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**EUROPEAN COMMERCIAL REAL ESTATE LIMITED COMPLETES \$30 MILLION OFFERING, CONVERSION INTO EUROPEAN COMMERCIAL REAL ESTATE INVESTMENT TRUST AND PRIVATE PLACEMENT**

**Toronto, Ontario** (May 3, 2017) European Commercial Real Estate Limited (the "**Corporation**") (TSXV: ERE) is pleased to announce today that the Corporation has completed its prospectus offering (the "**Offering**") of 6,000,000 class B common shares (the "**Class B Shares**") of the Corporation at a price of \$5.00 per Class B Share (the "**Offering Price**") for gross proceeds of \$30 million. The Offering was underwritten by a syndicate of underwriters led by CIBC Capital Markets.

The underwriters have been granted an over-allotment option, exercisable up to 30 days following closing of the Offering, to purchase up to an additional 900,000 Units (as defined below), which, if exercised in full, will increase the total gross proceeds of the Offering to approximately \$34.5 million. The net proceeds of the over-allotment option, if exercised, will be used by European Commercial Real Estate Investment Trust (the "**REIT**") for future acquisitions, investments in properties and for general trust purposes.

In connection with the Offering, the Corporation concurrently closed the issuance, on a private placement basis, to non-Canadian exempt purchasers, including the officers of the Corporation, of an aggregate of 140,000 Class B Shares at the Offering Price for gross proceeds of \$700,000 (the "**Private Placement**"). Upon exchange of the Class B Shares issued pursuant to the Private Placement into Units, such Units will be subject to a customary hold period required by Canadian securities laws, which will be removed on September 4, 2017.

In connection with the closings of the Offering and the Private Placement, the net proceeds of the Offering and the Private Placement will be used in part to fund the previously announced acquisition of an office property located in Landshut, Germany, part of the greater Munich metropolitan region, for approximately €30.2 million (the "**Acquisition Property**"). The acquisition of the Acquisition Property is expected to be completed on or about May 15, 2017.

As well, the Corporation announced today that it has completed its plan of arrangement transaction (the "**Arrangement**") pursuant to which, among other things, the holders ("**Common Shareholders**") of common shares of the Corporation (the "**Common Shares**") were consolidated based on a ratio of one (1) Common Share for every 31.25 Common Shares held and Common Shareholders and purchasers of Class B Shares under the Offering transferred their shares to ECRE Limited Partnership ("**ECRE LP**"), a subsidiary of the REIT, for units of the REIT ("**Units**") and/or, in the case of certain eligible Common Shareholders, for class B limited partnership units of ECRE LP ("**Class B LP Units**"), in each case, at an exchange ratio of one (1) to one (1). Holders of Class B LP Units will receive special voting units of the REIT that will each initially entitle the holder to one vote at meetings of holders of Units of the REIT.

The Offering, Private Placement, Consolidation and Arrangement remain subject to the final approval of the TSX Venture Exchange (the "**TSXV**"). The REIT will be listed on the TSXV

and it is expected that the Units will commence trading on the TSXV shortly following closing of the Arrangement under the symbol “ERE.UN”. It is expected that the Corporation’s Common Shares will be delisted from the TSXV.

Further to the disclosure requirements of applicable securities laws, Thomas Schwartz and Phillip Burns previously disclosed that each such investor beneficially owned or controlled 14.88% and 16.18% of the issued and outstanding Common Shares on a partially diluted basis and will own no Common Shares or Class B Shares following closing of the Arrangement. Upon completion of the Arrangement, neither Mr. Schwartz or Mr. Burns will beneficially own or control 10% or more of the issued and outstanding Units of the REIT on a partially diluted basis.

Upon completion of the Arrangement, the REIT, through its interest in ECRE LP, will hold 2,752,000 Common Shares, representing 100% of the issued and outstanding Common Shares. The REIT, through its interest in ECRE LP, will also own 100% of the issued and outstanding Class B Shares, which are expected to be redeemed immediately following closing of the Arrangement. The REIT, through its interest in ECRE LP, expects to continue to own its interest in the Corporation until such time as the Corporation is wound up or otherwise dissolved, as disclosed in the final short form prospectus dated April 27, 2017 relating to the Offering.

Portions of this press release are being issued pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* which requires a report of certain insiders to be filed under the Corporation’s or the REIT’s profile on SEDAR ([www.sedar.com](http://www.sedar.com)) containing additional information with respect to certain holdings of securities. A copy of the related early warning reports for each of Mr. Schwartz, Mr. Burns and the REIT will be filed on [www.sedar.com](http://www.sedar.com).

The Units have not been, nor will they be, registered under the *U.S. Securities Act of 1933*, as amended, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the *United States Securities Act of 1933*, as amended) except pursuant to certain exemptions. This press release does not constitute an offer to sell or a solicitation of an offer to buy any of the Units in the United States or to, or for the account or benefit of, U.S. persons.

### **About European Commercial Real Estate Limited**

The Corporation’s business is the ownership of and investment in commercial properties in Europe. It currently owns and operates one commercial property in Düsseldorf, Germany, which constituted the Corporation’s “qualifying transaction” under the TSXV rules, and it has a second commercial property in Landshut, Germany, a suburb of Munich, under contract. The Corporation’s strategy is to aggregate a bespoke portfolio of high-quality, non-prime, core assets in key European markets designed primarily to deliver long-term, secure income with additional potential for capital appreciation.

For more information please contact:

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*The information in this news release includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Forward-looking statements in this news release include, but are not limited to, the acquisition of the Acquisition Property, the underwriters exercising the over-allotment option and the Units trading on the TSXV. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although the Corporation believes that the expectations reflected in forward looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct. Except as required by law, the Corporation disclaims any intention and assumes no obligation to update or revise any forward looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward looking statements or otherwise.*

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