

Summit Germany Limited
("Summit" or "the Company")

Placing, Trading Update and Notice of General Meeting

Summit Germany, the German commercial real estate company, is pleased to announce that it has raised €120 million through a Placing (the “**Placing**”) of 171,428,571 new Ordinary Shares of nil par value (the “**Placing Shares**”) at a price of 70 cents per Placing Share (the “**Placing Price**”). The Placing, which was oversubscribed, involved existing and new institutional investors. The equity fundraising was arranged by Cenkos Securities plc and Liberum Capital Limited. The Placing is subject to shareholder approval.

Summit Germany has a strong platform for expansion. The Company has a proven track record of sourcing, managing and improving properties and the Company believes that there are opportunities in the German real estate market to leverage the Company’s existing operational platform through further acquisitions and active management of its portfolio. The Company’s goal is to build an internally managed portfolio valued in excess of €1 billion, capable of delivering stable cash flows to achieve an attractive and growing dividend yield for investors.

The proceeds of the Placing will be deployed mainly to finance property acquisitions, joint ventures and co-investments. The Company is currently exploring a range of attractive acquisition opportunities and will seek to complete a number of them using the proceeds of the Placing.

The outlook for the German real estate investment market is positive with 2014 expected to have been the best year since 2007. The market has been strongly driven by Germany’s 'interest free environment' with the fresh cut in the base rate to a new historic low of 0.05%. Demand for the properties of the Company and its subsidiaries continue to be strong and are increasing with the increase in rental income and occupancy. The Board is confident that the Company is well positioned to benefit from the market trends by executing on new acquisition opportunities; by continuing to enhance the rental income from its properties and by realising value from its substantial portfolio.

Highlights since admission

Since admission to AIM in February 2014, the Company has made substantial progress including:

- The acquisition of 11 properties for €46 million with rent of circa €6.3 million resulting in an implied yield of 13.7% and a €28 million revaluation surplus;
- The refinancing of €268 million of its €309 million bank debt facilities with a seven year facility at a 3.14% interest rate compared to the 3.9% in the remaining term of the previous loan resulting in a €13.5 million NAV uplift and advanced progress in the refinancing of the acquired properties mentioned above;
- Reduced gearing with total bank debt net of cash reduced to 47% compared to 56% at the time of admission to AIM;
- Successful progress in the Company’s joint venture residential development in Berlin with pre-sales of 80% and 43% of first and second projects, respectively; and

- Substantial improvement in cash flow due to: increase in rental income, expiration of legacy swaps in Q4 2014 and savings in the interest charge following the refinancing. As a result the Company has increased its dividend payments reaching its target 7% yield on the current company's market capitalisation, before the announced fund raising.
- Agreement on early repayment of €44.5 million parent company loan resulting in a €4.2 million annual interest saving.

Trading Update

As announced on 9 December 2014, the Company is trading in line with management expectations with increasing rental income, on-going signing of new leases and active portfolio management.

Update on Portfolio and Leases

- **Increasing rent per square metre ("sq. m.")**: signing 173 new leases and renewals in 2014 for 99,000 sq. m. with rental value of €8.2 million per annum at a 7% higher rent per sq. m.
- **Increasing income**: annual net rent on a like for like ("LFL") basis has increased by 2.65% to €46.5 million (December 2013: €45.3 million; June 2014: €45.7 million). In addition, the Company is in advanced negotiations regarding additional leases with a net rental value of €1 million per annum (after expiry of leases with rental value of €0.4 million). Required tenant improvements for all new leases are circa. €2 million.
- **Increasing occupancy**: the vast majority of the Company's portfolio consists of properties for which the Company has a long term hold strategy (€540 million) and a smaller number of additional properties which the Company has designated for sale and redevelopment (€36 million). The occupancy rate across the majority of the assets on LFL basis has increased to 90% compared to 87% in 2013 (and 92% if all additional leases under negotiation are signed). The occupancy rate across the Company's whole portfolio is 85.4% (84.3% in 2013) or 87.6% if anticipated new leases are executed.
- **Pre sales in the residential joint venture** continued strong momentum in pre-sales of our residential joint venture development in Berlin with 80% pre-sales in the first project and 43% in the second project; marketing of the third project will commence shortly. Negotiations are underway to acquire land sites for additional residential developments in Berlin.
- **Pipeline**: Developing additional pipeline of further attractive acquisitions. The Company has identified potential acquisitions of office real estate amounting to approximately €120 million, which are currently under negotiation.

Balance Sheet and Bank LTV

At the time of listing on AIM, the Company had in place certain swaps (the "**legacy swaps**") which finally expired in October 2014. The expiration of the legacy swaps resulted in a reduced interest rate and an increase in annual cash flow of circa €7 million.

Bank loan-to-value ("**LTV**") as at 30 June 2014 was 54% (50% net of cash). Following the proposed refinancing of the Company's main facility and of the acquired portfolio, bank LTV is estimated to remain at 54% but LTV net of cash will decrease to 47%.

As of 31 December 2014, the Company had a circa €44.5 million loan from Summit Israel, its parent company, which bears an annual coupon of 9.5%. This loan is backed by a listed bond with mirror terms issued by Summit Israel on the Tel Aviv stock exchange. While the mirror listed bonds trade at a 20% premium, Summit Israel granted the Company a three month option expiring on 28 February 2015 for an early repayment of the loan at a 10% premium (circa €48.9 million). The repayment of the loan would result in a €4.2 million annual interest saving. The Company has resolved to exercise the option and will use proceeds from the refinancing of the acquired properties and from the placing to exercise the option.

Dividends

Today, the Company announced a Q4 2014 dividend of 1.2 cents reflecting an annualized yield of 7% based on the Placing Price per share of 70 cents. This dividend is to be paid to those shareholders entered on the Company's register of members as at 23 January 2015. Since listing on AIM, the Company paid dividends of 0.60 cents for Q3 2014, 0.55 cents for Q2 2014 and 0.50 cents for Q1 2014.

Admission

The Placing Shares will rank *pari passu* in all respects with the existing ordinary shares (save for the dividend announced today). The Placing Shares are to be admitted to trading on AIM, the market of that name operated by the London Stock Exchange plc ("**AIM**") and admission is expected to take place at 8:00 am on 3 February 2015. Following admission of the Placing Shares, the enlarged issued share capital will amount to 465,399,862 ordinary shares of nil par value. The Company does not hold any shares in treasury.

A circular to the shareholders of the Company (the "**Circular**") will be despatched shortly giving notice of an Extraordinary General Meeting of the Company to consider, and if thought fit, approve resolutions to, *inter alia*, give the Directors of the Company authority to allot and issue the Placing Shares and waive the pre-emption rights. The Extraordinary General Meeting will be held at the Company's registered address at 10:00 a.m. on 2 February 2015.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2015

Despatch of the Circular and Forms of Proxy	16 January
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by Shareholders for the Extraordinary General Meeting	10:00 a.m. on 31 January
Time and date of the Extraordinary General Meeting	10:00 a.m. on 2 February
Announcement of the result of the Extraordinary General Meeting	2 February
Admission effective and trading commences in the Placing Shares on AIM	8:00 a.m. on 3 February
CREST stock accounts to be credited with the Placing Shares in	8:00 a.m. on 3 February

uncertificated form (where applicable)

Dispatch of definitive share certificates for the Placing Shares in
certificated form (where applicable)

by 10 February

Following publication of the Circular on 16 January 2015, a copy of the Circular will be available on the Company's website at www.summitgermany.com.

For further information please contact:

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