

## European Commercial Real Estate Investment Trust Announces First Quarter 2017 Results

**May 30, 2017 – Toronto, Ontario:** European Commercial Real Estate Investment Trust (“EC REIT” or the “REIT”) (TSX-V: ERE.UN) announced today its financial and operating results for the three-month period ended March 31, 2017. Effective May 3, 2017, European Commercial Real Estate Limited (the “Company”), the predecessor company to EC REIT, was reorganized into EC REIT pursuant to the completion of a plan of arrangement (the “Arrangement”) under the *Business Corporations Act* (Ontario).

### HIGHLIGHTS

- January 31, 2017 – the Company acquired a high-quality, multi-tenant commercial office property in Dusseldorf, Germany for €11 million and completed a private placement of common shares of the Company (the “Common Shares”) for gross proceeds of \$3.1 million;
- May 3, 2017 – the Company completed a public offering of 6 million class B common shares (the “Class B Shares”) and a private placement of 140,000 Class B Shares for gross proceeds of \$30.7 million. Concurrently, the Company completed the Arrangement pursuant to which the Company was reorganized into EC REIT;
- May 11, 2017 – EC REIT acquired a well-located, single-tenant commercial office property for €30.2 million in Landshut, Germany, part of the greater Munich metropolitan region;
- EC REIT has embarked on an acquisition program to rapidly grow and diversify its European property portfolio; and
- Management and Trustees of EC REIT remain fully aligned with an aggregate 16.9% economic ownership of EC REIT.

“With our reorganization into a publicly-traded REIT, we have embarked on an aggressive acquisition program to capitalize on our robust pipeline of highly accretive properties to expand rapidly our presence in select European commercial property markets with the objective of delivering stable, sustainable and growing cash distributions to our Unitholders,” commented Phillip Burns, Chief Executive Officer of EC REIT. “We look forward to announcing in the coming months additional acquisitions in our target European markets.”

“The European commercial property market presents highly compelling fundamentals. As the world’s second largest economic region, the European Union is comprised of stable, mature and growing economies. The European Union real estate market is also large and highly liquid with a very attractive financing environment that drives a strong return on investment. We are confident that we can capitalize on these positive fundamentals to deliver on our strategy and to build value for our Unitholders over the long term,” Mr. Burns concluded.

### FINANCIAL RESULTS

For the three-month period ended March 31, 2017, the Company generated property revenues of \$206,008 and net rental income of \$126,523. The net loss was \$136,724 or \$0.003 per Common Share of the Company. As at March 31, 2017, the Company owned only one commercial office property. The results materially reflect the expected performance during the period, including the incurrence of a net

loss due to no significant revenue prior to completing the Company's first acquisition on January 31, 2017.

As at March 31, 2017, the Company had cash of approximately \$1,437,124 with net current assets of \$2,412,043.

The REIT's Management Discussion and Analysis and condensed consolidated interim financial statements for the three-month period ended March 31, 2017 can be found at [www.sedar.com](http://www.sedar.com).

### **SUBSEQUENT EVENTS**

On May 3, 2017, the Company completed a prospectus offering of 6 million Class B Shares at a price of \$5.00 per Class B Share (the "Offering"). Concurrently, the Company also issued on a private placement basis 140,000 Class B Shares at the same per Class B Share price (the "Concurrent Private Placement"). As well, following receipt of necessary approvals, including the approval of the TSX Venture Exchange (the "TSXV") and the holders of common shares of the Company, the Company completed the Arrangement, which included the exchange of all common shares and Class B Shares of the Company and stock options of the Company for units (the "Units") and unit options of EC REIT, respectively, and, in certain cases, class B limited partnership units of ECRE Limited Partnership, a subsidiary of the REIT.

On May 11, 2017, EC REIT announced that it had completed the purchase of a 172,838 square foot office property in Landshut, Germany, part of the greater Munich metropolitan region, for approximately \$44,973,840 (€30,200,000). The acquisition was financed by the proceeds of the Offering and the Concurrent Private Placement as well as an approximately \$26,805,600 (€18,000,000) seven-year, secured, fixed rate mortgage from a German bank.

In connection with the Offering, EC REIT also announced it intends to make regular quarterly cash distributions with an initial cash distribution of \$0.14389 per Unit (\$0.35 per Unit annualized) to unitholders of record on September 30, 2017 on October 13, 2017. EC REIT also announced the implementation of a Unitholder Distribution Reinvestment Plan whereby Unitholders can elect to have their quarterly cash distributions paid in Units and receive a further distribution of Units with a value equal to 5.0% of each reinvested distribution. EC REIT's management and Board of Trustees have agreed to initially waive receipt of cash distributions subject to certain conditions.

### **ABOUT EC REIT**

EC REIT is an unincorporated, open-ended real estate investment trust focused on aggregating a bespoke portfolio of high-quality, non-prime core assets in key European markets. EC REIT is designed primarily to deliver long-term, secure income with additional potential for capital appreciation. EC REIT intends to grow by acquiring commercial real estate assets in Europe where opportunities exist to purchase assets on terms such that the acquisitions are expected to be accretive, on a per Unit basis, to the earnings of EC REIT. EC REIT's Units are listed on the TSXV under the symbol ERE.UN.

### **FORWARD-LOOKING STATEMENTS**

*Certain statements contained in this press release constitute forward-looking statements within the meaning of applicable Canadian securities laws which reflect the REIT's current expectations and projections about future results. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will",*

“expect”, “intent”, “estimate”, “anticipate”, “believe”, “should”, “plans”, “predict”, “estimate”, “potential”, “could”, “likely”, “approximately”, “scheduled”, “forecast”, “variation” or “continue”, or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and the REIT’s objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook, including statements relating to the REIT’s plans and objectives of the REIT’s Board of Trustees, or estimates or predictions of actions of tenants, suppliers, competitors or regulatory authorities and statements regarding the REIT’s future economic performance. The REIT has based these forward-looking statements on its current expectations about future events. Some of the specific forward-looking statements in this press release include, but are not limited to, statements with respect to: (i) the REIT’s intention to provide stable, sustainable and growing cash flows through investments in commercial real estate in Europe and the REIT’s other stated objectives; (ii) the REIT’s intention to make regular quarterly cash distributions; (iii) the REIT’s ability to execute its business and growth strategies with its asset manager’s assistance where applicable, including by making additional acquisitions of properties in Europe when appropriate; and (iii) the REIT’s ability to complete acquisitions on terms and conditions favourable to the REIT. The forward-looking statements made in this press release relate only to events or information as of the date on which the statements are made in this press release. For example, forward-looking statements do not include the effect of dispositions, acquisitions, other business transactions, asset write-downs or other charges announced or occurring after the forward-looking statements are made. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this press release. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect.

Except as specifically required by applicable Canadian securities law, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. These forward-looking statements should not be relied upon as representing the REIT’s views as of any date subsequent to the date of this press release. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the REIT. For more information, please see “Forward Looking Statements” and “Financial Instruments and Risks and Uncertainties” in the REIT’s management discussion and analysis for the three-month period ended March 31, 2017 and the Company’s management information circular dated March 20, 2017.

Neither TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange Inc.) accepts responsibility for the adequacy or accuracy of this release

**FOR MORE INFORMATION:**

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