December 31, 2000 for each of the years ended after December 31, 2000 are as follows (in thousands):

2001.....	\$ 36,663
2002.....	56,148
2003.....	54,383

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2004.....	57,813
2005.....	67,785
Thereafter.....	349,607

Total.....	\$622,399
	=====

Of the significant maturities in the above table, \$30.0 million relates to unsecured notes due in 2001; \$16.0 million relates to the unsecured bank notes that mature in 2002; \$25.0 million relates to unsecured medium-term notes due in 2002; \$30.0 million relates to unsecured Notes due in 2003; and \$17.0 million relates to unsecured medium-term notes due in 2003.

Net Asset Value

The Company's estimate of net asset value is based on the sum of: 1) the estimated fair market value of stabilized properties determined by applying current market capitalization rates (for recent purchases and sales of comparable properties) to projected cash flows, 2) the cost of any properties acquired during the period under consideration, 3) construction in progress adjusted to estimated fair market value, 4) the implied value of any below market debt (assumable under certain terms and conditions) and 5) other assets including cash and cash equivalents, less total liabilities divided by the weighted average number of common shares and Common Units outstanding during the period under consideration. Using this methodology, management's current estimate of net asset value was \$28.48 and \$24.61 per share as of December 31, 2000 and 1999, respectively. As described above, the Company's determination of net asset value is based on estimates and assumptions, including estimates of the fair market value of stabilized properties and construction projects, and thus is inherently uncertain. There can be no assurance that the Company's estimate of net asset value is accurate or that the estimates used in the calculation of net asset value accurately reflect the values at which the properties could be sold. The Company's estimate of net asset value also will vary depending on current market conditions.

ACQUISITIONS AND DISPOSITIONS

During the year ended December 31, 2000, the Company sold seven communities comprising 1,676 apartment homes for approximately \$103.9 million, resulting in a gain on sale of approximately \$38.5 million. Net proceeds of six of the seven communities of approximately \$78.1 million were placed in escrow with a qualified intermediary in accordance with like-kind exchange tax rules and regulations. The communities sold were the former Summit Creekside, Summit Eastchester, Summit Sherwood, Summit Blue Ash, Summit Park, Summit River Crossing and Summit Village.

On August 1, 2000, the Company exercised its option to purchase its joint venture partner's interest in each of two Communities, Summit Sweetwater and Summit Shiloh, both located in Atlanta, Georgia. The acquisition of these two communities added 490 apartment homes to the Company's portfolio at an aggregate purchase price of \$36.0 million. The acquisitions were financed with the issuance of 96,455 Common Units valued, in the aggregate, at \$2.2 million and the payment of approximately \$33.7 million in cash.

During the year ended December 31, 1999, the Company sold seven communities comprising 1,518 apartment homes for approximately \$76.0 million, resulting in a gain on sale of approximately \$17.4 million. Net proceeds of \$54.4 million, were placed in escrow with a qualified intermediary in accordance with like-kind

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exchange income tax rules and regulations. The communities sold were the former Summit Hampton, Summit Oak, Summit Beacon Ridge, Summit Perico, Summit McIntosh, Summit Heron's Run and Summit East Ridge.

During the year ended December 31, 1999, the Company acquired no communities.

In individual property transactions, the Company sold three communities for \$48.9 million (formerly known as Summit Providence on May 8, 1998, Summit Springs on October 23, 1998 and Summit Old Town on November 2, 1998). The total gain on sale recognized for these three disposition transactions was \$17.0 million.

On December 16, 1998, the Company (i) sold five communities (the "Sold Communities") to Hollow Creek, LLC., a newly-formed North Carolina limited liability company for approximately \$68.0 million and (ii) contributed two communities with an approximate value of \$22.0 million (together with the Sold Communities, the "Joint Venture Communities") to Station Hill, LLC., a newly-formed North Carolina limited liability company ("Station Hill"). On the same date, Hollow Creek, LLC contributed the Sold Communities to Station Hill. Station Hill is a joint venture limited liability company, the membership of which is comprised of the Company and a wholly owned subsidiary of a major financial services company (the "Joint Venture Member"). The disposition was effected pursuant to a Real Estate Sale Agreement dated November 20, 1998 between the Operating Partnership and the Joint Venture Member and pursuant to the Operating Agreement of Station Hill, also dated November 20, 1998. The Company's contribution to Station Hill (approximately \$5.6 million) represents a 25 percent equity interest in Station Hill. In addition, the Company is the managing member of Station Hill and will also retain management of the Joint Venture Communities through a management agreement with Station Hill. The cash flow of Station Hill will be distributed pro rata to each member based on its equity contribution until certain economic benchmarks are achieved, at which point the Company will receive an escalated portion of the cash flow and residual interest. Station Hill has obtained five separate mortgages from Fannie Mae, the aggregate balance of which was approximately \$68.7 million at December 31, 2000. These mortgages have a ten-year maturity and a 6.70% interest rate. The proceeds of the mortgages were distributed on a pro rata basis to Station Hill's two members. The Joint Venture Communities involved in the transaction were Summit Green, Summit Hollow I and II and Summit Creek in Charlotte, North Carolina; Summit Hill I and II in Raleigh, North Carolina; and Summit Station in Tampa, Florida. The Joint Venture Communities include 1,433 apartment homes. The Company recognized a gain of approximately \$20.2 million on the disposition. The gain is net of \$5.6 million elimination of gain relative to the Company's retained portion of the joint venture. The elimination of the gain reduced the Company's investment in the joint venture to zero at the initial joint venture formation date.

32

33

Proceeds from the sale of Summit Springs, Summit Old Town and the Sold Communities of approximately \$93.2 million were put in escrow with a qualified intermediary in accordance with like-kind exchange income tax rules and regulations. These proceeds were used to fund future developments.

The Company completed the acquisition of three communities located in Atlanta, Georgia in 1998: Summit St. Clair, purchased effective March 1, 1998; Summit Club at Dunwoody; purchased effective May 22, 1998, and Summit Lenox, purchased effective July 8, 1998 (the "Atlanta Acquisitions"). The Atlanta Acquisitions added a total of 1,093 apartment homes to the Company's portfolio at an aggregate purchase price of \$88.3 million. The Atlanta Acquisitions were financed with the issuance of 259,871 Common Units valued at \$5.2 million and the assumption of approximately \$8.8 million of mortgage debt. The balance of

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the purchase price was paid in cash.

On November 4, 1998, the Company acquired a portfolio of multifamily properties in Texas (the "Ewing Portfolio") through a merger with Ewing Industries, a private developer of luxury apartment homes. The Ewing Portfolio consists of 2,465 apartment homes in seven communities located in Dallas, Austin and San Antonio. The acquisition of the Ewing Portfolio was effected pursuant to an Agreement and Plan of Reorganization dated as of October 31, 1998 (the "Merger Agreement") among the Company, affiliates of the Company including the Operating Partnership, Ewing Industries, Inc., an Ohio corporation ("Ewing Industries"), affiliates of Ewing, and their respective partners, shareholders and members (together with Ewing Industries, "Ewing"). Pursuant to the Merger Agreement, the acquisition was funded through (i) the issuance to Ewing of 1,008,988 shares of Common Stock of the Company and 141,921 Common Units, valued at \$20.7 million in the aggregate, (ii) the assumption of \$84.0 million in long-term fixed-rate mortgage indebtedness, (iii) the payment of \$50.6 million in cash and (iv) receipt of \$3.8 million of credit for customary proration and reserves. A portion of the consideration was deferred until stabilization of one community (Summit Las Palmas) which was in lease-up at the time of the acquisition of the Ewing Portfolio. The Summit Las Palmas purchase closed on December 31, 1998 with the additional consideration of (i) 1,027,771 shares of Common Stock and 36,124 Common Units valued at \$29.2 million in the aggregate and (ii) cash in the amount of approximately \$600,000.

At December 31, 2000, the Company had one apartment community, Summit Deerfield, under contract for sale during 2001. Summit Deerfield is under construction and in lease up and is expected to yield a total estimated cost of approximately \$41.5 million upon completion. The property operating income from Summit Deerfield represented less than one percent of property operating income for the Company for the year ended December 31, 2000. Proceeds from the sale of Summit Deerfield are expected to be used to fund future development.

33

34

DEVELOPMENT ACTIVITY

The Company's developments in process at December 31, 2000 are summarized as follows (dollars in thousands):

COMMUNITY	APARTMENT HOMES	TOTAL ESTIMATED COSTS	COST TO DATE	ESTIMATED COST TO COMPLETE	ANTICIPATED CONSTRUCTION COMPLETION
Summit Deerfield -- Cincinnati, OH(1)(3)...	498	\$ 41,500	\$ 35,210	\$ 6,290	Q3
Summit Overlook -- Raleigh, NC(1).....	320	25,500	14,314	11,186	Q3
Summit Crest -- Raleigh, NC(1).....	438	30,700	21,148	9,552	Q3
Summit Peachtree City -- Atlanta, GA(1)....	397	31,500	24,008	7,492	Q4
Summit Grand Parc -- Washington, DC.....	105	29,400	13,038	16,362	Q1
Summit Brookwood -- Atlanta, GA.....	359	41,500	2,208	39,292	Q4
Summit Valley Brook -- Philadelphia, PA....	352	37,000	9,507	27,493	Q1
Other development and construction costs(2).....	--	--	43,149	--	
	2,469	\$237,100	\$162,582	\$117,667	

(1) These communities were in lease-up at December 31, 2000.

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(2) Consists primarily of land held for development and other pre-development costs.

(3) Summit Deerfield is under contract for sale expected in 2001 as a part of the Company's strategy to exit the Midwest market. The Company does not expect to incur a loss upon the sale of Summit Deerfield.

Estimated cost to complete the development Communities of approximately \$117.7 million represents substantially all of the Company's material commitments for capital expenditures at December 31, 2000.

Certain Factors Affecting the Performance of Development Communities

The Company is optimistic about the operating prospects of the Communities under construction. As with any development community, there are uncertainties and risks associated with the development of the Communities described above. While the Company has prepared development budgets and has estimated completion and stabilization target dates based on what it believes are reasonable assumptions in light of current conditions, there can be no assurance that actual costs will not exceed current budgets or that the Company will not experience construction delays due to the unavailability of materials, weather conditions or other events.

Other development risks include the possibility of incurring additional costs or liabilities resulting from increased costs for materials or labor or other unexpected costs or defects in construction material, and the possibility that financing may not be available on favorable terms, or at all, to pursue or complete development activities. Similarly, market conditions at the time these Communities become available for leasing will affect the rental rates that may be charged and the period of time necessary to achieve stabilization, which could make one or more of the development Communities unprofitable or result in achieving stabilization later than currently anticipated.

In addition, the Company is conducting feasibility and other pre-development work for ten Communities. The Company could abandon the development of any one or more of these potential Communities in the event that it determines that market conditions do not support development, financing is not available on favorable terms, or it is unable to obtain necessary permits and authorizations, or due to other circumstances which may prevent development. Similarly, there can be no assurance that, if the Company does pursue one or more of these potential Communities, that it will be able to complete construction within the currently estimated development budgets or that construction can be started at the time currently anticipated.

AMERICANS WITH DISABILITIES ACT AND SIMILAR LAWS

Under the Americans with Disabilities Act, all places of public accommodation are required to meet federal requirements related to access and use by disabled persons. The Company believes that its Communities are

substantially in compliance with present requirements of the Americans with Disabilities Act as they apply to multifamily dwellings. A number of additional federal, state and local laws exist or may be imposed which also may require modifications to the Company's Communities or regulate certain further renovations with respect to access by disabled persons. The ultimate amount of the cost of compliance with the Americans with Disabilities Act or related legislation is not currently ascertainable, and while these costs are not expected to have a material effect on the Company, they could be substantial.

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Limitations or restrictions on the completion of certain renovations may limit application of the Company's investment strategy in particular instances or reduce overall returns on its investments.

INFLATION

Substantially all of the leases at the Communities are for a term of one year or less, which may enable the Company to seek increased rents upon renewal of existing leases or commencement of new leases. The short-term nature of these leases generally serves to reduce the risk to the Company of the adverse effect of inflation.

FUNDS FROM OPERATIONS

The Company considers funds from operations ("FFO") to be an appropriate measure of performance of an equity REIT. The Company computes FFO in accordance with standards established by the National Association of Real Estate Investment Trusts ("NAREIT"). FFO, as defined by NAREIT, represents net income (loss) excluding gains or losses from sales of property, plus depreciation of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures, all determined on a consistent basis in accordance with generally accepted accounting principles ("GAAP"). Funds Available for Distribution ("FAD") is defined as FFO less capital expenditures funded by operations (recurring capital expenditures). The Company's methodology for calculating FFO and FAD may differ from the methodology for calculating FFO and FAD utilized by other real estate companies, and accordingly, may not be comparable to other real estate companies. FFO and FAD do not represent amounts available for management's discretionary use because of needed capital expenditures or expansion, debt service obligations, property acquisitions, development, dividends and distributions or other commitments and uncertainties. FFO and FAD should not be considered as alternatives to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to cash flows from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity, nor are they indicative of funds available to fund the Company's cash needs, including its ability to make dividends/distributions. The Company believes FFO and FAD are helpful to investors as measures of the performance of the Company because, along with cash flows from operating activities, financing activities and investing activities, they provide investors with an understanding of the ability of the Company to incur and service debt and make capital expenditures.

35

36

Funds from Operations and Funds Available for Distribution are calculated as follows (dollars in thousands):

	2000	1999	1998
	-----	-----	-----
Net income.....	\$ 63,874	\$ 45,745	\$ 56,375
Extraordinary items, net of minority interest.....	--	--	508
Extraordinary items -- Management Company.....	30	--	--
Minority interest of Unitholders in Operating Partnership.....	10,520	7,317	9,592
Gain on sale of real estate assets.....	(38,510)	(17,427)	(37,148)
Gain on sale of real estate assets -- Management Company.....	(238)	--	--
	-----	-----	-----
Adjusted net income.....	35,676	35,635	29,327

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Depreciation:			
Real estate assets.....	36,383	34,324	28,890
Real estate joint ventures.....	1,283	748	25
	-----	-----	-----
Funds from Operations.....	73,342	70,707	58,242
Recurring capital expenditures(1).....	(5,371)	(6,357)	(4,607)
	-----	-----	-----
Funds Available for Distribution.....	\$ 67,971	\$ 64,350	\$ 53,635
	=====	=====	=====
Non-recurring capital expenditures(2).....	\$ (2,965)	\$ (5,348)	\$ (4,978)
	=====	=====	=====
Cash Flow Provided By (Used In):			
Operating Activities.....	\$ 70,968	\$ 59,021	\$ 63,808
Investing Activities.....	(118,197)	(39,751)	(219,170)
Financing Activities.....	46,247	(17,977)	154,636
Weighted average shares and units			
outstanding -- basic.....	30,696,729	32,134,646	29,140,931
	=====	=====	=====
Weighted average shares and units			
outstanding -- diluted.....	30,897,346	32,205,637	29,150,315
	=====	=====	=====

(1) Recurring capital expenditures are expected to be funded from operations and consist primarily of exterior painting, , new appliances, vinyl, blinds, tile, wallpaper and carpets in 2000 and 1999. In contrast, non-recurring capital expenditures, such as major improvements, new garages and access gates, are expected to be funded by financing activities and are, therefore, not included in the calculation of Funds Available for Distribution. The increase in recurring capital expenditures for the year ended December 31, 1999 was primarily due to the Company's change in accounting policy to capitalize carpets starting January 1, 1999. Without carpet, recurring capital expenditures for the years ended December 31, 2000 and 1999 would have been \$3.7 million and \$4.6 million, respectively. Recurring capital expenditures for 1998 have not been restated for the change in accounting policy.

(2) Non-recurring capital expenditures for the years ended December 31, 2000 and 1999 primarily consisted of major renovations in the amounts of \$643,000 in 2000 and \$3.5 million in 1999, respectively; \$74,000 and \$740,000 for access gates and security fences in 2000 and 1999, respectively; \$10,000 for water meters in 1999; and \$1.7 million and \$1.0 million in other revenue enhancement expenditures in 2000 and 1999, respectively.

RECENTLY ENACTED LEGISLATION

The Company has elected to be taxed as a Real Estate Investment Trust under Sections 856 and 860 of the Internal Revenue Code of 1986, as amended. Recently enacted tax legislation alters the requirements for qualification as a REIT. Effective for tax years beginning after December 31, 2000, a REIT may own the securities of a "taxable REIT subsidiary" without limitation on the REIT's voting control over the subsidiary, provided that not more than 20% of the value of the REIT's total assets is represented by securities of one or more taxable REIT subsidiaries. A taxable REIT subsidiary would include a corporation in which the Company directly or indirectly owns stock and which has elected to be treated as a taxable REIT subsidiary. In 2001, the Management Company will elect to become a taxable REIT subsidiary in accordance with the new legislation. As a result of this election, the Company's investment in the Management Company will be recorded on a consolidated basis.

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In addition, effective for tax years beginning after December 31, 2000, the recently enacted tax legislation reduces the percent of real estate investment trust taxable income that must be distributed by the Company to its stockholders from 95% to 90%, exclusive of net capital gains. Historically, the Company has made distributions that exceeded taxable income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Market Risk".

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are contained on the pages indicated on the Index to Financial Statements on page 46 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

37

38

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Company's Annual Meeting of Stockholders to be held on May 8, 2001.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Company's Annual Meeting of Stockholders to be held on May 8, 2001.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Company's Annual Meeting of Stockholders to be held on May 8, 2001.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference to the Company's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the end of the year covered by this Form 10-K with respect to the Company's Annual Meeting of Stockholders to be held on May 8, 2001.

38

39

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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(a) Financial Statements and Financial Statement Schedule

The consolidated financial statements of the Company are listed in the Index to Financial Statements on page 46 of this Report.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company in the fourth quarter of 2000.

(c) Exhibits

As noted below, certain of the exhibits required by Item 601 of Regulation S-K have been filed with previous reports by the Company and are incorporated by reference herein.

EXHIBIT NO. -----	DESCRIPTION -----
3.1.1	Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-11, Registration No. 33-90706).
3.1.2	Articles Supplementary to the Articles of Amendment and Restatement of Summit Properties Inc. designating 8.95% Series B Cumulative Redeemable Perpetual Preferred Stock of the Company dated April 29, 1999 (Incorporated by reference to Exhibit 3.1 to the Company's quarterly report on Form 10-Q for the quarterly period ended March 31, 1999, File No. 001-12792).
3.1.3	Articles Supplementary to the Articles of Amendment and Restatement of Summit Properties Inc. designating 8.75% Series C Cumulative Redeemable Perpetual Preferred Stock of the Company dated September 3, 1999 (Incorporated by reference to Exhibit 99.1 to the Operating Partnership's Current Report on Form 8-K filed on September 17, 1999, File No. 000-22411).
3.2.1	Bylaws of the Company (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-11, Registration No. 33-90706).
3.2.2	First Amendment to Bylaws of the Company (Incorporated by reference to Exhibit 3.2.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
4.1.1	Indenture dated as of August 7, 1997 between the Operating Partnership and First Union National Bank, relating to the Operating Partnership's Senior Debt Securities (Incorporated by reference to Exhibit 4.1 to the Operating Partnership's Current Report on Form 8-K filed on August 11, 1997, File No. 000-22411).
4.1.2	Supplemental Indenture No. 1, dated as of August 12, 1997, between the Operating Partnership and First Union National Bank (Incorporated by reference to Exhibit 4.1 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on August 18, 1997, File No. 000-22411).
4.1.3	Supplemental Indenture No. 2, dated as of December 17, 1997, between the Operating Partnership and First Union National Bank (Incorporated by reference to Exhibit 4.1 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on December 17, 1997, File No. 000-22411).
4.1.4	Supplemental Indenture No. 3, dated as of May 29, 1998,

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between the Operating Partnership and First Union National Bank (Incorporated by reference to Exhibit 4.2 to the Operating Partnership's Current Report on Form 8-K filed on June 2, 1998, File No. 000-22411).

39

40

EXHIBIT NO. -----	DESCRIPTION -----
4.1.5	Supplemental Indenture No. 4, dated as of April 20, 2000, between the Operating Partnership and First Union National Bank, including a form of Floating Rate Medium-Term Note and a form of Fixed Rate Medium-Term Note (Incorporated by reference to Exhibit 4.2 to the Operating Partnership's Current Report on Form 8-K filed on April 28, 2000, File No. 000-22411).
4.2.1	The Operating Partnership's 6.80% Note due 2002, dated August 12, 1997 (Incorporated by reference to Exhibit 4.2 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on August 18, 1997, File No. 000-22411).
4.2.2	The Operating Partnership's 6.95% Note due 2004, dated August 12, 1997 (Incorporated by reference to Exhibit 4.3 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on August 18, 1997, File No. 000-22411).
4.2.3	The Operating Partnership's 7.20% Note due 2007, dated August 12, 1997 (Incorporated by reference to Exhibit 4.4 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on August 18, 1997, File No. 000-22411).
4.2.4	The Operating Partnership's 6.63% Note due 2003, dated December 17, 1997 (Incorporated by reference to Exhibit 4.2 to the Operating Partnership's Amended Current Report on Form 8-K/A-1 filed on December 17, 1997, File No. 000-22411).
4.2.5	6.75% Medium-Term Note due 2001 in principal amount of \$30,000,000 issued by the Operating Partnership on July 28, 1998 (Incorporated by reference to Exhibit 10.2 to the Operating Partnership's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998, File No. 000-22411).
4.2.6	7.59% Medium-Term Note due 2009 in principal amount of \$25,000,000 issued by the Operating Partnership on March 18, 1999 (Incorporated by reference to Exhibit 4.1 to the Operating Partnership's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1999, File No. 000-22411).
4.2.7	8.50% Medium-Term Note due 2010 in the principal amount of \$10,000,000 issued by the Operating Partnership on July 19, 2000 (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
4.2.8	7.87% Medium-Term Note due 2003 in the principal amount of \$17,000,000 issued by the Operating Partnership on October 20, 2000 (filed herewith).
4.2.9	8.037% Medium-Term Note due 2005 in the principal amount of \$25,000,000 issued by the Operating Partnership on November 17, 2000 (filed herewith).
4.3	Shareholder Rights Agreement, dated as of December 14, 1998,

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- between the Company and First Union National Bank, as Rights Agent (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 8-A, filed on December 16, 1998).
- 10.1 Amended and Restated Agreement of Limited Partnership of the Operating Partnership, dated as of May 23, 2000 (Incorporated by reference to Exhibit 3.1 to the Operating Partnership's Current Report on Form 8-K filed on May 30, 2000, File No. 000-22411).
- 10.2 Articles of Incorporation of Summit Management Company (Incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
- 10.3 Bylaws of Summit Management Company (Incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
- 10.4 The Company's 1994 Stock Option and Incentive Plan as amended and restated (Incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-8, Registration No. 333-79897).

40

41

EXHIBIT NO. -----	DESCRIPTION -----
10.5.1	The Company's 1996 Non-Qualified Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-8, Registration No. 333-00078).
10.5.2	First Amendment to Non-Qualified Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.5.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
10.5.3	Second Amendment to Non-Qualified Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.5.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
10.5.4	Third Amendment to Non-Qualified Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.5.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
10.6	Indemnification Agreements, dated as of various dates, by and among the Company, the Operating Partnership, and each director and executive officer of the Company (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1999, Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000 and Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
10.7.1	Employment Agreement between the Company and William F. Paulsen (Incorporated by reference to Exhibit 10.7.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
10.7.2	Employment Agreement between the Company and William B.

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- McGuire, Jr. (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.7.3 Employment Agreement between the Company and Michael L. Schwarz (Incorporated by reference to Exhibit 10.7.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
- 10.7.4 Employment Agreement between the Company and Steven R. LeBlanc (filed herewith).
- 10.7.5 Employment Agreement between Summit Management Company and Randall M. Ell (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, File No. 001-12792).
- 10.7.6 Employment Agreement between the Company and Robert R. Kilroy (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
- 10.8.1 Noncompetition Agreement between the Company and William F. Paulsen (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.8.2 Noncompetition Agreement between the Company and William B. McGuire, Jr. (Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.8.3 Noncompetition Agreement between the Company and Michael L. Schwarz (Incorporated by reference to Exhibit 10.8.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
- 10.8.4 Noncompetition Agreement between the Company and Steven R. LeBlanc (Incorporated by reference to Exhibit 10.8.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 001-12792).

41

42

EXHIBIT NO. -----	DESCRIPTION -----
10.8.5	Noncompetition Agreement by and among the Company, Summit Management Company and Randall M. Ell (Incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, File No. 001-12792).
10.8.6	Noncompetition Agreement by and among the Company, Summit Management Company and Robert R. Kilroy (Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
10.9.1	Executive Severance Agreement between the Company and William F. Paulsen (Incorporated by reference to Exhibit 10.9.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
10.9.2	Executive Severance Agreement between the Company and William B. McGuire, Jr. (Incorporated by reference to Exhibit 10.9.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).

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- 10.9.3 Executive Severance Agreement between the Company and Michael L. Schwarz (Incorporated by reference to Exhibit 10.9.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
- 10.9.4 Executive Severance Agreement between the Company and Steven R. LeBlanc (Incorporated by reference to Exhibit 10.9.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 001-12792).
- 10.9.5 Executive Severance Agreement between the Company and Randall M. Ell (Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, File No. 001-12792).
- 10.9.6 Executive Severance Agreement between the Company and Robert R. Kilroy (Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
- 10.10 \$31,000,000 Loan Agreement, dated July 31, 1996, between the Operating Partnership and Wachovia Bank of North Carolina, N.A. (Incorporated by reference to Exhibit 10.34 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 1996, File No. 001-12792).
- 10.11.1 Form of Promissory Note and Security Agreement between the Company and the employees named in the Schedule thereto (Incorporated by reference to Exhibit 10.14.3 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
- 10.11.2 Promissory Note and Security Agreement, dated January 31, 2000, evidencing a loan of \$499,814 to William B. McGuire, Jr. for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.11.3 Promissory Note and Security Agreement, dated January 31, 2000, evidencing a loan of \$999,995 to William F. Paulsen for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.11.4 Promissory Note and Security Agreement, dated August 5, 1998, evidencing a loan of \$960,578 to Steven R. LeBlanc for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.12.4 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 001-12792).

42

43

EXHIBIT NO.	DESCRIPTION
10.11.5	Promissory Note, dated February 2, 1999, evidencing a loan of \$1,000,487 to Steven R. LeBlanc for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.12.10 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 001-12792).
10.11.6	Promissory Note and Security Agreement, dated January 31, 2000, evidencing a loan of \$999,995 to Steven R. LeBlanc for

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- the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.11.7 Promissory Note and Security Agreement, dated January 28, 1998, evidencing a loan of \$42,258 to Michael L. Schwarz for the purpose of paying tax liability associated with Restricted Stock Award (Incorporated by reference to Exhibit 10.14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
- 10.11.8 Promissory Note and Security Agreement, dated January 30, 1998, evidencing a loan of \$361,785 to Michael L. Schwarz for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1998, File No. 001-12792).
- 10.11.9 Promissory Notes and Security Agreements, dated various dates from July 29, 1998 to May 1, 2000, evidencing loans in the aggregate amount of \$131,013 to Michael L. Schwarz (filed herewith).
- 10.11.10 Promissory Note, dated February 2, 1999, evidencing a loan of \$450,004 to Michael L. Schwarz for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.12.11 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, File No. 001-12792).
- 10.11.11 Promissory Note and Security Agreement, dated January 31, 2000, evidencing a loan of \$499,969 to Michael L. Schwarz for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2000, File No. 001-12792).
- 10.11.12 Promissory Note and Security Agreement, dated August 1, 2000, evidencing a loan of \$99,973 to Michael L. Schwarz for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
- 10.11.13 Promissory Note and Security Agreement, dated November 7, 2000, evidencing a loan of \$91,843 to Michael L. Schwarz for the purpose of purchasing shares of Common Stock of the Company (filed herewith).
- 10.11.14 Promissory Notes and Security Agreements, dated various dates from May 17, 2000 through August 1, 2000, evidencing loans in the aggregate amount of \$949,820 to Robert R. Kilroy for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No. 001-12792).
- 10.11.15 Promissory Notes and Security Agreements, dated various dates from April 1, 1998 through May 17, 2000, evidencing loans in the aggregate amount of \$358,399 to Randall M. Ell for the purpose of purchasing shares of Common Stock of the Company (Incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2000, File No. 001-12792).
- 10.11.16 Promissory Note and Security Agreement, dated November 7, 2000, evidencing a loan of \$499,160 to Randall M. Ell for the purpose of purchasing shares of Common Stock of the Company (filed herewith).

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43

44

EXHIBIT NO. -----	DESCRIPTION -----
10.11.17	Form of Amendment, dated December 29, 2000 to each of the Promissory Notes and Security Agreements executed by William B. McGuire, Jr. and the executive officers of the Company prior to January 4, 2000, including a listing of those notes amended (filed herewith).
10.12.1	Registration Rights Agreement, dated October 12, 1994, between the Company and PK Partners, L.P. (Incorporated by reference to Exhibit 10.15.1 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
10.12.2	Registration Rights Agreement, dated February 8, 1994, between the Company and the Continuing Investors named therein (Incorporated by reference to Exhibit 10.13.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, File No. 001-12792).
10.12.3	Registration Rights Agreement, dated December 11, 1995, between the Company and Bissell Ballantyne, LLC (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-3, Registration No. 333-24669).
10.12.4	Registration Rights Agreement, dated January 10, 1996, among the Company, Joseph H. Call and Gary S. Cangelosi (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-3, Registration No. 333-24669).
10.12.5	Registration Rights Agreement, dated February 20, 1997, among the Company, The Northwestern Mutual Life Insurance Company, J. Ronald Terwilliger, J. Ronald Terwilliger Grantor Trust, Crow Residential Realty Investors, L.P., Douglas A. Hoeksema, Randy J. Pace, Clifford A. Breining, TCF Residential Partnership, Ltd. and Trammell S. Crow (Incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-3, Registration No. 333-24669).
10.12.6	Registration Rights Agreement, dated May 16, 1995, between the Company and the individuals named therein executed in connection with the Crosland Acquisition (Incorporated by reference to Exhibit 10.15.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997, File No. 001-12792).
10.12.7	Registration Rights and Lock-up Agreement, dated October 31, 1998, by and between the Company, the Operating Partnership, and the holders named therein executed in connection with the Ewing Acquisition (Incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-3, Registration No. 333-93923).
10.13	Amended and Restated Credit Agreement, dated as of September 26, 2000, by and among the Operating Partnership, the Company, the Banks listed therein, and First Union National Bank, as Administrative Agent (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000, File No.

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- 001-12792).
- 10.14 Distribution Agreement among the Operating Partnership, the Company and the Agents listed therein, dated April 20, 2000 (Incorporated by reference to the Operating Partnership's Current Report on Form 8-K filed on April 28, 2000, File No. 000-22411).
- 10.15 Swap Transaction, dated as of September 15, 1999, between the Operating Partnership and Morgan Guaranty Trust Company of New York (filed herewith).
- 12.1 Statement Regarding Calculation of Ratios of Earnings to Fixed Charges for the Years Ended December 31, 2000, 1999, 1998, 1997 and 1996 (filed herewith).
- 21.1 Subsidiaries of the Company (filed herewith).
- 23.1 Consent of Deloitte & Touche LLP (filed herewith).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Summit Properties Inc. certifies that it has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Charlotte, North Carolina on March 12, 2001.

SUMMIT PROPERTIES INC.

/s/ WILLIAM F. PAULSEN

 William F. Paulsen,
 Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURES -----	TITLE -----	DATE -----
/s/ WILLIAM B. MCGUIRE, JR. ----- William B. McGuire, Jr.	Co-Chairman of the Board of Directors	March 12,
/s/ WILLIAM F. PAULSEN ----- William F. Paulsen	Co-Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 12,
/s/ STEVEN R. LEBLANC ----- Steven R. LeBlanc	President, Chief Operating Officer and Director (Principal Operating Officer)	March 12,
/s/ MICHAEL L. SCHWARZ ----- Michael L. Schwarz	Executive Vice President -- Operations and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 12,
/s/ HENRY H. FISHKIND	Director	March 12,

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Henry H. Fishkind

/s/ JAMES H. HANCE, JR.

Director

March 12,

James H. Hance, Jr.

/s/ NELSON SCHWAB, III

Director

March 12,

Nelson Schwab, III

/s/ JAMES M. ALLWIN

Director

March 12,

James M. Allwin

45

46

INDEX TO FINANCIAL STATEMENTS

The following financial statements of the Company required to be included in Item 14(a) (1) are listed below:

SUMMIT PROPERTIES INC.

	PAGE

Independent Auditors' Report.....	47
Consolidated Balance Sheets as of December 31, 2000 and 1999.....	48
Consolidated Statements of Earnings for the Years Ended December 31, 2000, 1999 and 1998.....	49
Consolidated Statements of Stockholders' Equity for the Years Ended December 31, 2000, 1999 and 1998.....	50
Consolidated Statements of Cash Flows for the Years Ended December 31, 2000, 1999 and 1998.....	51
Notes to Consolidated Financial Statements.....	52

The following financial statement supplementary data of the Company required to be included in Item 14(a) (2) is listed below:

Schedule III -- Real Estate and Accumulated Depreciation....	71
--	----

All other schedules are omitted because they are not applicable or not required.

46

47

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Summit Properties Inc.
Charlotte, North Carolina

We have audited the accompanying consolidated balance sheets of Summit Properties Inc. (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Our audit for the year ended December 31, 2000 also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, in 1999 the Company changed its method of accounting for carpet replacements.

DELOITTE & TOUCHE LLP

Charlotte, North Carolina
January 22, 2001

47

48

SUMMIT PROPERTIES INC. CONSOLIDATED BALANCE SHEETS (DOLLARS IN THOUSANDS)

	DECEMBER 31,	
	2000	1999
ASSETS		
Real estate assets:		
Land and land improvements.....	\$ 184,494	\$ 174,615
Buildings and improvements.....	1,001,183	893,179
Furniture, fixtures and equipment.....	74,920	68,437

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	-----	-----
	1,260,597	1,136,231
Less: accumulated depreciation.....	(147,437)	(129,620)
	-----	-----
Operating real estate assets.....	1,113,160	1,006,611
Construction in progress.....	162,582	148,587
	-----	-----
Net real estate assets.....	1,275,742	1,155,198
Cash and cash equivalents.....	3,148	4,130
Restricted cash.....	41,502	40,080
Investments in Summit Management Company and real estate joint ventures.....	736	583
Deferred financing costs, net of accumulated amortization of \$5,792 and \$5,153 in 2000 and 1999, respectively.....	7,760	6,657
Notes receivable.....	5,176	3,268
Other assets.....	6,087	7,497
	-----	-----
Total assets.....	\$1,340,151	\$1,217,413
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Notes payable.....	\$ 763,899	\$ 649,632
Accrued interest payable.....	7,729	7,018
Accounts payable and accrued expenses.....	20,415	25,626
Dividends and distributions payable.....	13,481	12,984
Security deposits and prepaid rents.....	3,959	3,850
	-----	-----
Total liabilities.....	809,483	699,110
	-----	-----
Commitments and contingencies		
Minority interest of common unitholders in Operating Partnership.....		
	55,730	54,698
Minority interest of preferred unitholders in Operating Partnership.....		
	136,261	136,270
Stockholders' equity:		
Preferred stock, \$.01 par value -- 25,000,000 shares authorized, no shares issued and outstanding.....		
	--	--
Common stock, \$.01 par value -- 100,000,000 shares authorized, 26,431,086 and 26,374,446 shares issued and outstanding in 2000 and 1999, respectively.....		
	264	264
Additional paid-in capital.....	415,827	412,874
Accumulated deficit.....	(62,775)	(80,555)
Unamortized restricted stock compensation.....	(942)	(387)
Employee notes receivable.....	(13,697)	(4,861)
	-----	-----
Total stockholders' equity.....	338,677	327,335
	-----	-----
Total liabilities and stockholders' equity.....	\$1,340,151	\$1,217,413
	=====	=====

See notes to consolidated financial statements.

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	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
Revenues:			
Rental.....	\$ 172,639	\$ 162,859	\$ 137,777
Other property income.....	12,795	10,670	7,111
Interest.....	3,592	3,030	1,111
Other income.....	618	289	1,111
Total revenues.....	189,644	176,848	147,110
Expenses:			
Property operating and maintenance:			
Personnel.....	12,036	12,796	11,111
Advertising and promotion.....	2,718	2,630	2,111
Utilities.....	8,654	8,544	7,111
Building repairs and maintenance.....	8,434	8,609	9,111
Real estate taxes and insurance.....	19,248	17,684	14,111
Depreciation.....	36,602	34,432	28,111
Property supervision.....	4,970	4,175	3,111
Other operating expenses.....	3,027	2,880	2,111
Total property operating and maintenance.....	95,689	91,750	80,111
Interest.....	38,649	37,282	32,111
Amortization.....	1,072	992	1,111
General and administrative.....	4,752	3,876	3,111
Loss (income) on equity investments:			
Summit Management Company.....	779	719	1,111
Real estate joint ventures.....	399	(104)	1,111
Total expenses.....	141,340	134,515	118,111
Income before gain on sale of real estate assets, minority interest of common unitholders in Operating Partnership, dividends to preferred unitholders in Operating Partnership and extraordinary items.....			
	48,304	42,333	29,111
Gain on sale of real estate assets.....	38,510	17,427	37,111
Income before minority interest of unitholders in Operating Partnership, dividends to preferred unitholders in Operating Partnership and extraordinary items.....	86,814	59,760	66,111
Minority interest of common unitholders in Operating Partnership.....	(10,520)	(7,317)	(9,111)
Dividends to preferred unitholders in Operating Partnership.....	(12,420)	(6,698)	1,111
Income before extraordinary items.....	63,874	45,745	56,111
Extraordinary items, net of minority interest of common unitholders in Operating Partnership.....	--	--	--
Net income.....	\$ 63,874	\$ 45,745	\$ 56,111
Per share data:			
Income before extraordinary items -- basic.....	\$ 2.42	\$ 1.65	\$ 1.65
Income before extraordinary items -- diluted.....	\$ 2.41	\$ 1.65	\$ 1.65
Extraordinary items -- basic and diluted.....	\$ --	\$ --	\$ (0.01)
Net income -- basic.....	\$ 2.42	\$ 1.65	\$ 1.65

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Net income -- diluted.....	\$ 2.41	\$ 1.65	\$
Dividends declared.....	\$ 1.75	\$ 1.67	\$
Weighted average shares -- basic.....	26,341,438	27,697,904	24,934
Weighted average shares -- diluted.....	26,542,056	27,768,895	24,944

See notes to consolidated financial statements.

49

50

SUMMIT PROPERTIES INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	UNAMORTIZED RESTRICTED STOCK COMPENSATION	EMPL NOT RECEI
	-----	-----	-----	-----	-----
Balance, December 31, 1997.....	\$234	\$361,731	\$ (95,120)	\$ (1,006)	
Dividends.....	--	--	(41,536)	--	
Issuance of stock.....	21	37,322	--	--	
Proceeds from dividend and stock purchase plans.....	22	42,891	--	--	
Conversion of common units to shares.....	--	555	--	--	
Exercise of stock options.....	1	840	--	--	
Issuance of restricted stock grants.....	--	162	--	(162)	
Amortization of restricted stock grants.....	--	--	--	440	
Adjustment for minority interest of common unitholders in Operating Partnership.....	--	(1,369)	--	--	
Issuance of employee notes receivable.....	--	--	56,375	--	\$ (2)
Net income.....	--	--	56,375	--	
Balance, December 31, 1998.....	278	442,132	(80,281)	(728)	(2)
Dividends.....	--	--	(46,019)	--	
Proceeds from dividend and stock purchase plans.....	10	15,331	--	--	
Repurchase of common stock.....	(24)	(47,502)	--	--	
Exercise of stock options.....	--	182	--	--	
Issuance of restricted stock grants.....	--	304	--	(304)	
Amortization of restricted stock grants.....	--	--	--	645	
Adjustment for minority interest of common unitholders in Operating Partnership.....	--	2,427	--	--	
Issuance of employee notes receivable.....	--	--	--	--	(3)

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Repayment of employee notes receivable.....	--	--	--	--	--
Net income.....	--	--	45,745	--	--
	----	-----	-----	-----	-----
Balance, December 31, 1999.....	264	412,874	(80,555)	(387)	(4)
Dividends.....	--	--	(46,094)	--	--
Proceeds from dividend and stock purchase plans.....	3	4,798	--	--	--
Repurchase of common stock.....	(4)	(8,020)	--	--	--
Conversion of units to shares.....	--	1,159	--	--	--
Exercise of stock options.....	1	2,085	--	--	--
Issuance of restricted stock grants.....	--	1,203	--	(1,319)	--
Amortization of restricted stock grants.....	--	--	--	764	--
Accrual of vested stock awards.....	--	1,171	--	--	--
Adjustment for minority interest of common unitholders in Operating Partnership.....	--	1,128	--	--	--
Issuance of employee notes receivable.....	--	--	--	--	(10)
Repayment of employee notes through stock redemption.....	--	(571)	--	--	--
Repayment of employee notes receivable.....	--	--	--	--	1
Net income.....	--	--	63,874	--	--
	----	-----	-----	-----	-----
Balance, December 31, 2000.....	\$264	\$415,827	\$(62,775)	\$ (942)	\$(13)
	=====	=====	=====	=====	=====

See notes to consolidated financial statements.

50

51

SUMMIT PROPERTIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
Cash flows from operating activities:			
Net income.....	\$ 63,874	\$ 45,745	\$ 56,375
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interest of common unitholders in Operating Partnership.....	10,520	7,317	9,592
Extraordinary items.....	--	--	508
Loss on equity investments.....	1,178	615	328
Gain on sale of real estate assets.....	(38,510)	(17,427)	(37,148)
Depreciation and amortization.....	38,216	35,304	30,163
Accrual of vested stock awards.....	1,171	--	--
Increase in restricted cash.....	(3,633)	(4,722)	(777)
Increase in other assets.....	(631)	(685)	(504)
Increase in accrued interest payable.....	711	212	1,444
(Decrease) increase in accounts payable and accrued			

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expenses.....	(2,187)	(7,000)	3,823
Increase (decrease) in security deposits and prepaid rents.....	259	(338)	4
	<u>70,968</u>	<u>59,021</u>	<u>63,808</u>
Net cash provided by operating activities.....			
Cash flows from investing activities:			
Construction of real estate assets and land acquisitions, net of payables.....	(168,593)	(127,764)	(122,842)
Purchase of Communities.....	(33,373)	--	(124,846)
Proceeds from sale of Communities.....	105,131	110,873	44,245
Capitalized interest.....	(11,117)	(7,888)	(6,142)
Recurring capital expenditures, net of payables.....	(5,371)	(6,357)	(4,607)
Non-recurring capital expenditures.....	(2,965)	(5,348)	(4,978)
Increase in notes receivable.....	(1,909)	(3,267)	--
	<u>(118,197)</u>	<u>(39,751)</u>	<u>(219,170)</u>
Net cash used in investing activities.....			
Cash flows from financing activities:			
Net borrowings (repayments) on line of credit.....	62,138	(75,508)	131,252
Net borrowings on unsecured bonds.....	--	24,600	54,392
Proceeds from issuance of mortgage debt.....	47,922	--	--
Repayments of unsecured notes.....	(15,000)	--	--
Net borrowings on unsecured medium term notes.....	26,299	--	--
Repayments of mortgage debt.....	(8,548)	(5,136)	(27,391)
Repayments of tax exempt bonds.....	(1,025)	(1,155)	(1,050)
Net proceeds from dividend reinvestment and stock purchase plans.....	4,801	15,341	42,913
Dividends and distributions to unitholders.....	(53,259)	(53,186)	(46,819)
Exercise of stock options.....	2,086	182	841
Decrease in advance proceeds from direct stock purchase plan.....	--	(9,474)	2,974
Issuance of preferred units in Operating Partnership.....	--	136,270	--
Repurchase of common stock.....	(8,020)	(47,526)	--
Acquisition of minority interest.....	(1,759)	--	--
Issuance of restricted stock awards.....	19	--	--
Repayments of employee notes receivable.....	1,386	--	--
Increase in employee notes receivable.....	(10,793)	(2,385)	(2,476)
	<u>46,247</u>	<u>(17,977)</u>	<u>154,636</u>
Net cash provided by (used in) financing activities.....			
Net (decrease) increase in cash and cash equivalents.....	(982)	1,293	(726)
Cash and cash equivalents, beginning of year.....	4,130	2,837	3,563
	<u>\$ 3,148</u>	<u>\$ 4,130</u>	<u>\$ 2,837</u>
Cash and cash equivalents, end of year.....			
Supplemental disclosure of cash flow information -- Cash paid for interest, net of capitalized interest.....	\$ 37,938	\$ 37,070	\$ 31,106
	<u>=====</u>	<u>=====</u>	<u>=====</u>

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Summit Properties Inc. (the "Company") was initially organized as a Maryland real estate investment trust on December 1, 1993 under the Maryland Real Estate Investment Trust Act. The Company became a Maryland corporation under the General Corporation Law of Maryland on January 13, 1994. On February 15, 1994, the Company completed an Initial Public Offering ("Initial Offering") of 10 million shares of common stock, par value \$0.01 per share ("Common Stock"). In connection with the Initial Offering, the Company consummated a business combination involving the partnerships (the "Property Partnerships") which owned the 27 communities (together with all communities acquired and developed since the Initial Offering, the "Communities") and the affiliated entities which provided development, construction, management and leasing services to each of the Communities prior to the Initial Offering (collectively, the "Summit Entities"). A portion of the proceeds from the Initial Offering was used to acquire an economic and voting interest in Summit Properties Partnership, L.P. (the "Operating Partnership"), which was formed to succeed to substantially all of the interests of the Property Partnerships in the Communities and the operations of the Summit Entities. The Company became the sole general partner and the majority owner of the Operating Partnership upon completion of the Initial Offering and, accordingly, reports its investment in the Operating Partnership on a consolidated basis.

2. BASIS OF PRESENTATION

All significant intercompany accounts and transactions have been eliminated in consolidation. The financial statements of the Company have been adjusted for the minority interest of holders of common units of limited partnership interest ("Common Units") in the Operating Partnership. Minority interest of unitholders in the Operating Partnership is calculated at the balance sheet date based upon the percentage of Common Units outstanding owned by partners other than the Company to the total number of Common Units outstanding. Minority interest of unitholders in Operating Partnership earnings is calculated based on the weighted average Units outstanding during the period. Common Units can be exchanged for cash, or at the option of the Company, for shares of Common Stock on a one-for-one basis (subject to adjustment).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REAL ESTATE ASSETS AND DEPRECIATION -- The Company records its real estate assets at cost less accumulated depreciation and, if necessary, adjusts carrying value in accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed Of" by reviewing whether the sum of the estimated future net cash flows (undiscounted and without interest charges) from an asset to be held and used is less than the book value of the asset. No impairment existed at December 31, 2000.

Expenditures directly related to the acquisition, development and improvement of real estate assets are capitalized at cost as land, buildings and improvements. Improvements are categorized as either recurring capital expenditures or non-recurring capital expenditures. Non-recurring capital expenditures primarily consist of the cost of improvements such as new garages, water submeters and improvements made in conjunction with acquisitions and major renovations. All other improvements are deemed as recurring capital expenditures.

Ordinary repairs and maintenance, including interior painting, are expensed as incurred; major replacements and betterments are capitalized and depreciated over their estimated useful lives. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets (buildings -- 40 years; building improvements -- 5 to 15 years; land improvements -- 15 years; furniture, fixtures and equipment -- 5 to 7 years).

Effective January 1, 1999, the Company implemented prospectively a new

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accounting policy whereby expenditures for carpet replacement are capitalized and depreciated over their estimated useful lives.

52

53

Previously, the cost of carpet replacements had been expensed. The Company believes that the newly adopted accounting policy is preferable as it is consistent with the standards and practices utilized by the majority of the Company's peers and provides a better matching of expenses with the related benefit of the expenditure. The change in accounting policy was treated as a change in accounting principle inseparable from a change in accounting estimate. The effect of this change for the year ended December 31, 2000 was a net increase in net income of \$1.5 million, or \$0.06 per basic and diluted share. The effect of this change for the year ended December 31, 1999 was a net increase in net income of \$1.4 million, or \$0.05 per basic and diluted share.

Interest costs incurred during the construction period are capitalized and depreciated over the lives of the constructed assets. Interest capitalized was \$11.1 million, \$7.9 million and \$6.1 million for the years ended December 31, 2000, 1999 and 1998, respectively.

The Company capitalizes the cost of its development department to the projects currently under construction at a rate of 2.5% to 3.0% of such construction costs. Such costs are then depreciated over the lives of the constructed assets upon their completion. Such costs capitalized were approximately \$5.4 million, \$4.5 million and \$3.0 million for the years ended December 31, 2000, 1999 and 1998, respectively.

RENTAL REVENUE RECOGNITION -- The Company leases its residential properties under operating leases with terms generally one year or less. Rental revenue is recognized on the accrual method of accounting as earned. The Company leases its office and retail space under operating leases with terms ranging from three to ten years. Rental revenue for office and retail spaces is recognized on a straight line basis over the lives of the respective leases. Future minimum rental payments to be received by the Company under its current office leases are as follows (in thousands):

2001.....	\$ 979
2002.....	1,030
2003.....	1,057
2004.....	1,078
2005.....	1,111
Thereafter.....	4,479

	\$9,734
	=====

Of the amounts listed above, \$7.5 million represents amounts to be received from the Company's wholly-owned subsidiary, Summit Management Company (the "Management Company") which performs all management and leasing activities for the Company and third parties.

PROPERTY MANAGEMENT -- The Management Company provides property management services for both Company-owned properties as well as properties owned by third parties. Revenue is recognized when earned, as the services are provided.

CASH AND CASH EQUIVALENTS -- For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

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RESTRICTED CASH -- Restricted cash is comprised primarily of resident security deposits, bond repayment escrows, replacement reserve escrows, and proceeds from apartment community sales deposited with a qualified intermediary in accordance with like-kind exchange income tax rules and regulations.

DEFERRED FINANCING COSTS -- Deferred financing costs include fees and costs incurred in conjunction with long-term financings and are amortized on the straight-line method over the terms of the related debt.

ADVERTISING COSTS -- The Company expenses advertising costs as incurred.

INCOME TAXES -- The Company has maintained and intends to maintain its election to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). As a result, the Company generally will not be subject to federal and state income taxation at the corporate level as long as it distributes annually at least 95% (90% effective for tax years beginning after December 31, 2000) of its taxable income, excluding net capital gains, as defined in the Code, to its stockholders and satisfies certain

53

54

other requirements. Accordingly, no provision has been made for federal and state income taxes in the accompanying consolidated financial statements.

Financial Accounting Standard No. 109, "Accounting for Income Taxes" requires a public enterprise to disclose the aggregate difference in the basis of its net assets for financial and tax reporting purposes. The carrying value reported in the Company's consolidated financial statements exceeded the tax basis by approximately \$122.8 million and \$90.6 million as of December 31, 2000 and 1999, respectively.

A schedule of per share distributions paid by the Company to be reported by the stockholders is set forth in the following table:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
	-----	-----	-----
Ordinary income.....	\$1.56	\$1.40	\$1.34
20% Long-term capital gain.....	0.10	0.10	--
Unrecaptured Sec. 1250 Gain.....	0.07	0.07	--
Return of Capital.....	--	0.10	0.29
	-----	-----	-----
Total Distribution per share.....	\$1.73	\$1.67	\$1.63
	=====	=====	=====

PER SHARE DATA -- Basic earnings per share with respect to the Company for the years ended December 31, 2000, 1999 and 1998 are computed based upon the weighted average number of shares outstanding during the period. The difference between "basic" and "diluted" weighted average shares is the dilutive effect of the Company's stock options outstanding (200,618, 70,991 and 9,384 shares added to weighted shares outstanding in 2000, 1999 and 1998, respectively). Dilution caused by these options affected earnings per share by \$0.01 in 2000 and had no effect on earnings per share in 1999 or 1998.

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ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS -- On January 1, 2001, the Company adopted Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The Company believes that the provisions of FAS 133, as amended, will have an immaterial impact on the Company's financial statements.

RECLASSIFICATIONS -- Certain reclassifications have been made to the 1999 and 1998 financial statements to conform to the 2000 presentation.

4. REAL ESTATE JOINT VENTURES

The Company obtained a 25% interest in a joint venture named Station Hill, LLC, a North Carolina limited liability company ("Station Hill"), the membership of which is comprised of the Company and a wholly owned subsidiary of a major financial services company, in exchange for the contribution of two communities in December 1998. Station Hill also owns, and the Company thereby holds a 25% interest in, five apartment communities that were previously 100% owned by the Company. These five communities were sold by the Company to Hollow Creek, LLC on December 16, 1998 and were concurrently contributed to Station Hill by Hollow Creek, LLC for a 75% joint venture interest (See Acquisitions and Dispositions -- Note 8). The seven communities are Summit Green, Summit Hill I & II, Summit Creek, Summit Hollow I & II and Summit Station. The Company's initial investment in Station Hill was reduced to zero when the Company eliminated the portion of the gain on disposal related to the percentage of joint venture ownership interest retained. Station Hill is accounted for on the equity method of accounting.

54

55

The following is a condensed balance sheet and income statement for Station Hill as of and for the year ended December 31, 2000 and 1999 . The balance sheet and income statement set forth below reflects the financial position and operations of Station Hill in its entirety, not only the Company's respective interest therein.

	BALANCE SHEET	
	2000	1999
	-----	-----
	(IN THOUSANDS)	
Cash and cash equivalents.....	\$ 1,988	\$ 1,764
Real estate assets, net.....	86,873	89,214
Other assets.....	362	399
	-----	-----
Total assets.....	\$89,223	\$91,377
	=====	=====
Mortgages payable.....	\$68,657	\$69,460

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Other liabilities.....	1,245	784
Partners' capital.....	19,321	21,133
	-----	-----
Total liabilities and partners' capital.....	\$89,223	\$91,377
	=====	=====

INCOME STATEMENT

	2000	1999
	-----	-----
	(IN THOUSANDS)	
Revenues.....	\$12,404	\$11,919
Expenses		
Property operating.....	4,422	4,323
Depreciation and amortization.....	3,013	3,031
Interest.....	4,625	4,677
	-----	-----
Total expenses.....	12,060	12,031
	-----	-----
Net income (loss).....	\$ 344	\$ (112)
	=====	=====

The Company owns a 49% interest in a joint venture ("Construction Project"), which is developing an apartment community. The Construction Project is accounted for under the equity method of accounting and, therefore, its operating results are presented in "Loss (income) on equity investments: Real estate joint ventures" in the consolidated statements of earnings. The construction costs are being funded primarily through a construction loan to the joint venture from an unrelated third party equal to 100% of the construction costs. During the construction period, in lieu of equity contribution to the joint venture, the Company has under certain circumstances, subsequent to demand by the third party lenders, agreed to make contributions which would reduce the respective construction loan by an amount not to exceed 25% of the total construction loan amount. Any such contribution would be deemed to be all or a portion of the equity required to be contributed by the Company to the joint venture at the end of the construction and lease up period. The Company has the right to purchase its joint venture partner's interest in the joint venture for a period of six months after the project becomes stabilized. The Construction Project had not reached stabilization as of December 31, 2000 and the Company has not made a determination about whether it will exercise its option. If the Company does not exercise the option with respect to the joint venture, it will be required to make a capital contribution of 25% of the joint venture's total construction loan amount. The balance sheet and income statement information for the Construction Project is not material.

5. PROPERTY MANAGEMENT AND RELATED PARTY TRANSACTIONS

In conjunction with the formation of the Company, construction, management and leasing activities for third parties were transferred to the Management Company and its wholly-owned subsidiary, Summit Apartment Builders, Inc. (the "Construction Company").

The Management Company also provides property management services to the Company's Communities. Total fees for management services provided to the Company's Communities were \$5.7 million, \$5.0 million and \$3.9 million for the years ended December 31, 2000, 1999 and 1998, respectively.

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In addition, the Management Company provides management services to apartment communities in which executive officers and certain directors of the Company are general partners. The Management Company received management fees of approximately \$253,000, \$239,000 and \$233,000 for the performance of such services for the years ended December 31, 2000, 1999 and 1998, respectively.

Construction Company revenue consists of fees on contracts with the Company. Revenue from construction contracts with the Company was \$2.5 million, \$1.8 million and \$1.1 million for the years ended December 31, 2000, 1999 and 1998, respectively. The Construction Company's profits on these contracts are eliminated in consolidation against the Company's investment in real estate. The Company had \$9.0 million and \$13.3 million payable to the Construction Company as of December 31, 2000 and 1999, respectively. This amount is included in "Accounts payable and accrued expenses" in the accompanying consolidated balance sheets. Also included in the accompanying consolidated balance sheets under the caption "Other assets" is a receivable from the Construction Company of \$2.1 million and \$3.3 million as a result of construction advances at December 31, 2000 and 1999, respectively.

The Management Company leases office space from one of its Communities, Summit Grandview. Scheduled rental payments to be received by Summit Grandview from the Management Company through the lease expiration of September 30, 2010 are approximately \$7.5 million.

The Company's investment in the Management Company is reported on the equity method and is not considered material to the consolidated financial statements of the Company taken as a whole.

The consolidated statement of earnings of the Management Company and its wholly owned subsidiary, the Construction Company, are summarized below (in thousands):

	2000	1999	1998
	-----	-----	-----
Revenues:			
Management fees charged to Operating Partnership.....	\$ 5,735	\$4,972	\$3,884
Third party management fee revenue.....	1,103	1,263	1,177
Construction revenue.....	2,494	1,774	1,141
Gain on sale of real estate assets.....	238	--	--
Other revenue.....	372	844	194
	-----	-----	-----
Total revenue.....	9,942	8,853	6,396
	-----	-----	-----
Expenses:			
Operating.....	9,398	8,699	5,893
Depreciation.....	313	284	244
Amortization.....	303	289	286
Interest.....	677	300	300
	-----	-----	-----
Total expenses.....	10,691	9,572	6,723
	-----	-----	-----
Loss before extraordinary items.....	(749)	(719)	(327)
Extraordinary items.....	(30)	--	--
	-----	-----	-----
Net loss.....	\$ (779)	\$ (719)	\$ (327)
	=====	=====	=====

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56

57

6. NOTES PAYABLE

Notes payable consist of the following (in thousands):

	INTEREST RATE AS OF DECEMBER 31, 2000	PRINCIPAL OUTSTANDING DECEMBER 31,	
		2000	1999
FIXED RATE DEBT			
Mortgage Loan.....	6.24%	\$140,550	\$143,740
Mortgage Loan.....	8.00%	8,272	8,375
	6.75% -		
Mortgage Notes.....	9.80%	154,229	111,081
Tax-exempt Mortgage Note.....	6.95%	3,985	4,048
		-----	-----
Total Mortgage Debt.....		307,036	267,244
Unsecured Debt:			
6.71% Medium-Term Notes paid in 2000.....	6.71%	--	25,000
6.75% Medium-Term Notes due 2001.....	6.75%	30,000	30,000
7.87% Medium-Term Notes due 2003.....	7.87%	17,000	--
8.037% Medium-Term Notes due 2005.....	8.04%	25,000	--
7.59% Medium-Term Notes due 2009.....	7.59%	25,000	25,000
8.50% Medium-Term Notes due 2010.....	8.50%	10,000	--
6.80% Notes due 2002.....	6.80%	25,000	25,000
6.63% Notes due 2003.....	6.63%	30,000	30,000
6.95% Notes due 2004.....	6.95%	50,000	50,000
7.20% Notes due 2007.....	7.20%	50,000	50,000
Bank Note paid in 2000.....	7.61%	--	15,000
Bank Note due 2002.....	7.85%	16,000	16,000
		-----	-----
Total Unsecured Debt.....		278,000	266,000
		-----	-----
Total Fixed Rate Debt.....		585,036	533,244
VARIABLE RATE DEBT			
Unsecured Credit Facility.....	LIBOR + 100	141,500	78,000
Tax Exempt Bonds.....	6.25%	37,363	38,388
		-----	-----
Total Variable Rate Debt.....		178,863	116,388
		-----	-----
Total Outstanding Indebtedness.....		\$763,899	\$649,632
		=====	=====

The one-month London Interbank Offered Rate (LIBOR) at December 31, 2000 was 6.56%.

MORTGAGE LOANS -- On September 23, 1998, the Company consolidated and renewed two mortgage loans which had a \$147.2 million balance. The original loans matured in February 2001 (\$118.3 million at 5.88%) and December 2005 (\$28.9 million at 7.71%). The consolidation and renewal combined the two mortgage loans into one loan at an interest rate equal to the existing weighted average interest rate of the two previous mortgage loans (6.24%) up to February 2001. As of February 2001, the rate of interest on the loan will increase to 6.76% until the loan matures in October of 2008.

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The 8.00% Mortgage Loan requires monthly principal and interest payments on a 30-year amortization schedule with a balloon payment due at maturity in September 2005.

MORTGAGE NOTES -- The Mortgage Notes bear interest at fixed rates ranging from 6.75% to 9.80% and require either monthly interest payments only or monthly interest and principal payments over the lives of the notes which range from the year 2002 to 2020. The weighted average interest rate and debt maturity at December 31, 2000 for these nine Mortgage Notes were 7.37% and 6.7 years, respectively.

TAX EXEMPT MORTGAGE NOTE -- The Tax Exempt Mortgage Note bears interest at a fixed rate of 6.95% and requires monthly interest and principal payments over the life of the note which matures November 2025.

57

58

MEDIUM-TERM NOTES -- On May 29, 1998, the Company established a program for the sale by the Operating Partnership of up to \$95.0 million aggregate principal amount of Medium-Term Notes due nine months or more from the date of issuance (the "MTN Program"). The Operating Partnership issued Medium-Term Notes with an aggregate principal amount of \$80.0 million in connection with the MTN Program as follows: (i) on July 28, 1998, the Company sold \$30.0 million of notes which are due on July 30, 2001 and bear interest at 6.75% per year; (ii) on October 5, 1998, the Operating Partnership sold \$25.0 million of 6.71% notes which were due and repaid on October 5, 2000; and (iii) on March 18, 1999, the Operating Partnership sold \$25.0 million of notes which are due on March 16, 2009 and bear interest at 7.59% per year.

On April 20, 2000, the Company commenced a new program for the sale by the Operating Partnership of up to \$250.0 million aggregate principal amount of Medium-Term Notes due nine months or more from the date of issuance. The new program was established under the Company's and the Operating Partnership's existing shelf registration statement. During 2000, the Operating Partnership issued Medium-Term Notes with an aggregate principal amount of \$52.0 million in connection with the new MTN Program as follows: (i) on July 19, 2000 the Operating Partnership sold \$10.0 million of notes which are due on July 19, 2010 and bear interest at 8.50% per year; (ii) on October 20, 2000, the Operating Partnership sold \$17.0 million of notes which are due on October 20, 2003 and bear interest at 7.87% per year and (iii) on November 17, 2000, the Operating Partnership sold \$25.0 million of notes which are due on November 17, 2005 and bear interest at 8.037% per year.

UNSECURED NOTES -- The unsecured notes consist of \$25.0 million of notes due 2002, \$30.0 million of notes due 2003, \$50.0 million of notes due 2004 and \$50.0 million of notes due 2007 (collectively, the "Unsecured Notes"). The Unsecured Notes require semi-annual interest payments until the end of the respective terms.

UNSECURED BANK NOTE -- The unsecured bank note represents a \$16.0 million note due 2002. The unsecured bank note requires quarterly interest only payments until the end of the term.

UNSECURED CREDIT FACILITY -- On September 26, 2000, the Company obtained a new syndicated unsecured line of credit (the "Unsecured Credit Facility") in the amount of \$225 million which replaced its existing \$200 million credit facility. The Unsecured Credit Facility provides funds for new development, acquisitions and general working capital purposes. The Unsecured Credit Facility has a three year term, expiring on September 26, 2003, with annual extension options and bears interest at LIBOR + 100 basis points based upon the Company's current

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credit rating of BBB- by Standard & Poor's Rating Services and Baa3 by Moody's Investors Service. The spread component of the aggregate interest rate will be reduced in the event of an upgrade of the Company's unsecured credit rating. The Unsecured Credit Facility is repayable monthly on an interest only basis with principal due at maturity. The Company's credit facility had an average interest rate and average balance outstanding during the years ended December 31, 2000, 1999 and 1998 of 7.20%, 6.06% and 6.67% and \$119.8 million, \$99.2 million and \$98.0 million, respectively. In addition, the maximum outstanding principal amount during 2000, 1999 and 1998 was \$174.0 million, \$176.0 million and \$175.0 million, respectively.

The Unsecured Credit Facility also provides a bid option sub-facility equal to a maximum of fifty percent of the total facility (\$112.5 million). This sub-facility provides the Company with the option to place borrowings in fixed LIBOR contract periods of thirty, sixty, ninety and one hundred eighty days. The Company may have up to seven fixed LIBOR contracts outstanding at any one time. Upon proper notifications, all lenders participating in the Unsecured Credit Facility may, but are not obligated to, participate in a competitive bid auction for these fixed LIBOR contracts.

The Unsecured Credit Facility requires the Company to comply with certain affirmative and negative covenants, including the following requirements: (i) the Company maintain its qualification as a REIT; (ii) the Company maintain a ratio of EBITDA (as defined therein) to fixed charges (as defined therein) of not less than 1.75 to 1; (iii) dividends not exceed 90% of funds from operations (as defined therein); (iv) the Company maintain a ratio of total funded debt (as defined therein) to implied capitalization value (as defined therein) of less than .55 to 1; and (v) the Company maintain a ratio of unencumbered asset value (as defined therein) to unsecured debt of less than 1.75 to 1. In addition, the Unsecured Notes and the Unsecured Bank Notes require the Company to comply with certain affirmative and negative covenants, including the following

58

59

requirements: (i) the ratio of unencumbered assets (as defined therein) to unsecured debt equal or exceed 175%; (ii) the ratio of total construction in progress (as defined therein) to implied capitalization value not exceed 0.25%; and (iii) secured debt not exceed 40% of implied capitalization value (as defined therein). The Company was in compliance with these covenants at December 31, 2000.

VARIABLE RATE TAX EXEMPT BONDS -- The average effective interest rate of the Variable Rate Tax Exempt Bonds was 5.65% for the year ended December 31, 2000. These bonds bear interest at various rates set by a remarketing agent at the demand note index plus 0.50%, set weekly, or the lowest percentage of prime which allows the resale at a price of par. The bonds contain covenants which require that the Company lease or hold for lease 20% (or 25% under certain state or local requirements) of the apartment homes for moderate-income residents. The bonds require maintenance of letters of credit or surety bonds (credit enhancements) aggregating to \$38.3 million at December 31, 2000. The credit enhancements on three of the four tax exempt bonds (\$29.2 million of debt and \$29.8 million of letters of credit) provide for a principal amortization schedule which approximates a 25-year term during the term of the credit enhancement.

Real estate assets with a net book value of approximately \$468.5 million serve as collateral for the various debt agreements.

The aggregate maturities of all debt for each of the years ending December 31 are as follows (in thousands):

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	FIXED RATE MORTGAGE LOANS	FIXED RATE MORTGAGE NOTES	FIXED RATE UNSECURED NOTES	TAX EXEMPT VARIABLE RATE BONDS	UNSECURED CREDIT FACILITY
	-----	-----	-----	-----	-----
2001.....	\$ 3,340	\$ 2,163	\$ 30,000	\$ 1,160	\$ --
2002.....	3,531	10,357	41,000	1,260	--
2003.....	3,779	2,344	47,000	1,260	141,500
2004.....	4,043	2,510	50,000	1,260	--
2005.....	11,948	29,577	25,000	1,260	--
Thereafter.....	122,181	111,263	85,000	31,163	--
	-----	-----	-----	-----	-----
	\$148,822	\$158,214	\$278,000	\$37,363	\$141,500
	=====	=====	=====	=====	=====

EXTRAORDINARY ITEMS -- The extraordinary items in the year ended December 31, 1998 resulted from the write-off of deferred financing cost in connection with the replacement by the Company of a prior credit facility and prepayment penalties on six mortgage notes which were repaid during the period. The extraordinary items are net of \$86,000 which was allocated to the minority interest of the common unitholders in the Operating Partnership, calculated on the weighted average number of Common Units outstanding in 1998.

7. MINORITY INTEREST

Minority interest of common unitholders consists of the following at December 31, 2000 and 1999 (in thousands):

	2000	1999
	-----	-----
Minority interest of common unitholders in Operating Partnership.....	\$56,190	\$55,065
Minority interest in one operating community.....	(460)	(367)
	-----	-----
	\$55,730	\$54,698
	=====	=====

As of December 31, 2000, there were 30,814,661 Common Units outstanding, of which 26,431,086 or 85.8% were owned by the Company and 4,383,575 or 14.2% were owned by other partners (including certain officers and directors of the Company).

Proceeds from Common Stock issued by the Company are contributed to the Operating Partnership for an equivalent number of Common Units. Total Common Stock issued by the Company and contributed to the Operating Partnership for an equivalent number of Common Units was 468,000 and 945,000 shares valued at \$8.1 million (\$17.28 per share average) and \$16.4 million (\$17.35 per share average) for the years ended

December 31, 2000 and 1999, respectively. No individual transaction significantly changed the Company's ownership percentage in the Operating Partnership. The Company's ownership percentage in the Operating Partnership was 85.8%, 85.6% and 86.2% as of December 31, 2000, 1999 and 1998, respectively.

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Under certain circumstances, as required by the holders of Common Units, the Company can issue shares of Common Stock in exchange for Common Units owned by other partners on a one-for-one basis or may purchase Common Units for cash. In addition to the amounts set forth in the preceding paragraph, the Company issued shares of Common Stock in exchange for Common Units owned by other partners on a one-for-one basis (subject to adjustment) during 2000. An aggregate of 55,677 shares were issued for Common Units during 2000. The shares exchanged were valued based upon the Company's market price per share and had an aggregate value of \$1.2 million. During the year ended December 31, 2000, the Company exchanged 93,945 Common Units for cash of approximately \$1.8 million.

Common Units issued for the purchase of Communities were valued based upon the Company's market price per share of Common Stock as the Common Units can be exchanged for shares on a one-for-one basis. The Company issued 96,455 Common Units valued at approximately \$2.2 million in connection with the purchase by the Company of its joint venture partner's interest in each of two Communities during August 2000. Of the 2,253,165 Common Units issued for the 1998 purchase of apartment Communities, 2,074,615 were issued to the Company in exchange for 2,074,615 shares of common stock to the sellers of the Communities.

8. ACQUISITIONS AND DISPOSITIONS

During the year ended December 31, 2000, the Company sold seven communities comprising 1,676 apartment homes for approximately \$103.9 million, resulting in a gain on sale of approximately \$38.5 million. Net proceeds of six of the seven disposition communities of \$78.1 million were placed in escrow with a qualified intermediary in accordance with like-kind exchange income tax rules and regulations. The communities sold were the former Summit Creekside, Summit Eastchester, Summit Sherwood, Summit River Crossing, Summit Blue Ash, Summit Park and Summit Village. In the event that the proceeds from these property sales are not fully invested in qualified like-kind property during the required time period, a special distribution may be made or company level tax may be incurred.

On August 1, 2000, the Company purchased its joint venture partner's interest in each of two communities, Summit Shiloh (182 apartment homes) and Summit Sweetwater (308 apartment homes), for an aggregate purchase price of approximately \$36.0 million. The Company formerly owned a 49% interest in separate joint ventures that developed such communities. The acquisitions were primarily financed with the issuance of 96,455 Common Units valued at approximately \$2.2 million and the payment of approximately \$33.7 million in cash. The following summary of selected unaudited pro forma results of operations presents information as if the purchase of the Company's joint venture partner's interest in Summit Sweetwater and Summit Shiloh had occurred at the beginning of each period presented.

The pro forma information is provided for informational purposes only and is not indicative of results that would have occurred or which may occur in the future (in thousands, except per share amounts):

	YEAR ENDED DECEMBER 31,	
	2000	1999
	-----	-----
Total revenues.....	\$192,582	\$178,112
	=====	=====
Net income.....	\$ 63,218	\$ 46,020
	=====	=====

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Net income		
Basic.....	\$ 2.40	\$ 1.66
	=====	=====
Diluted.....	\$ 2.38	\$ 1.66
	=====	=====

During the year ended December 31, 1999, the Company sold seven communities comprising 1,518 apartment homes for approximately \$76.0 million, resulting in a gain on sale of approximately \$17.4 million. Net proceeds of \$54.4 million, were placed in escrow with a qualified intermediary in accordance with like-kind

60

61

exchange income tax rules and regulations. The communities sold were the former Summit Hampton, Summit Oak, Summit Beacon Ridge, Summit Perico, Summit McIntosh, Summit Heron's Run and Summit East Ridge. In the event that the proceeds from these property sales are not fully invested in qualified like-kind property during the required time period, a special distribution may be made or company level tax may be incurred.

During the year ended December 31, 1999 the Company acquired no communities.

The Company completed the acquisition of three communities located in Atlanta, Georgia in 1998: Summit St. Clair, purchased effective March 1, 1998; Summit Club at Dunwoody, purchased effective May 22, 1998; and Summit Lenox, purchased effective July 8, 1998 (the "Atlanta Acquisitions"). The Atlanta Acquisitions added a total of 1,093 apartment homes to the Company's portfolio at an aggregate purchase price of \$88.3 million. The Atlanta Acquisitions were financed with the issuance of 259,871 Common Units valued at \$5.2 million and the assumption of approximately \$8.8 million of mortgage debt. The balance of the purchase price was paid in cash.

In individual property transactions, the Company sold three communities for \$48.9 million (formerly known as Summit Providence on May 8, 1998, Summit Springs on October 23, 1998 and Summit Old Town on November 2, 1998). The total gain on sale recognized for these three disposition transactions was \$17.0 million.

On December 16, 1998, the Company (i) sold five communities (the "Sold Communities") to Hollow Creek, LLC., a newly-formed North Carolina limited liability company for approximately \$68.0 million and (ii) contributed two communities with an approximate value of \$22.0 million (together with the Sold Communities, the "Joint Venture Communities") to Station Hill, LLC., a newly-formed North Carolina limited liability company ("Station Hill"). On the same date, Hollow Creek, LLC contributed the Sold Communities to Station Hill. Station Hill is a joint venture limited liability company, the membership of which is comprised of the Company and a wholly owned subsidiary of a major financial services company (the "Joint Venture Member"). The disposition was effected pursuant to a Real Estate Sale Agreement dated November 20, 1998 between the Operating Partnership and the Joint Venture Member and pursuant to the Operating Agreement of Station Hill, also dated November 20, 1998. The Company's net contribution to the LLC (approximately \$5.6 million) represents a 25 percent equity interest in Station Hill. In addition, the Company is the managing member of Station Hill and will also retain management of the Joint Venture Communities through a management agreement with Station Hill. The cash flow of Station Hill will be distributed pro rata to each member based on its equity contribution until certain economic benchmarks are achieved, at which point the Company will receive an escalated portion of the cash flow and residual interest. Station Hill has obtained five separate mortgages from Fannie Mae, the aggregate balance of which was \$68.7 million at December 31, 2000.

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These mortgages have a ten-year maturity and a 6.70% interest rate. The proceeds of the mortgages were distributed on a pro rata basis to Station Hill's two members. The Joint Venture Communities involved in the transaction were Summit Green, Summit Hollow I and II and Summit Creek in Charlotte, North Carolina; Summit Hill I and II in Raleigh, North Carolina, and Summit Station in Tampa, Florida. The Joint Venture Communities include 1,433 apartment homes. The Company recognized a gain of approximately \$20.2 million on the disposition. The gain is net of \$5.6 million elimination of gain relative to the Company's retained portion of the joint venture. The elimination of the gain reduced the Company's investment in the joint venture to zero at the initial joint venture formation date.

Proceeds from the sale of Summit Springs, Summit Old Town and the Sold Communities of approximately \$93.2 million were put in escrow with a qualified intermediary in accordance with like-kind exchange income tax rules and regulations. These proceeds will be used to fund future developments.

On November 4, 1998, the Company acquired a portfolio of multifamily properties in Texas (the "Ewing Portfolio") through a merger with Ewing Industries, a private developer of luxury apartment homes. The Ewing Portfolio consists of 2,465 apartment homes in seven communities located in Dallas, Austin and San Antonio. The acquisition of the Ewing Portfolio was effected pursuant to an Agreement and Plan of Reorganization dated as of October 31, 1998 (the "Merger Agreement") among the Company, affiliates of the Company including the Operating Partnership, Ewing Industries, Inc., an Ohio corporation ("Ewing

61

62

Industries"), affiliates of Ewing, and their respective partners, shareholders and members (together with Ewing Industries, "Ewing"). Pursuant to the Merger Agreement, the acquisition was funded through (i) the issuance to Ewing of 1,008,988 shares of Common Stock of the Company and 141,921 Common Units, valued at \$20.7 million in the aggregate, (ii) the assumption of \$84.0 million in long-term fixed-rate mortgage indebtedness, (iii) the payment of \$50.6 million in cash and (iv) receipt of \$3.8 million of credit for customary prorations and reserves. A portion of the consideration was deferred until stabilization of one community (Summit Las Palmas) which was in lease-up at the time of the acquisition of the Ewing Portfolio. The Summit Las Palmas purchase closed on December 31, 1998 with the additional consideration of (i) 1,027,771 shares of Common Stock and 36,124 Common Units valued at \$29.2 million in the aggregate and (ii) cash in the amount of approximately \$600,000.

The following summary of selected unaudited pro forma results of operations presents information as if the Atlanta Acquisitions and the Ewing Portfolio purchase (except Summit Las Palmas) had occurred as of January 1, 1998. The pro forma information for 1998 excludes Las Palmas as it was in construction and lease-up and had insignificant operations. The pro forma information for the year ended December 31, 1998 is provided for informational purposes only and is not indicative of results that would have occurred or which may occur in the future (dollars in thousands except per share amounts):

Net revenues.....	\$166,308	=====
Income before extraordinary items.....	\$ 53,457	=====
Net income.....	\$ 52,949	=====
Earnings per share:		
Income before extraordinary items.....	\$ 2.11	=====

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Net income..... \$ 2.09
=====

At December 31, 2000, the Company had one apartment community, Summit Deerfield, under contract for sale during 2001. Summit Deerfield is under construction and in lease up and is expected to yield a total estimated cost of approximately \$41.5 million upon completion. The property operating income from Summit Deerfield represented less than one percent of property operating income for the Company for the year ended December 31, 2000. Proceeds from the sale of Summit Deerfield are expected to be used to fund future development.

9. NOTES RECEIVABLE FROM EMPLOYEES

On September 8, 1997, the Board of Directors approved a Statement of Company Policy, which has subsequently been amended and restated by the Board from time to time, on loans to executive officers and certain key employees relating to purchases of Common Stock (as amended through December 31, 1999, the "Loan Program"). Pursuant to the Loan Program, the Company may lend amounts to certain of the Company's executive officers and certain of its key employees for one or more of the following purposes: (i) to finance the purchase of Common Stock of the Company on the open market at the then-current market prices; (ii) to finance an executive officer's or key employee's payment of the exercise price of one or more stock options to purchase shares of Common Stock granted to such employees under the Company's 1994 Stock Option and Incentive Plan, as amended and restated (the "1994 Stock Plan"); or (iii) to finance the annual tax liability of certain executive officers related to the vesting of shares of Common Stock which constitute a portion of a restricted stock award granted to such employees under the 1994 Stock Option Plan. Unless otherwise determined on a case-by-case basis by the Board of Directors or the compensation Committee thereof, the maximum aggregate amount the Company may loan to an executive officer is \$500,000, and the maximum aggregate amount the Company may loan to a qualified employee other than an executive officer is \$200,000. Shares of Common Stock which are the subject of a loan serve as collateral for the notes until the notes have been paid in full. Each note bears interest at the applicable federal rate, as established by the Internal Revenue Service, in effect on the date of the note. The notes are payable through the application to the outstanding loan balance of all dividends and distributions related to the collateral stock,

62

63

first to interest, with the remainder, if any, to outstanding principal. Each note becomes due and payable in full on the tenth anniversary of the respective note. As of December 31, 2000, the Company had loans receivable in the net amount of \$13.7 million.

10. COMMITMENTS AND CONTINGENCIES

The estimated cost to complete seven development projects currently under construction was approximately \$117.7 million at December 31, 2000. Anticipated construction completion dates of the projects range from the third quarter of 2001 to the first quarter of 2003.

The Company rents office space in several locations. Rental expense for the years ended December 31, 2000, 1999 and 1998 amounted to \$108,000, \$170,000 and \$121,000, respectively (\$848,000 in 2000, \$481,000 in 1999 and \$406,000 in 1998 including amounts recorded by the Management Company).

Future minimum rental payments to be made for those operating leases (including those of the Management Company) that have initial or remaining non-cancelable

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lease terms in excess of one year are as follows (in thousands):

YEARS ENDING DECEMBER 31:

2001.....	\$	992
2002.....		880
2003.....		840
2004.....		739
2005.....		761
Thereafter.....		3,934

		\$8,146
		=====

Of the amounts shown above, \$7.5 million of the total minimum rental payments are for the Management Company's lease of office space in Summit Grandview.

On January 19, 2000, the Operating Partnership entered into a Real Estate Purchase Agreement (the "Agreement") with a third-party real estate developer (the "Developer"). Under the terms of the Agreement, the Operating Partnership has agreed to purchase upon completion a "Class A" mixed-use community, which will be called Summit Brickell, and will be located in Miami, Florida. The Operating Partnership expects to close on the purchase of Summit Brickell during the second half of 2002 following its completion and lease up. The final purchase price will be determined based on actual construction costs plus a bonus to the Developer based on the capitalized income of the property at the time of purchase. The purchase price is expected to be approximately \$50.5 million. The purchase price of Summit Brickell by the Operating Partnership is subject to customary closing conditions. The Operating Partnership has issued a letter of credit ("LOC") in the amount of approximately \$13.0 million, which will serve as a credit enhancement to the Developer's construction loan. In the event that any amount under the LOC is drawn upon, the Operating Partnership shall be treated as having issued a loan to the Developer in the amount of such draw. Any such loan will accrue interest at a rate of eighteen percent (18%) per annum.

The Company has employment agreements (the "Employment Agreements") with the Co-Chairman of the Board of Directors and all executive officers. The Employment Agreements for two executive officers provide for the payment of severance benefits in certain circumstances. Generally, these benefits provide for the payment of the executive officer's salary for a period of up to the remaining term of the Employment Agreement. In addition, most of the executive officers have severance agreements that provide for the payment of severance benefits of up to three times such officer's annual base salary and cash bonus in the event of the termination of the officer's employment under certain circumstances following certain "change in control" or "combination transactions" involving a consolidation or merger. The benefits payable under the terms of the severance agreements are subject to reduction by the amount of any severance benefits payable under applicable Employment Agreements.

The Company is obligated to redeem each Common Unit in the Operating Partnership at the request of the holder thereof for cash equal to the fair market value of one share of Common Stock, except that the Company may elect to acquire each Common Unit presented for redemption for one share of Common Stock (subject to adjustment).

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11. EMPLOYEE BENEFIT PLANS

PROFIT SHARING PLAN

The Company has a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code which covers all employees with one year or greater service. The Company's contributions are equal to one-half of each employee's contribution up to a maximum of 3% of each employee's compensation. Aggregate contributions of approximately \$349,000, \$306,000 and \$242,000 were made for the years ended December 31, 2000, 1999 and 1998, respectively.

STOCK OPTION PLAN

In 1994, the Company established the 1994 Stock Option and Incentive Plan (as amended, the "Incentive Plan") under which 1,000,000 shares of the Company's Common Stock were reserved for issuance. The Incentive Plan was amended and restated in 1998 to, among other things, increase the number of shares reserved for issuance thereunder from 1,000,000 to 3,000,000 shares. The plan provides that the option price shall not be less than the fair market value of the shares at the date of grant. The options have ten-year lives and vest in three or five annual installments on the anniversaries of the date of grant, except for shares granted to independent directors of the Company, which vest on the date of grant. The Company applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock options. Accordingly, no compensation cost has been recognized for its stock options.

A summary of changes in common stock options for the three years ended December 31, 2000 is as follows:

	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	-----	-----
Outstanding at December 31, 1997.....	416,396	\$18.86
Year ended December 31, 1998		
Granted to employees and directors.....	191,000	19.19
Exercised.....	(45,000)	19.00
Forfeited.....	(15,000)	19.03

Outstanding at December 31, 1998.....	547,396	18.80
Year ended December 31, 1999		
Granted to employees and directors.....	841,000	17.12
Exercised.....	(10,625)	17.91
Forfeited.....	(27,500)	16.62

Outstanding at December 31, 1999.....	1,350,271	17.81
Year ended December 31, 2000		
Granted to employees and directors.....	241,000	20.02
Exercised.....	(136,500)	18.01
Forfeited.....	(186,050)	17.59

Outstanding at December 31, 2000.....	1,268,721	18.24
	=====	

Exercise prices for options outstanding as of December 31, 2000 ranged from \$16.50 to \$21.50. The weighted average remaining contractual life of those options is 7.8 years.

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As of December 31, 2000, 1999 and 1998 options to purchase 635,221, 556,979 and 369,528 shares, respectively, of Common Stock were exercisable. The weighted average exercise price for the shares exercisable as of December 31, 2000, 1999 and 1998 was \$18.35, \$18.33 and \$18.84, respectively.

64

65

The estimated weighted average fair value of options granted was \$4.66 per share in 2000, \$1.83 per share in 1999 and \$2.18 per share in 1998.

The fair value of options granted in 2000 was estimated on the date of grant using the Binomial option-pricing model with the following weighted-average assumptions: dividend yields ranging from 7.28% to 7.38%, expected volatility of 20%, risk free interest rate of 5.75% and expected lives of ten years.

The fair value of options granted in 1999 was estimated on the date of grant using the Binomial option-pricing model with the following weighted-average assumptions: dividend yields ranging from 8.39% to 10.10%, expected volatility of 20%, risk free interest rates ranging from 4.7% to 6.1%, and expected lives of ten years.

The fair value of options granted during 1998 was estimated on the date of grant using the Binomial option-pricing model with the following weighted average assumptions: dividend yield of 9.3%, expected volatility of 20%, risk free interest rate of 6.0%, and expected lives of ten years.

In addition, the Incentive Plan provides for the grant of stock to employees. The Company granted 64,499 shares of restricted stock under the plan in 2000. The market value of the restricted stock granted in 2000 totaled \$1.2 million and was recorded as unamortized restricted stock compensation and is shown as a separate component of stockholders' equity. Unearned compensation is being amortized to expense over the vesting periods which range from three to five years. Restricted stock of 17,669 shares with a market value of \$304,000 was granted during the year ended December 31, 1999. Restricted stock of 8,372 shares with a market value of \$162,000 was granted in the year ended December 31, 1998. The Company recognized \$300,000, \$365,000 and \$314,000 of expense in the statement of earnings in the years ended December 31, 2000, 1999 and 1998, respectively, relative to the stock grants.

PERFORMANCE STOCK AWARD PLAN

In January 1998, the Company agreed to award key employees of the Company certain amounts of Common Stock under the Company's Performance Stock Award Plan. The amount of Common Stock to be granted to the key employees was based upon the Company's average annual return (share appreciation and distributions) from the date of the award to the third anniversary of the award (January 2001) (the "appreciation period"). The number of shares to be granted under the Performance Stock Award Plan ranged from none (in the event the Company achieved less than a 11% average annual return) to 147,713 (in the event the Company achieved a 15% or greater annual return). The starting Common Stock price for the purposes of calculating appreciation was \$21.375 (\$19.87 for one key employee) and represents fair market value at the date of award. Over the appreciation period, the Company's average annual total return exceeded 14 percent, resulting in 93,678 shares being awarded on January 2, 2001. One half of the shares granted under the Performance Stock Award Plan vested on January 2, 2001, 25% will vest on January 2, 2002 and the remaining 25% will vest on January 2, 2003. Approximately \$1.2 million was accrued and recorded as a component of stockholder's equity at December 31, 2000, reflecting the obligation to issue shares related to the awards.

EMPLOYEE STOCK PURCHASE PLAN

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In 1996, the Company established a non-qualified employee stock purchase plan. From 1996 through 1999, the plan allowed Company employees to purchase up to \$100,000 per year of the Company's Common Stock. In December 1999, the plan was amended to decrease the maximum annual purchase amount by a participant from \$100,000 to \$25,000. The price of the shares of the Common Stock purchased will be the lesser of 85 percent of the closing price of such shares either on (a) the first day of each six month purchase period, or (b) the last day of each six month purchase period.

Total shares issued under the plan in 2000, 1999 and 1998 were 88,848, 144,513 and 65,541 with a market value of \$1.8 million, \$2.7 million and \$1.3 million, respectively. The Company applies APB Opinion 25 and related Interpretations in accounting for its Employee Stock Purchase Plan and, accordingly, no compensation cost is required to be recognized for such plan. An additional 5,190 shares with a market value of \$135,000 were issued in January 2001 under the plan.

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Had compensation cost for the Company's stock options and Employee Stock Purchase Plan been determined based on the fair value at the grant dates, consistent with the method of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation", the Company's net income and net income per share for the years ended December 31, 2000, 1999 and 1998 would have been as follows (dollars in thousands except per share amounts):

	2000 -----	1999 -----	1998 -----
Net income as reported.....	\$63,874	\$45,745	\$56,375
Net income per share -- basic.....	2.42	1.65	2.26
Net income per share -- diluted.....	2.41	1.65	2.26
Pro forma net income.....	62,504	43,943	55,958
Pro forma net income per share -- basic.....	2.37	1.59	2.24
Pro forma net income per share -- diluted.....	2.35	1.58	2.24

12. DIVIDEND REINVESTMENT AND DIRECT STOCK PURCHASE PLAN

In November 1997, the Company replaced its existing dividend reinvestment plan with a new dividend reinvestment and direct stock purchase plan (the "Plan"). The Plan provides both new investors and existing shareholders of the Company's stock (including Common Stock and other classes of outstanding stock) with a method to purchase shares of Common Stock under the Stock Purchase Program of the Plan. The Plan also permits shareholders to designate all, a portion or none of the cash dividends on their newly purchased Common Stock and cash dividends on their existing stock for reinvestment in more shares of Common Stock through the Dividend Reinvestment Program of the Plan. With respect to reinvested dividends and optional cash payments, shares of Common Stock will be purchased for the Plan at a discount ranging from 0% to 5% (established by the Company from time to time) from the market price, as more fully described in the Prospectus relating to the Plan. Common Stock will be purchased by the Plan's Agent (First Union National Bank) directly from the Company or in open market or privately negotiated transactions, as determined from time to time by the Company, to fulfill requirements for the Plan. At present, the Company expects that shares usually will be purchased directly from the Company.

13. SHAREHOLDER RIGHTS AGREEMENT

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On December 14, 1998, the Board of Directors adopted a shareholder rights agreement (the "Rights Plan"). In connection with the adoption of the Rights Plan, the Board of Directors declared a dividend distribution of one preferred stock purchase right (a "Right") for each outstanding share of Common Stock to stockholders of record as of the close of business on December 15, 1998. Currently, these Rights are not exercisable and trade with the shares of the Company's Common Stock. Under the Rights Plan, the Rights generally become exercisable if a person becomes an "acquiring person" by acquiring 15% or more of the Company's Common Stock, or if a person commences a tender offer that would result in that person owning 15% or more of the Company's Common Stock. In the event that a person becomes an "acquiring person", each holder of a Right (other than the acquiring person) would be entitled to acquire such number of units of preferred stock (which are equivalent to shares of the Company's Common Stock) having a value of twice the exercise price of the Right.

If the Company is acquired in a merger or other business combination transaction after any such event, each holder of a Right would then be entitled to purchase, at the then-current exercise price, shares of the acquiring company's common stock having a value of twice the exercise price of the Right. The current exercise price per Right is \$45.00.

The Rights will expire at the close of business on December 14, 2008 (the "Expiration Date"), unless previously redeemed or exchanged by the Company as described below. The Rights may be redeemed in whole, but not in part, at a price of \$0.01 per Right (payable in cash, shares of the Company's Common Stock or other consideration deemed appropriate by the Board of Directors) by the Board of Directors only until the earlier of (i) the time at which any person becomes an "acquiring person" or (ii) the Expiration Date. At any time after any person becomes an "acquiring person," the Board of Directors may, at its option, exchange all

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or any part of the then outstanding and exercisable Rights for shares of the Company's Common Stock at an exchange ratio specified in the Rights Plan. Notwithstanding the foregoing, the Board of Directors generally will not be empowered to effect such exchange at any time after any person becomes the beneficial owner of 50% or more of the Company's Common Stock.

Until a Right is exercised, the holder will have no rights as a stockholder of the Company (beyond those as an existing stockholder), including the right to vote or to receive dividends.

In connection with the establishment of the Rights Plan, the Board of Directors approved the creation of Preferred Stock of the Company designated as Series A Junior Participating Cumulative Preferred Stock with a par value of \$0.01 per share. The Board also reserved 350,000 shares of preferred stock for issuance upon exercise of the Rights.

14. BUSINESS SEGMENTS

The Company reports as a single business segment with activities related to the operation, development and acquisition of "Class A" luxury apartments primarily in the southeastern, southwestern, midwestern and mid-atlantic United States. The Company develops apartments solely for its own use and does not perform development activities for third parties.

15. PRIVATE PLACEMENT OF PREFERRED UNITS

On April 29, 1999, the Operating Partnership completed a private placement of

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3.4 million of its 8.95% Series B Cumulative Redeemable Perpetual Preferred Units (the "Series B Preferred Units") to two institutional investors at a price of \$25.00 per unit. The net proceeds of approximately \$83 million were used to repay amounts outstanding under the Company's unsecured credit facility. The Series B Preferred Units may be exchanged by the holders into shares of 8.95% Series B Cumulative Redeemable Perpetual Preferred Stock of the Company ("Series B Preferred Shares") on a one-for-one basis (subject to adjustment). Holders of the Series B Preferred Units may exercise their exchange right (a) at any time on or after April 29, 2009, (b) at any time if full quarterly distributions are not made for six quarters, or (c) upon the occurrence of specified events related to the treatment of the Operating Partnership or the Series B Preferred Units for federal income tax purposes. The Operating Partnership may redeem the Series B Preferred Units at any time on or after April 29, 2004 for cash at a redemption price equal to the redeemed holder's capital account (initially \$25.00 per unit), plus all accumulated, accrued and unpaid distributions or dividends. In lieu of cash, the Operating Partnership may elect to deliver Series B Preferred Shares on a one-for-one basis (subject to adjustment), plus an amount equal to all accumulated, accrued and unpaid distributions or dividends. The Series B Preferred Units have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into any other securities of the Company or the Operating Partnership. Distributions on the Series B Preferred Units are cumulative from the date of original issuance and are payable quarterly at the rate of 8.95% per annum of the \$25.00 original capital contribution. The Company paid holders of the Series B Preferred Units distributions in the aggregate amount of approximately \$7.6 million and \$5.1 million during 2000 and 1999, respectively.

On September 3, 1999, the Operating Partnership completed a private placement of 2.2 million of its 8.75% Series C Cumulative Redeemable Perpetual Preferred Units (the "Series C Preferred Units") to an institutional investor at a price of \$25.00 per unit. The net proceeds of approximately \$54 million were used to repay amounts outstanding under the Company's unsecured credit facility. The Series C Preferred Units may be exchanged by the holder into shares of 8.75% Series C Cumulative Redeemable Perpetual Preferred Stock of the Company ("Series C Preferred Shares") on a one-for-one basis (subject to adjustment). The holder of the Series C Preferred Units may exercise its exchange right (a) at any time on or after September 3, 2009, (b) at any time if full quarterly distributions are not made for six quarters, (c) upon the occurrence of specified events related to the treatment of the Operating Partnership or the Series C Preferred Units for federal income tax purposes, or (d) at any time that such institutional investor's holdings in the Operating Partnership exceed 18% of the total profits of or capital interests in the Operating Partnership for a taxable year. The Operating Partnership may redeem the Series C Preferred Units at any time on or after

67

68

September 3, 2004 for cash at a redemption price equal to the redeemed holder's capital account (initially \$25.00 per unit), plus all accumulated, accrued and unpaid distributions or dividends. The Series C Preferred Units have no stated maturity, are not subject to any sinking fund or mandatory redemption and are not convertible into any other securities of the Company or the Operating Partnership. Distributions on the Series C Preferred Units are cumulative from the date of original issuance and are payable quarterly at the rate of 8.75% per annum of the \$25.00 original capital contribution. The Company paid the holder of the Series C Preferred Units distributions in the aggregate amount of approximately \$4.9 million and \$1.5 million during 2000 and 1999, respectively.

16. COMMON STOCK REPURCHASE PROGRAM

On May 11, 1999, the Board of Directors of the Company authorized a common stock

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repurchase program pursuant to which the Company was authorized to purchase up to an aggregate of \$50 million of outstanding Common Stock (the "\$50 Million Program"). All repurchases were made on the open market at prevailing prices or in privately negotiated transactions. During the year ended December 31, 2000, the Company completed the \$50 Million Program by repurchasing 131,900 shares of Common Stock for an aggregate purchase price, including commissions, of approximately \$2.5 million, or an average price of \$18.88 per share. In total, the Company repurchased 2.5 million shares of common stock under the \$50 Million Program for an aggregate purchase price, including commissions, of approximately \$50 million, or an average price of \$19.63 per share.

On March 12, 2000, the Board of Directors of the Company authorized a new common stock repurchase program pursuant to which the Company is authorized to purchase up to an aggregate of \$25 million of outstanding Common Stock (the "\$25 Million Program"). All repurchases have been and will be made on the open market at prevailing prices or in privately negotiated transactions. This authority may be exercised from time to time and in such amounts as market conditions warrant. During the year ended December 31, 2000, the Company repurchased 279,400 shares of Common Stock under the \$25 Million Program for an aggregate purchase price, including commissions, of approximately \$5.5 million or an average price of \$19.80 per share.

17. SUPPLEMENTAL CASH INFORMATION

Non-cash investing and financing activities for the years ended December 31, 2000, 1999 and 1998 are as follows:

- A. The Company purchased its joint venture partner's interest in each of two communities during the year ended December 31, 2000 at an aggregate purchase price of approximately \$36.0 million. The acquisitions were primarily financed with the issuance of 96,455 Common Units in the aggregate valued at approximately \$2.2 million as well as the payment of approximately \$33.7 million in cash in the aggregate.
- B. The Company sold seven communities during the year ended December 31, 1999. The respective purchasers of three of the communities assumed the related outstanding debt balances associated with such communities of \$19.7 million.
- C. The Company purchased the Atlanta Acquisitions and the Ewing Portfolio by issuing 438,421 Common Units, issuing 2,074,615 shares of Common Stock, assuming mortgage notes, assuming certain liabilities and the payment of cash. The recording of the purchases is summarized as follows (in thousands):

Fixed Assets.....	\$267,991
Restricted Cash.....	1,713
Current liabilities assumed.....	(6,327)
Mortgage notes assumed.....	(92,761)
Value of Operating Partnership Units issued.....	(8,427)
Value of Common Stock issued.....	(37,343)

Cash invested.....	\$124,846
	=====

- D. The Company granted 64,499 (net of 4,000 shares forfeited), 17,669 (net

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of 6,828 shares forfeited), and 8,372 shares of restricted stock in 2000, 1999 and 1998 valued at \$1.2 million, \$304,000 and \$162,000, respectively.

E. The Company issued 55,677 shares of Common Stock in exchange for 55,677 Common Units during the year ended December 31, 2000. The value of these shares of Common Stock was approximately \$1.1 million.

F. The Company accrued a dividend and distribution payable of \$13.5 million, \$13.0 million and \$12.7 million at December 31, 2000, 1999 and 1998, respectively.

18. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

The following disclosures of estimated fair value were determined by management using available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret market data and develop the related estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized upon disposition of the financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts. The fair value estimates presented herein are based on information available to management as of December 31, 2000 and 1999. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively re-valued for purposes of these financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

Cash and cash equivalents, rents receivable, accounts payable, accrued expenses, security deposits, other liabilities, tax-exempt bond indebtedness and the Company's credit facility are carried at amounts which reasonably approximate their fair values at December 31, 2000 and 1999 due to either the short-term nature or variable interest rates associated with such balances.

Fixed rate mortgage debt and fixed rate unsecured notes with a carrying value of \$585.0 million had an estimated aggregate fair value of approximately \$583.3 million at December 31, 2000. Fixed rate mortgage debt and unsecured notes with a carrying value of \$533.2 million had an estimated aggregate fair value of approximately \$501.3 million at December 31, 1999. Rates currently available to the Company for debt with similar terms and maturities were used to estimate the fair value of this debt.

The fair market value of long-term fixed rate debt is subject to changes in interest rates. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. Fair values were determined from quoted market prices, where available, and from information received from investment advisors using current interest rates considering credit ratings and remaining terms to maturity.

While the Company has historically had limited involvement with derivative financial instruments, the Company may utilize such instruments in certain situations to hedge interest rate exposure by modifying the interest rate characteristics of related balance sheet instruments and prospective financing transactions. The Company generally does not utilize derivative financial instruments for trading or speculative purposes. On September 16, 1999, the Company entered into an interest rate swap agreement with a notional amount of \$30 million, relating to \$30 million of notes issued by the Operating Partnership under the MTN Program which carry a fixed interest rate of 6.625% per annum (the "Fixed Rate"). Under the interest rate swap agreement, through the maturity date of such notes of December 15, 2003, (i) the Company has agreed to pay to the counterparty the interest on a \$30 million notional amount at a

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floating interest rate of 3-month LIBOR plus 11 basis points (the "Floating Rate"), and (ii) the counterparty has agreed to pay to the Company the interest on the same notional amount at the Fixed Rate. The Floating Rate at December 31, 2000 was 6.69%. Under the interest rate swap agreement, an increase in 3-month LIBOR will increase the amount of interest that the Company will be required to pay, and a decrease in 3-month LIBOR will decrease the amount of interest that the Company will be required to pay. The fair value of the interest rate swap was approximately \$485,000 at December 31, 2000.

69

70

19. GEOGRAPHIC CONCENTRATION (UNAUDITED)

The Company's Communities are concentrated in seven major markets as follows:

MARKET -----	NUMBER OF APARTMENT HOMES -----	APARTMENT HOMES -- % OF PORTFOLIO -----	2000 % OF REVENUE -----
Washington, DC.....	3,196	19%	17%
Atlanta, GA.....	2,864	12%	15%
Raleigh, NC.....	2,726	9%	14%
Charlotte, NC.....	2,246	11%	12%
South Florida.....	2,019	13%	11%
Dallas, TX.....	1,359	7%	7%
Austin, TX.....	856	5%	5%
Other.....	3,660	24%	19%
	-----	---	---
	18,926	100%	100%
	=====	===	===

20. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

Quarterly financial information for the years 2000 and 1999 is as follows (in thousands except per share data):

	YEAR ENDED DECEMBER 31, 2000			
	FIRST -----	SECOND -----	THIRD -----	FOURTH -----
Revenues.....	\$45,342	\$46,428	\$48,915	\$48,959
Income before gain on sale of real estate assets, minority interest of unitholders in Operating Partnership and dividends to preferred unitholders in Operating Partnership.....	11,771	11,375	11,719	13,439
Gain on sale of real estate assets.....	2,440	5,446	21,235	9,389
Minority interest of common unitholders in Operating Partnership.....	1,567	1,924	4,211	2,818
Dividends to preferred unitholders in Operating Partnership.....	3,105	3,105	3,105	3,105
Net income.....	9,539	11,792	25,638	16,905
Net income -- basic.....	0.36	0.45	0.97	0.64
Net income -- diluted.....	0.36	0.45	0.97	0.63

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	YEAR ENDED DECEMBER 31, 1999			
	FIRST	SECOND	THIRD	FOURTH
Revenues.....	\$43,149	\$44,557	\$45,010	\$44,132
Income before gain on sale of real estate assets, minority interest of common unitholders in Operating Partnership and dividends to preferred unitholders in Operating Partnership.....	8,999	10,200	11,112	12,022
Gain on sale of real estate assets.....	--	6,307	2,487	8,633
Minority interest of unitholders in Operating Partnership.....	(1,218)	(2,051)	(1,571)	(2,477)
Dividends to preferred unitholders in Operating Partnership.....	--	(1,317)	(2,276)	(3,105)
Net income.....	7,781	13,139	9,752	15,073
Net income -- basic and diluted.....	0.27	0.46	0.35	0.57

70

71

SCHEDULE III
SUMMIT PROPERTIES INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 2000
(DOLLARS IN THOUSANDS)

APARTMENTS	RELATED ENCUMBRANCES	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	G CARR LAND
		LAND	BUILDINGS AND IMPROVEMENTS (6)		
Reunion Park by Summit.....	\$ --	\$ 991	\$ --	\$ 13,613	\$ 997
Summit Arboretum.....	19,567	4,080	24,403	447	4,080
Summit Arbors.....	--	780	5,066	662	780
Summit Ashburn Farm.....	--	2,438	--	12,392	2,438
Summit Aventura.....	--	6,367	--	25,824	6,368
Summit Ballantyne.....	(2)	3,328	--	23,548	3,347
Summit Belcourt.....	9,386	3,600	16,788	146	3,600
Summit Belmont.....	(4)	974	--	11,492	984
Summit Breckenridge.....	--	812	--	12,810	812
Summit Buena Vista.....	24,980	4,670	30,499	425	4,670
Summit Camino Real.....	16,519	7,120	41,985	606	7,120
Summit Club at Dunwoody....	--	2,934	24,510	170	2,934
Summit Crossing.....	3,985	768	5,174	476	768
Summit Deer Creek.....	--	3,537	--	18,561	3,845
Summit Del Ray.....	(2)	3,120	--	15,722	5,402
Summit Doral.....	--	3,099	--	20,465	3,133
Summit Fair Lakes.....	48,340	9,521	--	38,439	9,552
Summit Fair Oaks.....	--	4,356	17,215	714	4,356
Summit Fairview.....	--	404	--	6,087	537
Summit Fairways.....	--	2,819	--	15,291	2,819
Summit Foxcroft.....	2,519	925	3,797	747	925

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Summit Gateway.....	(4)	1,738	--	11,223	2,256
Summit Glen.....	(2)	3,652	--	13,438	3,693
Summit Governor's Village.....	--	1,622	--	15,354	1,643
Summit Grandview.....	--	2,527	--	45,497	2,620
Summit Highland.....	(2)	1,374	--	6,473	1,374
Summit Hunter's Creek.....	--	2,193	--	17,855	2,195
Summit Lake.....	--	1,712	--	28,621	2,511
Summit Largo.....	--	3,074	--	15,301	3,077
Summit Las Palmas.....	(2)	4,480	25,504	277	4,480
Summit at Lenox.....	--	10,800	22,997	313	10,800
Summit Lofts.....	--	1,800	7,337	996	1,800
Summit Mayfaire.....	--	936	8,897	195	936
Summit Meadow.....	(2)	2,313	--	8,873	2,539
Summit New Albany I.....	--	2,693	--	21,293	2,715
Summit New Albany II.....	--	1,163	--	8,247	1,173

APARTMENTS -----	ACCUMULATED DEPRECIATION -----	DATE OF CONSTRUCTION -----	DATE ACQUIRED -----	DEPRECIABLE LIVES YEARS -----
Reunion Park by Summit.....	\$ (203)	6/99-9/00	4/99	5-40 years
Summit Arboretum.....	(1,785)	1996(5)	11/98	5-40 years
Summit Arbors.....	(1,330)	1986(5)	5/95	5-40 years
Summit Ashburn Farm.....	(213)	299-9/00	7/98	5-40 years
Summit Aventura.....	(4,440)	6/94-12/95	12/93	5-40 years
Summit Ballantyne.....	(2,193)	7/96-12/98	12/95	5-40 years
Summit Belcourt.....	(1,167)	1994(5)	11/98	5-40 years
Summit Belmont.....	(4,992)	1/86-5/87	1/86	5-40 years
Summit Breckenridge.....	(5,562)	7/85-5/87	6/85	5-40 years
Summit Buena Vista.....	(2,131)	1996(5)	11/98	5-40 years
Summit Camino Real.....	(2,960)	1998(5)	11/98	5-40 years
Summit Club at Dunwoody....	(1,971)	1997(5)	5/98	5-40 years
Summit Crossing.....	(1,348)	1985(5)	5/95	5-40 years
Summit Deer Creek.....	(454)	2/99-6/00	1/98	5-40 years
Summit Del Ray.....	(4,130)	1/92-2/93	1/92	5-40 years
Summit Doral.....	(1,081)	12/97-11/99	12/96	5-40 years
Summit Fair Lakes.....	(2,295)	6/97-8/99	12/96	5-40 years
Summit Fair Oaks.....	(2,108)	1990(5)	12/97	5-40 years
Summit Fairview.....	(2,806)	3/82-3/83	3/82	5-40 years
Summit Fairways.....	(2,279)	9/95-12/96	8/95	5-40 years
Summit Foxcroft.....	(1,211)	1979(5)	5/95	5-40 years
Summit Gateway.....	(4,505)	1/86-1/87	12/85	5-40 years
Summit Glen.....	(3,844)	5/90-8/92	4/90	5-40 years
Summit Governor's Village.....	(1,104)	8/97-12/98	7/97	5-40 years
Summit Grandview.....	(149)	7/98-12/00	3/98	5-40 years
Summit Highland.....	(3,051)	3/86-1/87	11/85	5-40 years
Summit Hunter's Creek.....	(466)	3/99-3/00	11/98	5-40 years
Summit Lake.....	(2,282)	9/96-1/99	4/96	5-40 years
Summit Largo.....	(500)	10/98-3/00	10/98	5-40 years
Summit Las Palmas.....	(1,641)	1998(5)	12/98	5-40 years
Summit at Lenox.....	(2,276)	1965(5)	7/98	5-40 years
Summit Lofts.....	(2,487)	1990(5)	10/94	5-40 years
Summit Mayfaire.....	(1,186)	1995(5)	1/97	5-40 years
Summit Meadow.....	(3,156)	8/89-8/90	2/89	5-40 years
Summit New Albany I.....	(1,510)	5/97-12/98	11/96	5-40 years
Summit New Albany II.....	(260)	12/98-3/00	2/98	5-40 years

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APARTMENTS	RELATED ENCUMBRANCES	INITIAL COSTS		COSTS CAPITALIZED SUBSEQUENT TO ACQUISITION	CARRIED OVER LAND
		LAND	BUILDINGS AND IMPROVEMENTS (6)		
Summit Norcroft I.....	(2)	1,072	--	8,208	1,226
Summit Norcroft II.....	(2)	381	--	2,713	409
Summit On the River.....	(2)	3,212	--	21,440	3,212
Summit Palm Lake.....	--	4,949	--	17,501	5,084
Summit Pike Creek.....	(4)	1,132	--	13,286	1,259
Summit Plantation I.....	(2)	3,428	18,485	252	3,794
Summit Plantation II.....	(2)	4,012	--	17,284	3,645
Summit Portofino.....	--	3,864	24,504	472	3,864
Summit Radbourne.....	8,294	1,395	12,607	1,111	1,395
Summit Reston.....	--	5,434	26,255	1,411	5,434
Summit Russett I.....	--	3,995	--	19,353	3,995
Summit Russett II.....	--	1,728	--	8,779	1,728
Summit Sand Lake.....	13,990	4,160	22,979	559	4,160
Summit Sedgebrook.....	--	2,392	--	21,680	2,475
Summit Shiloh.....	--	1,592	12,125	19	1,591
Summit Simsbury.....	(3)	650	4,570	599	650
Summit Square.....	--	2,757	--	16,243	3,775
Summit St. Clair.....	(2)	3,024	24,040	214	3,024
Summit Stonefield.....	--	3,541	--	16,491	3,576
Summit Stony Point.....	(4)	1,638	13,041	852	1,638
Summit Sweetwater.....	--	3,013	18,627	25	3,012
Summit Touchstone.....	(3)	766	5,568	654	766
Summit Turtle Rock.....	10,634	2,500	14,074	147	2,500
Summit Walk.....	--	568	237	5,705	983
Summit Waterford.....	--	1,568	--	15,202	1,949
Summit Westwood.....	--	1,989	--	22,549	2,042
Summit Windsor.....	(2)	3,704	14,497	7,350	4,029
Total.....		\$177,184	\$445,781	\$632,692	\$184,494

APARTMENTS	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION	DATE ACQUIRED	DEPRECIABLE LIVES YEARS
Summit Norcroft I.....	(2,136)	2/90-3/91	12/89	5-40 years
Summit Norcroft II.....	(712)	3/97-11/97	8/96	5-40 years
Summit On the River.....	(2,834)	8/95-6/97	10/94	5-40 years
Summit Palm Lake.....	(5,414)	3/90-2/92	1/90	5-40 years
Summit Pike Creek.....	(5,000)	11/86-2/88	4/86	5-40 years
Summit Plantation I.....	(2,339)	1/94-7/95	4/96	5-40 years
Summit Plantation II.....	(2,247)	10/96-11/97	9/96	5-40 years
Summit Portofino.....	(3,218)	1995 (5)	1/97	5-40 years
Summit Radbourne.....	(2,600)	1991 (5)	5/95	5-40 years
Summit Reston.....	(6,875)	1987 (5)	4/94	5-40 years
Summit Russett I.....	(2,283)	7/95-9/97	11/94	5-40 years

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Summit Russett II.....	(21)	6/99-6/00	12/98	5-40 years
Summit Sand Lake.....	(3,393)	1995(5)	2/97	5-40 years
Summit Sedgebrook.....	(1,880)	6/96-5/99	1/96	5-40 years
Summit Shiloh.....	(173)	10/99(5)	8/00	5-40 years
Summit Simsbury.....	(1,258)	1985(5)	5/95	5-40 years
Summit Square.....	(5,152)	3/89-8/90	2/89	5-40 years
Summit St. Clair.....	(2,149)	1997(5)	3/98	5-40 years
Summit Stonefield.....	(1,682)	6/96-3/98	3/96	5-40 years
Summit Stony Point.....	(3,759)	1986(5)	2/94	5-40 years
Summit Sweetwater.....	(272)	12/99(5)	8/00	5-40 years
Summit Touchstone.....	(1,398)	1986(5)	5/95	5-40 years
Summit Turtle Rock.....	(1,053)	1995(5)	11/98	5-40 years
Summit Walk.....	(1,454)	4/92-2/93	4/92	5-40 years
Summit Waterford.....	(5,175)	1/89-6/90	11/88	5-40 years
Summit Westwood.....	(1,291)	10/97-5/99	9/97	5-40 years
Summit Windsor.....	(4,656)	8/88-8/89	3/95	5-40 years

Total.....	\$ (145,500)	=====		

- (1) The aggregate cost for federal income tax purposes at December 31, 2000 is \$990.4 million.
- (2) Encumbered by fixed rate mortgages of \$140.6 million.
- (3) Encumbered by fixed rate mortgage of \$8.3 million.
- (4) Collateral for \$38.3 million of letters of credit which serve as collateral for \$37.4 million in tax-exempt bonds.
- (5) Property purchased by Company. Date reflects date construction completed.
- (6) Includes furniture, fixtures and equipment.

72

73

SCHEDULE III

SUMMIT PROPERTIES INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
(DOLLARS IN THOUSANDS)

A summary of activity for real estate assets and accumulated depreciation is as follows:

	YEAR ENDED DECEMBER 31,		
	2000	1999	1998
REAL ESTATE ASSETS(1):			
Balance at beginning of year.....	\$1,135,008	\$1,068,435	\$ 830,068
Acquisitions.....	35,343	--	267,991
Improvements.....	8,582	10,565	9,804
Developments.....	158,180	130,433	74,559
Disposition of property.....	(81,456)	(74,425)	(113,987)

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	120,649	66,573	238,367
	-----	-----	-----
Balance at end of year.....	\$1,255,657	\$1,135,008	\$1,068,435
	=====	=====	=====
ACCUMULATED DEPRECIATION (1) :			
Balance at beginning of year.....	\$ 127,803	\$ 114,196	\$ 105,313
Depreciation.....	36,436	33,547	28,733
Disposition of property.....	(18,739)	(19,940)	(19,850)
	-----	-----	-----
Balance at end of year.....	\$ 145,500	\$ 127,803	\$ 114,196
	=====	=====	=====

(1) Includes only apartment communities and does not include fixed assets used in property development, construction and management of apartment communities.