

SUMMIT PROPERTIES INC
Form 8-K
November 15, 2004

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **November 15, 2004**

SUMMIT PROPERTIES INC.

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

001-12792
(Commission
file number)

56-1857807
(I.R.S. Employer
Identification No.)

**309 E. Morehead Street,
Suite 200
Charlotte, North Carolina**
(Address of principal
executive offices)

28202
(Zip code)

(704) 334-3000

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements which are predictions of, or indicate future events and trends and which do not relate solely to historical matters are forward-looking statements. The Company's actual results could differ materially from those set forth in the forward-looking statements. Factors that impact the Company's ability to meet these forward-looking statements include, but are not limited to: national economic conditions and economic conditions in the Company's markets; changes in interest rates; uncertainties associated with the Company's current real estate development activities, including actual costs exceeding the Company's budgets and construction delays; the failure to acquire or sell properties on favorable terms, in a timely manner or at all; the impact of competition; the failure to obtain financing on favorable terms, in a timely manner, or at all; and other factors discussed periodically in the Company's reports filed with the Securities and Exchange Commission. The Company expressly disclaims any responsibility to update forward-looking statements.

ITEM 8.01 OTHER EVENTS

We acquired four apartment communities during the nine months ended September 30, 2004, one apartment community on October 14, 2004 and we expect to acquire another apartment community on November 29, 2004. We are filing this Current Report on Form 8-K to satisfy the requirement of Rule 3-14 of Regulation S-X of the Securities and Exchange Commission that relates to the acquisition of one or more properties, which in the aggregate are significant to the registrant. None of the properties acquired are individually significant according to Rule 3-14. This Current Report on Form 8-K is being filed to provide certain historical and pro forma financial information related to these acquisitions because we will be filing a proxy statement in connection with our previously-announced merger with and into Camden Summit, Inc., a wholly-owned subsidiary of Camden Property Trust.

On May 27, 2004, we acquired Summit Stonecrest (formerly Alta Haven Apartments), a 306 apartment home community located in Charlotte, North Carolina, for \$28.0 million. Consideration paid for this community was cash of \$9.6 million and the assumption of a \$19.7 million mortgage, which had a fair market value of \$18.4 million on the date of acquisition. The assumed mortgage has a stated interest rate of 4.18% and matures on September 1, 2012. The property was 86.9% occupied as of January 1, 2003, 87.9% occupied as of December 31, 2003 and 89.9% occupied as of May 26, 2004.

On June 14, 2004, we acquired Summit South End Square (formerly Fairfield South End Square), a 299 apartment home community located in Charlotte, North Carolina, for \$33.5 million in cash. The property was 0.0% occupied as of January 1, 2003, 68.0% occupied as of December 31, 2003 and 92.6% occupied as of June 13, 2004.

On September 2, 2004, we acquired Summit Doral Villas (formerly Centergate Doral), a 232 apartment home community located in Miami, Florida for \$43.3 million. Consideration paid for this community was cash of \$18.4 million and the assumption of a \$21.1 million mortgage, which had a fair market value of \$24.9 million on the date of acquisition. The assumed mortgage has a stated interest rate of 6.82% and matures on January 1, 2011. The property was 93.5% occupied as of January 1, 2003, 91.7% occupied as of December 31, 2003 and 94.4% occupied as of September 2, 2004.

On September 30, 2004, we acquired Summit Midtown (formerly Highlands on Ponce), a 296 apartment home community located in Atlanta, Georgia, for \$44.8 million in cash. The residential units were 90.2% occupied as of January 1, 2003, 92.6% occupied as of December 31, 2003 and 92.6% occupied as of September 29, 2004. The retail space was 89.6% occupied as of January 1, 2003 and 100.0% occupied as of both December 31, 2003 and September 29, 2004.

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On October 14, 2004, we acquired Summit Falls Grove (formerly Jefferson at Thomas Farm), a 268 apartment home community located in Rockville, Maryland, for \$54.5 million in cash. The property was 0.0% occupied at both January 1, 2003 and December 31, 2003 and was 65.3% occupied as of October 13, 2004.

On November 29, 2004, we expect to acquire Charlotte Cotton Mills Apartment Building, a 180 apartment home community located in Charlotte, North Carolina, for \$23.8 million in cash. The property was 38.3% occupied as of January 1, 2003, 94.4% occupied as of December 31, 2003 and 97.2% occupied as of September 30, 2004.

As a result of the transactions discussed above, we are providing historical and pro forma financial information for the year ended December 31, 2003 and for certain interim periods for a majority of the acquisitions described above in accordance with Rule 3-14 of Regulation S-X.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Listed below are the financial statements, pro forma financial information and exhibits filed as part of this report:

(a) Financial Statements of Businesses Acquired or to be Acquired

The statements of revenues and certain expenses of Summit Stonecrest (formerly Alta Haven Apartments) (described under Item 8.01) as listed in the accompanying Index to Financial Statements and Pro Forma Financial Information are filed as part of this Current Report on Form 8-K.

The statements of revenues and certain expenses of Summit South End Square (formerly Fairfield South End Square) (described under Item 8.01) as listed in the accompanying Index to Financial Statements and Pro Forma Financial Information are filed as part of this Current Report on Form 8-K.

The statements of revenues and certain expenses of Summit Midtown (formerly Highlands on Ponce) (described under Item 8.01) as listed in the accompanying Index to Financial Statements and Pro Forma Financial Information are filed as part of this Current Report on Form 8-K.

The statements of revenues and certain expenses of Charlotte Cotton Mills Apartment Building (described under Item 8.01) as listed in the accompanying Index to Financial Statements and Pro Forma Financial Information are filed as part of this Current Report on Form 8-K.

INDEX TO FINANCIAL STATEMENTS AND
PRO FORMA FINANCIAL INFORMATION

The following historical financial statements and pro forma financial information are presented in accordance with Rule 3-14 and Article 11, respectively, of Regulation S-X of the Securities and Exchange Commission. The historical financial statements have been audited only for certain properties acquired. With respect to Summit Stonecrest, Summit South End Square, Summit Midtown and Charlotte Cotton Mills Apartment Building, the historical Statements of Revenues and Certain Expenses has been audited only for the most recent fiscal year as these transactions did not involve a related party and the registrant, after reasonable inquiry, is not aware of any material factors related to the acquired properties not otherwise disclosed that would cause the reported financial information to not be necessarily indicative of future operating results. In accordance with Rule 3-14 of Regulation S-X of the Securities and Exchange Commission, certain unaudited financial information for the communities acquired during the nine months ended September 30, 2004, the community acquired on October 14, 2004 and the community expected to be acquired on November 29, 2004 that are not individually significant has also been presented. In addition, as the properties will be directly or indirectly owned by entities that elect or have elected to be treated as REITs for Federal income tax purposes, a presentation of estimated taxable operating results is not applicable.

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INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders of Summit Properties Inc:

We have audited the accompanying statement of revenues and certain expenses (the Statement) of Summit Stonecrest (formerly Alta Haven Apartments) (the Property) for the year ended December 31, 2003. The Statement is the responsibility of the Property s management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with the 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in Form 8-K of Summit Properties Inc.). Material amounts, as described in note 1 to the Statement that would not be directly attributable to those resulting from future operations of the property are excluded and the Statement is not intended to be a complete presentation of the Property s revenues and expenses.

In our opinion, the Statement presents fairly, in all material respects, the revenues and certain expenses, as described in note 1 to the Statement, of Summit Stonecrest for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Charlotte, NC
November 12, 2004

**SUMMIT STONECREST (FORMERLY ALTA HAVEN APARTMENTS)
STATEMENTS OF REVENUES AND CERTAIN EXPENSES FOR THE
YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD FROM
JANUARY 1, 2004 THROUGH MAY 26, 2004 (UNAUDITED)**

	Period Ended May 26, 2004 (Unaudited)	Year Ended December 31, 2003
Revenues:		
Rental	\$ 1,017,362	\$ 2,608,908
Other	76,190	166,326
Total property revenues	1,093,552	2,775,234
Expenses:		
Property operating	301,641	678,844
Real estate taxes and insurance	151,115	369,597
Total expenses	452,756	1,048,441
Excess of revenues over certain expenses	\$ 640,796	\$ 1,726,793

See accompanying notes to Statements of Revenues and Certain Expenses.

**NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD FROM
JANUARY 1, 2004 THROUGH MAY 26, 2004 (UNAUDITED)**

NOTE 1. ORGANIZATION AND BASIS FOR PRESENTATION

The accompanying statements of revenues and certain expenses (the Statements) relate to Summit Stonecrest (formerly Alta Haven Apartments), a 306 unit apartment community located in Charlotte, NC.

These Statements are prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) as a result of the acquisition of Summit Stonecrest by Summit Properties Inc. (the Company) on May 27, 2004. Rule 3-14 requires certain information with respect to the operations of real estate assets acquired to be included in certain filings with the SEC. The Statements include the historical revenues of Summit Stonecrest and certain operating expenses, excluding items not comparable to the operations of the property under the Company s ownership, including depreciation, amortization, interest expense, and management fees. The Company is a real estate investment trust that operates, develops and acquires luxury apartment communities in select neighborhoods throughout the Southeast and Mid-Atlantic United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition - Summit Stonecrest leases its apartment homes under operating leases with terms of generally one year or less. Rental revenue is recognized on the accrual basis of accounting as earned, which is not materially different from revenue recognition on a straight-line basis.

Advertising costs - Summit Stonecrest expenses advertising costs as incurred and expensed \$58,600 and \$22,300 for the year ended December 31, 2003 and the period from January 1, 2004 through May 26, 2004, respectively.

Repairs and maintenance - The cost of items such as landscaping maintenance, interior painting and cleaning and supplies used in such activities as well as the cost of all major maintenance activities are expensed as incurred and are not accrued for in advance.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Interim information - The accompanying Statement for the period from January 1, 2004 through May 26, 2004 is unaudited; however it has been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, it does not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation for the interim period have been included. The results for the interim period from January 1, 2004 through May 26, 2004 are not necessarily indicative of the results that may be expected for the full year.

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders of Summit Properties Inc:

We have audited the accompanying statement of revenues and certain expenses (the Statement) of Summit South End Square (formerly Fairfield South End Square) (the Property) for the year ended December 31, 2003. The Statement is the responsibility of the Property s management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with the 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in Form 8-K of Summit Properties Inc.). Material amounts, as described in note 1 to the Statement that would not be directly attributable to those resulting from future operations of the property are excluded and the Statement is not intended to be a complete presentation of the Property s revenues and expenses.

In our opinion, the Statement presents fairly, in all material respects, the revenues and certain expenses, as described in note 1 to the Statement, of Summit South End Square for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Charlotte, NC
November 12, 2004

**SUMMIT SOUTH END SQUARE (FORMERLY FAIRFIELD SOUTH END SQUARE)
STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD
FROM JANUARY 1, 2004 THROUGH JUNE 13, 2004 (UNAUDITED)**

	Period Ended June 13, 2004 (Unaudited)	Year Ended December 31, 2003
Revenues:		
Rental	\$ 1,158,238	\$ 903,423
Other	42,141	38,242
Total property revenues	1,200,379	941,665
Expenses:		
Property operating	409,046	521,574
Real estate taxes and insurance	142,294	114,648
Total expenses	551,340	636,222
Excess of revenues over certain expenses	\$ 649,039	\$ 305,443

See accompanying notes to Statements of Revenues and Certain Expenses.

**NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD FROM
JANUARY 1, 2004 THROUGH JUNE 13, 2004 (UNAUDITED)**

NOTE 1. ORGANIZATION AND BASIS FOR PRESENTATION

The accompanying statements of revenues and certain expenses (the Statements) relate to Summit South End Square (formerly Fairfield South End Square), a 299 unit apartment community located in Charlotte, NC. Summit South End Square construction was completed in October 2003 and was in lease-up during 2003.

These Statements are prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) as a result of the acquisition of Summit South End Square by Summit Properties Inc. (the Company) on June 14, 2004. Rule 3-14 requires certain information with respect to the operations of real estate assets acquired to be included in certain filings with the SEC. The Statements include the historical revenues of Summit South End Square and certain operating expenses, excluding items not comparable to the operations of the property under the Company s ownership, including depreciation, amortization, interest expense, and management fees. The Company is a real estate investment trust that operates, develops and acquires luxury apartment communities in select neighborhoods throughout the Southeast and Mid-Atlantic United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition - Summit South End Square leases its apartment homes under operating leases with terms of generally one year or less. Rental revenue is recognized on the accrual basis of accounting as earned, which is not materially different from revenue recognition on a straight-line basis.

Advertising costs - Summit South End Square expenses advertising costs as incurred and expensed \$50,000 and \$32,400 for the year ended December 31, 2003 and the period from January 1, 2004 through June 13, 2004, respectively.

Repairs and maintenance - The cost of items such as landscaping maintenance, interior painting and cleaning and supplies used in such activities as well as the cost of all major maintenance activities are expensed as incurred and are not accrued for in advance.

Cost capitalization - Summit South End Square capitalized certain real estate taxes during 2003 while activities necessary to get the property ready for its intended use were in progress. Amounts capitalized were based on the percentage of units completed. During 2003, \$74,000 was capitalized related to real estate taxes.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Interim information - The accompanying Statement for the period from January 1, 2004 through June 13, 2004 is unaudited; however it has been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, it does not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation for the

interim period have been included. The results for the interim period from January 1, 2004 through June 13, 2004 are not necessarily indicative of the results that may be expected for the full year.

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders of Summit Properties Inc:

We have audited the accompanying statement of revenues and certain expenses (the Statement) of Summit Midtown (formerly Highlands on Ponce) (the Property) for the year ended December 31, 2003. The Statement is the responsibility of the Property s management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with the 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in Form 8-K of Summit Properties Inc.). Material amounts, as described in note 1 to the Statement that would not be directly attributable to those resulting from future operations of the property are excluded and the Statement is not intended to be a complete presentation of the Property s revenues and expenses.

In our opinion, the Statement presents fairly, in all material respects, the revenues and certain expenses, as described in note 1 to the Statement, of Summit Midtown for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Charlotte, NC
November 12, 2004

**SUMMIT MIDTOWN (FORMERLY HIGHLANDS ON PONCE)
STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD
FROM JANUARY 1, 2004 THROUGH SEPTEMBER 29, 2004 (UNAUDITED)**

	Period Ended September 29, 2004 (Unaudited)	Year Ended December 31, 2003
Revenues:		
Rental	\$ 2,717,314	\$ 3,553,385
Other	173,768	219,423
Total property revenues	2,891,082	3,772,808
Expenses:		
Property operating	682,601	831,014
Real estate taxes and insurance	359,057	533,222
Total expenses	1,041,658	1,364,236
Excess of revenues over certain expenses	\$ 1,849,424	\$ 2,408,572

See accompanying notes to the Statements of Revenues and Certain Expenses.

**NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD FROM JANUARY 1, 2004
THROUGH SEPTEMBER 29, 2004 (UNAUDITED)**

NOTE 1. ORGANIZATION AND BASIS FOR PRESENTATION

The accompanying statements of revenues and certain expenses (the Statements) relate to Summit Midtown (formerly Highlands on Ponce), a 296 unit apartment community located in Atlanta, GA that also has 17,978 square feet of retail space.

These Statements are prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) as a result of the acquisition of Summit Midtown by Summit Properties Inc. (the Company) on September 30, 2004. Rule 3-14 requires certain information with respect to the operations of real estate assets acquired to be included in certain filings with the SEC. The Statements include the historical revenues of Summit Midtown and certain operating expenses, excluding items not comparable to the operations of the property under the Company s ownership, including depreciation, amortization, interest expense, and management fees. The Company is a real estate investment trust that operates, develops and acquires luxury apartment communities in select neighborhoods throughout the Southeast and Mid-Atlantic United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition - Summit Midtown leases its apartment homes under operating leases with terms of generally one year or less. Rental revenue is recognized on the accrual basis of accounting as earned, which is not materially different from revenue recognition on a straight-line basis. Summit Midtown also leases retail space under non-cancelable operating leases with terms from five to 15 years. Rental revenue is recognized on a straight line basis over the term of the respective leases.

Advertising costs - Summit Midtown expenses advertising costs as incurred and expensed \$81,000 and \$49,600 for the year ended December 31, 2003 and the period from January 1, 2004 through September 29, 2004, respectively.

Repairs and maintenance - The cost of items such as landscaping maintenance, interior painting and cleaning and supplies used in such activities as well as the cost of all major maintenance activities are expensed as incurred and are not accrued for in advance.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Interim information - The accompanying Statement for the period from January 1, 2004 through September 29, 2004 is unaudited; however it has been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, it does not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation for the interim period have been included. The results for the interim period from January 1, 2004 through September 29, 2004 are not necessarily indicative of the results that may be expected for the full year.

NOTE 3. RETAIL LEASING ACTIVITIES

Summit Midtown has non-cancelable operating leases with tenants requiring monthly payments of specified minimum rent. Future minimum rental commitments under the non-cancelable operating leases at December 31, 2003 are as follows:

Years Ended December 31,:

2004	\$	377,159
2005		386,933
2006		397,071
2007		322,169
2008		167,102
Thereafter		860,011
Total	\$	2,510,445

INDEPENDENT AUDITORS REPORT

To the Board of Directors and Stockholders of Summit Properties Inc:

We have audited the accompanying statement of revenues and certain expenses (the Statement) of Charlotte Cotton Mills Apartment Building (the Property) for the year ended December 31, 2003. The Statement is the responsibility of the Property s management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with the 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 Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in Form 8-K of Summit Properties Inc.). Material amounts, as described in note 1 to the Statement that would not be directly attributable to those resulting from future operations of the property are excluded and the Statement is not intended to be a complete presentation of the Property s revenues and expenses.

In our opinion, the Statement presents fairly, in all material respects, the revenues and certain expenses, as described in note 1 to the Statement, of Charlotte Cotton Mills Apartment Building for the year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
Charlotte, NC
November 12, 2004

**CHARLOTTE COTTON MILLS APARTMENT BUILDING
STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND FOR THE PERIOD
FROM JANUARY 1, 2004 THROUGH SEPTEMBER 30, 2004 (UNAUDITED)**

	Period Ended September 30, 2004 (Unaudited)	Year Ended December 31, 2003
Revenues:		
Rental	\$ 1,642,915	\$ 1,647,394
Other	128,886	132,036
Total property revenues	1,771,801	1,779,430
Expenses:		
Property operating	448,938	570,111
Real estate taxes and insurance	230,410	296,976
Total expenses	679,348	867,087
Excess of revenues over certain expenses	\$ 1,092,453	\$ 912,343

See accompanying notes to Statements of Revenues and Certain Expenses.

**NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003 AND THE PERIOD FROM JANUARY 1, 2004
THROUGH SEPTEMBER 30, 2004 (UNAUDITED)**

NOTE 1. ORGANIZATION AND BASIS FOR PRESENTATION

The accompanying statements of revenues and certain expenses (the Statements) relate to Charlotte Cotton Mills Apartment Building (Cotton Mills), a 180 unit apartment community located in Charlotte, NC.

These Statements are prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated by the Securities and Exchange Commission (SEC) as a result of the anticipated acquisition of Cotton Mills by Summit Properties Inc. (the Company) on November 29, 2004. Rule 3-14 requires certain information with respect to the operations of real estate assets acquired to be included in certain filings with the SEC. The Statements include the historical revenues of Cotton Mills and certain operating expenses, excluding items not comparable to the future operations of the property under the Company s ownership, including depreciation, amortization, interest expense, and management fees. The Company is a real estate investment trust that operates, develops and acquires luxury apartment communities in select neighborhoods throughout the Southeast and Mid-Atlantic United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition -Cotton Mills leases its apartment homes under operating leases with terms of generally one year or less. Rental revenue is recognized on the accrual basis of accounting as earned, which is not materially different from revenue recognition on a straight-line basis.

Advertising costs -Cotton Mills expenses advertising costs as incurred and expensed \$67,000 and \$28,100 during the year ended December 31, 2003 and the period from January 1, 2004 through September 30, 2004, respectively.

Repairs and maintenance - The cost of items such as landscaping maintenance, interior painting and cleaning and supplies used in such activities as well as the cost of all major maintenance activities are expensed as incurred and are not accrued for in advance.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Interim information - The accompanying Statement for the period from January 1, 2004 through September 30, 2004 is unaudited; however it has been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and in conjunction with the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, it does not include all of the disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation for the interim period have been included. The results for the interim period from January 1, 2004 through September 30, 2004 are not necessarily indicative of the results that may be expected for the full year.

(b) Pro Forma Financial Information

The pro forma information of Summit Properties Inc. listed in the accompanying Index to Financial Statements and Pro Forma Financial Information are filed as part of this Current Report on Form 8-K.

SUMMIT PROPERTIES INC.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30, 2004
(in thousands, except per share information)

(Unaudited)

These unaudited Pro Forma Condensed Consolidated Statements of Operations for the nine months ended September 30, 2004 and the year ended December 31, 2003 are presented as if the acquisition of the acquired properties and the expected property acquisition as set forth in Item 8.01 above had occurred as of the beginning of each period. In management's opinion, all adjustments necessary to reflect the effects of these transactions have been made. These unaudited Pro Forma Condensed Consolidated Statements of Operations are not necessarily indicative of what actual results of operations would have been had these transactions occurred on the beginning of each period, nor do they purport to represent the results of operations for future periods.

	Combined Results of				Pro Forma	Pro Forma
	Historical	South End Square	Other Acquisitions (e)	Adjustments		
Revenues:						
Rental	\$ 95,445	\$ 6,536	\$ 2,716	358	(a) \$	105,055
Other property income	7,940	421	141			8,502
Management fees - third party communities	439	-	-			439
Total revenues	103,824	6,957	2,857	358		113,995
Expenses:						
Property operating and maintenance exclusive of items listed below)	20,670	1,842	791			23,303
Real estate taxes and insurance	13,905	883	409			15,197
Depreciation and amortization	30,191	-	-	7,810	(b)	38,001
General and administrative	6,099	-	-			6,099
Post-retirement benefits for former executive officers	1,536	-	-			1,536
Property management - owned communities						