European Commercial Real Estate Investment Trust (Formerly European Commercial Real Estate Limited)

Condensed Consolidated Interim Financial Statements

March 31, 2017

European Commercial Real Estate Investment Trust (formerly European Commercial Real Estate Limited)

Condensed Consolidated Interim Statement of Financial Position
(unaudited)

As at March 31, 2017

	March 31, 2017 $	December 31, 2016 $
Non-current Assets		
Investment property (note 4)	17,736,250	-
Current Assets		
Cash	1,437,124	3,164,675
Accounts receivable	8,265	-
Prepaid expense	11,960	-
Acquisition deposit (note 12)	2,170,847	1,582,158
Deferred financing fees	-	70,845
Deferred acquisition costs	681,601	226,630
Deferred share issuance costs (note 13)	1,569,030	146,448
	5,878,827	5,190,756
Total Assets	23,615,077	5,190,756
Non-current liabilities		
Mortgage payable (note 5)	10,242,452	-
Promissory note payable (note 6)	2,119,829	-
Interest rate swap	237,006	-
Deferred income taxes	102,799	-
	12,702,086	-
Current liabilities		
Current portion of mortgages payable (note 5)	263,381	-
Accounts payable and accrued liabilities	3,187,255	449,856
Unearned revenue	16,148	-
	3,466,784	449,856
Total liabilities	16,168,870	449,856
Shareholders' Equity		
Capital stock (note 7)	7,579,270	4,777,896
Contributed surplus	123,937	49,625
Deficit	(223,345)	(86,621)
Accumulated other comprehensive income	(33,655)	-
Total Shareholders' Equity	7,446,207	4,740,900
Total Liabilities and Shareholders' Equity	23,615,077	5,190,756

European Commercial Real Estate Investment Trust (formerly European Commercial Real Estate Limited)

Condensed Consolidated Interim Statement of Loss and Comprehensive Loss (unaudited)

For the three month period ended March 31, 2017

	$
Net rental income	
Property revenue	206,008
Property expenses	(79,485)
Net rental income	126,523
Professional fees	(617,675)
Foreign exchange gain	29,727
Fair value adjustment of investment property	781,552
Share-based compensation	(74,312)
Income before finance expenses	245,815
Finance expenses	
Interest expense	(42,734)
Fair value adjustment of interest rate swap	(237,006)
Net Loss before income tax	(33,925)
Deferred income tax expense	(102,799)
Net Loss	(136,724)
Other comprehensive income	
Items that may be reclassified subsequently to net income	
Foreign currency translation	(33,655)
Net loss and comprehensive loss for the period	(170,379)
Weighted average number of common shares outstanding during the period	44,376,111
Loss per share - basic and diluted	(0.00)

European Commercial Real Estate Investment Trust (formerly European Commercial Real Estate Limited)

Condensed Consolidated Interim Statement of Changes in Shareholder's Equity (unaudited)

For the three month period ended March 31, 2017

	Capital stock $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total $
Balance - December 31, 2016	4,777,896	49,625	(86,621)	-	4,740,900
Common shares issued (note 7)	3,100,000	-	-	-	3,100,000
Share issuance cost	(298,626)	-	-	-	(298,626)
Share-based compensation (note 9)	-	74,312	-	-	74,312
Net loss for the period	-	-	(136,724)	-	(136,724)
Foreign currency translation adjustment	-	-	-	(33,655)	(33,655)
Balance - March 31, 2017	7,579,270	123,937	(223,345)	(33,655)	7,446,207

European Commercial Real Estate Investment Trust (formerly European Commercial Real Estate Limited)

Condensed Consolidated Interim Statement of Cash Flows
(unaudited)

For the three month period ended March 31, 2017

	$
Cash provided by (used in)	
Operating activities	
Net loss for the period	(136,724)
Adjustment items not involving cash:	
Amortization of deferred financing costs	1,700
Fair value adjustment of investment property	(781,552)
Share-based compensation	74,312
Foreign exchange	(29,727)
Fair value adjustment of interest rate swap	237,006
Deferred income taxes	102,799
Changes in non-cash working capital:	
Accounts receivable	(8,265)
Prepaid expenses	(11,899)
Accounts payable and accrued liabilities	439,502
Unearned revenue	16,148
Total cash used in operating activities	(96,700)
Financing activities	
Issuance of common shares (net of issuance costs) (note 7)	3,065,645
Proceeds received from mortgage	10,476,512
Proceeds received from promissory note payable	2,170,847
Mortgage principal repayment	(66,136)
Total cash generated by financing activities	15,646,868
Investing activities	
Acquisition of investment property	(14,984,275)
Acquisition deposit	(2,170,847)
Deferred acquisition cost	(4,568)
Deferred share issuance cost	(54,509)
Total cash used in investing activities	(17,214,200)
Increase in cash during the period	(1,664,032)
Effect of foreign exchange rate changes on cash	(63,519)
Cash - Beginning of period	3,164,675
Cash - End of period	1,437,124

1 Organization

European Commercial Real Estate Investment Trust (the REIT) is the successor to European Commercial Real Estate Limited (the company) following the conversion of the company to a real estate investment trust. The company was incorporated under the *Business Corporation Act* (Ontario) on July 25, 2016. On May 1, 2017, shareholders of the company voted to approve a plan of arrangement (the Arrangement) providing for the conversion of the company into the REIT. The Arrangement became effective May 3, 2017. The conversion was accounted for as a continuity of interest, and accordingly, these condensed consolidated interim financial statements are reflective as if the REIT had always carried on the business formerly carried on by the company. Further details of the Arrangement are contained in the management information circular dated April 3, 2017 which can be found at www.sedar.com.

On January 31, 2017, the company completed the purchase of a property in Dusseldorf, Germany (note 3). The purchase was approved by the TSX Venture Exchange as the company's qualifying transaction as defined in Policy 2.4 of the TSX Venture Exchange (the qualifying transaction).

The company ceased to be a capital pool company (CPC) upon the completion of its qualifying transaction on January 31, 2017.

On February 15, 2017, the REIT, an unincorporated, open-ended real estate investment trust governed by the laws of the province of Ontario, was established pursuant to the declaration of trust then dated, and the company acquired 1 trust unit of the REIT for cash of $10. The registered office address of the REIT is 199 Bay Street, Suite 5300, Toronto, Ontario.

2 Summary of significant accounting policies

These condensed consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. They do not include all the information and disclosures required by IFRS applicable for annual consolidated financial statements, and therefore, they should be read in conjunction with the annual audited consolidated financial statements. These condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of the company. The condensed consolidated financial statements were authorized for issue on May 30, 2017 by the board of trustees of the REIT.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the REIT and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, which is the date on which the REIT obtains control, and continue to be consolidated until the date that such control ceases. Control exists when the company has the power over the entity, has exposure to variable returns from its involvement with the entity and has the ability to use its power over the investee to affect its returns. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full.

Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results may differ from these estimates. The estimates and judgements used in determining the recorded amount for asset, liabilities and equity in the financial statements include the following:

Investment property

The critical assumptions and estimates used when determining the fair value of investment property are discounted cash flow and discount rates. Management determines fair value by utilizing a fair value appraisal performed by an independent valuator.

The REIT also applies judgement in determining whether the property it acquired is considered to be an asset acquisition or a business combination. The company considers the property it has acquired to be an asset acquisition.

Cash

Cash includes cash held in trust by the REIT’s legal counsel and cash held in banks.

Investment Property

The REIT has selected the fair value method to account for real estate classified as investment property. A property is determined to be an investment property when it is principally held to earn rental income or for capital appreciation, or both. Investment property is initially recognised at the purchase price, including directly attributable costs. Subsequent to initial recognition, investment property is carried at fair value, with gains or losses in the fair value of the investment property recognised in the consolidated statement of loss and comprehensive loss in the period in which they arise.

Revenue recognition

Revenue includes base rents earned from tenants under lease agreements, realty tax and operating costs recoveries, lease termination fees, parking revenue and other incidental income. Lease related revenue is recognised as revenue over the term of the underlying leases. Other revenue is recognised at the time the service is provided.

The REIT follows the straight-line method of recognising rental revenue, whereby the total amount of rental revenue to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference, if any, between the straight-line rent recorded as rental revenue and the rent that is contractually due from the tenant.

Deferred acquisition costs

Deferred acquisition costs include transaction costs directly attributable to asset acquisition of investment properties, where it is probable that the acquisition will be completed.

Financial instruments

The company's financial instruments consist of cash, accounts receivable, accounts payable, interest rate swap, mortgage payable and promissory note payable. All financial instruments are initially recognized at fair value. Subsequent measurement depends on the nature and classification adopted for the financial instrument as follows:

Financial instrument	Classification	Measurement
Cash	Loans and receivable	Amortised cost
Accounts receivables	Loans and receivable	Amortised cost
Accounts payable	Other liabilities	Amortised cost
Mortgage and promissory note payable	Other liabilities	Amortised cost
Interest rate swap	Other liabilities	Fair value

Financial assets are derecognized when contractual rights to the cash flows from the assets expire.

The company determines the fair value measurement based on the following hierarchy:
- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

As at March 31, 2017, interest rate swap is considered Level 2, and the fair values recorded or disclosed relating to investment property, mortgages payable and the promissory note payable are considered Level 3. There have been no transfers in or out of Level 3 during the reporting period.

Capital stock

Common shares are initially recognized at the fair value of the consideration received by the company. Any transaction costs arising on the issue of common shares are recognized directly in shareholders' equity as a reduction of the proceeds received.

Loss per share

Basic loss per share is calculated by dividing net loss for the period attributable to common shareholders of the company by the weighted average number of common shares outstanding during the period. Common shares subject to the CPC escrow agreement are excluded from the calculation. The diluted weighted average number of common shares is calculated by applying the treasury method. The treasury method assumes that any proceeds on exercise of options are used to purchase common shares at the average market price during the period. Diluted loss per share excludes the impact of the exercise of share options if the exercise would be anti-dilutive.

Share-based compensation

The fair value method is used to account for all options issued under the REIT's share based plans. Fair value at the date of grant is established through the application of the Black-Scholes option valuation model. The fair value of options issued to employees, trustees, officers and consultants of the REIT is credited to contributed surplus and expensed over the vesting period of the options. On exercise of the stock options, consideration received is recorded to share capital and contributed surplus associated with the options exercised is reclassified to share capital.

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the REIT's subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the company's operating subsidiaries is the Euro.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the company using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statement of loss and comprehensive loss.

(iii) Group entities

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings are taken to other comprehensive income.

Income taxes

The REIT follows the asset and liability method of accounting for income taxes. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the consolidated balance sheet date. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantively enacted at the consolidated balance sheet date for the period that an asset is expected to be realized or a liability is expected to be settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized against.

Segment reporting

The REIT owns and operates an investment property in Germany. In measuring performance, the REIT does not distinguish its operations on a geographic or any other basis and accordingly, has a single reportable segment for disclosure purposes.

Changes in accounting policies

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2017. None of these is expected to have a significant impact on the REIT's financial statements, except for the following set out below:

i) IFRS 15, Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014 and replaces IAS 11, Construction Contracts and IAS 18, Revenue and related interpretations. IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good or service. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The company is in the process of evaluating the potential impact of IFRS 15 on its consolidated financial statements.

ii) In July 2014, IFRS 9, Financial Instruments ("IFRS 9") was issued to replace IAS 39, Financial Instruments - Recognition and Measurement. IFRS 9 uses a single simplified approach to determine whether or not a financial asset is measured at amortized cost or fair value and establishes three measurement categories for financial assets: amortized cost, fair value through OCI and fair value through profit and loss. The classification in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 introduces a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright lines hedge effectiveness tests and allowing for better alignment with managements' risk management activities. The standard is effective for accounting periods beginning on or after January 1, 2018. The REIT is in the process of evaluating the potential impact of IFRS 9 on its consolidated financial statements.

iii) In January 2016, IFRS 16, Leases ("IFRS 16") was issued. The standard identifies a lease as a contract conveying the right to control the use of an asset for a period of time, in exchange for consideration. Control is defined as the right to direct the assets use and obtain substantially all the economic benefit from its use. Under IFRS 16 most leases on the financial statements of lessees are recorded on the balance sheet under a single model, eliminating the distinction between operating and finance leases. Lessees recognize a right-of-use asset and lease liability. The right of use asset is treated similarly to other non-financial assets and depreciated. The lease liability is measured as the present value of the lease payments payable over the lease term. Lessor accounting remains largely unchanged. The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The REIT is in the process of evaluating the potential impact of IFRS 16 on its consolidated financial statements.

3 Acquisition

On January 31, 2017, the company completed the purchase of a commercial office property in Dusseldorf, Germany for a purchase price of $16,807,128, including acquisition costs of $1,317,451. The purchase was funded by an acquisition deposit previously provided by the company and proceeds from mortgage of $10,472,784, with the remainder of the purchase price settled in cash, net of closing adjustments.

4 Investment property

	March 31, 2017 $	December 31, 2016 $
Balance, beginning of period	-	-
Acquisition	16,807,128	-
Fair value adjustment	781,552	-
Foreign currency translation gain	147,570	-
Balance, end of period	17,736,250	-

As at March 31, 2017, the fair value of the investment property was determined by management to be €12,500,000. This valuation reflects an independent third party appraisal dated October 31, 2016 which appraised the value of the QT Property at this amount.

5 Mortgage payable

The mortgage payable is denominated in Euro, secured by a charge against the investment property, bears interest at 3-month Euribor plus a fixed margin of 0.95% and matures December 31, 2023. The carrying amount of the mortgage approximates its fair value.

	March 31, 2017 $	December 31, 2016 $
Mortgage payable	10,575,078	-
Less deferred financing costs	(69,245)	-
	10,505,833	-
Less current portion	(263,381)	-
	10,242,452	-

6 Promissory note payable

The company obtained a $2,170,847 (€1,509,000) loan from Thomas Schwartz and Phillip Burns, each a trustee of the REIT, to fund the deposit to an escrow agent in relation to the acquisition of an investment property. The promissory note bears interest at an effective rate of 12.3% and matures on March 22, 2020. The promissory note is repayable by the company on or before March 22, 2020 of the face value with accrued interest. During the three-months ended March 31, 2017, the company recorded interest expenses of $11,384. As at March 31, 2017, unamortized deferred financing costs of $21,291 are netted against the promissory note payable. The carrying amount of the promissory note approximates its fair value.

Subsequently on May 11, 2017, the amount outstanding and any accrued interest was fully repaid by the REIT.

7 Capital stock

Authorised
Unlimited common shares

Issued and outstanding

	Shares	Amount $
Common shares issued at $0.05 per share	10,000,000	500,000
Common shares issued at $0.10 per share, net of $520,730 of issuance costs	76,000,000	7,079,270
	86,000,000	7,579,270

On January 31, 2017, the company issued, on a private placement basis, 31,000,000 common shares at a price of $0.10 per share for total proceeds of $3,100,000, Included in this is 3,900,000 common shares were issued to senior executives and trustees of the REIT for gross proceeds of $390,000. Share issuance costs of $298,626 were incurred in connection with this private placement.

8 Rental revenue

Future minimum lease payments, excluding recoverable property operating costs and taxes, under current operating leases with tenants are as follows:

Amount to be received:	$
Not later than 1 year	949,967
Later than 1 year and not later than 5 years	2,494,308
Later than 5 years	1,861,217
	5,305,492

9 Share-based compensation plan

The company has adopted a share-based compensation plan (the plan) effective October 4, 2016. Under the terms of the plan, the board of directors may from time to time, in its discretion, grant options to purchase shares in the company to directors, officers, employees and technical consultants of the company and its affiliates. The maximum number of options that may be reserved under the plan is 10% of the outstanding shares of the company.

Awards of options are fair valued applying the Black-Scholes option valuation method. The average expected volatility rate used in the valuation is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected share option holding period. The average risk-free interest rate used is based on government of Canada bonds with terms consistent with the average expected share option holding period. The average expected share option life is estimated to be one half of the life of the options.

On January 31, 2017, the company granted 3,100,000 stock options to directors and officers of the company to purchase 3,100,000 common shares at $0.11 per share. The stock options vest in one-third instalments annually on January 31, 2018, 2019 and 2020 respectively, and will expire ten years from the date the options were granted. The total fair value of the options on the grant date is $216,690, determined using the Black-Scholes option pricing model using an expected stock option life of 5 years, a volatility rate of 80%, a risk free interest rate of 0.72% and a distribution yield of 0% based on the trading price at that date.

As at March 31, 2017, 8,600,000 options had been granted and were outstanding (December 31, 2016 - 5,500,000).

The compensation to key management and trustees in stock options during the 3-months ended March 31, 2017 is $73,797.

10 Related party transaction

On January 31, 2017, the Company, and certain of its subsidiaries, entered into an asset management agreement (the “Asset Management Agreement”) with Maple Knoll Capital Ltd (“Maple Knoll”) pursuant to which Maple Knoll acted as the asset manager of the Company and provided the strategic, advisory, asset management, project management, construction management and administrative services necessary to manage the operations of the Company. In connection with the transactions associated with the Arrangement and the REIT becoming the successor entity to the Company, the Asset Management Agreement was amended and restated on May 3, 2017 to include the REIT. The Asset Management Agreement provides for a broad range of asset management services for the following fees:

a) An annual asset management fee in the amount of 0.50% of the historical gross acquisition price of the company’s properties plus HST/VAT;
b) An acquisition fee in the amount of 1.0% of the total costs associated with any property acquired by the company or its subsidiaries payable on completion of each acquisition plus HST/VAT, provided that no such acquisition fee was or will be payable in respect of the Initial Property or the acquisition of properties managed by Maple Knoll;

c) A capital expenditure fee equal to 5.0% of all hard construction costs incurred on each capital project with costs in excess of €1,000,000, excluding work done on behalf of tenants or any maintenance expenditures, plus HST/VAT; and
d) A refinancing fee equal to 0.25% of the debt and equity of all refinancing transactions to a maximum of actual expenses incurred by Maple Knoll in supplying services relating to refinancing transactions plus HST/VAT.

Phillip Burns (Chief Executive Officer and a trustee of the REIT) and Ian Dyke (Chief Financial Officer of the REIT) are principals of Maple Knoll.

During the three months ended March 31, 2017, the company recorded asset management fees to Maple Knoll of $14,136.

11 Financial instruments

Credit risk

Credit risk is the risk one party to a financial instrument will cause a loss to another party by failing to pay for its obligations. Financial instruments that potentially subject the company to concentrations of credit risk consist of cash and accounts receivable. The REIT limits cash transactions to high credit quality financial institutions and lawyers.

Concentration risk

As of March 31, 2017, the REIT had a single investment property, where one tenant represents 41% of the annualized rental revenue. This risk is mitigated due to the diversity and expected stability and security of the operating models of the tenants of the property (primarily medical and financial services tenants), and the fact that the largest tenant is a subsidiary of a Fortune 500 parent company.

Liquidity risk

Liquidity risk is the risk the REIT will not have the financial resources required to meet its financial obligations as they come due. The REIT manages this risk by ensuring it has sufficient cash on hand to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at March 31, 2017, the company had cash of $1,437,124 and accounts payable and accrued liabilities of $3,187,255. On May 3, 2017, the company completed the issuance and sale of 6,140,000 Class B Common shares for gross proceeds of $30,700,000 (note 13).

The contractual maturities and repayment obligations of the REIT's mortgage payable, related interest rate swap derivative and promissory note payable is:

Year	Mortgage and promissory note interest	Swap Premium	Mortgage Payable	Promissory note payable[1]	Total
	$	$	$	$	$
2017	76,501	58,487	199,533	-	334,521
2018	99,854	62,750	266,044	-	428,648
2019	97,932	61,542	266,044	2,141,120	2,566,638
2020	96,275	60,501	266,044	-	422,820
2021	94,088	59,127	266,044	-	419,259
2022	92,166	57,919	266,044	-	416,129
2023	90,244	56,711	9,045,325	-	9,192,280
	647,060	417,037	10,575,078	2,141,120	13,780,295

[1] The promissory note was repaid on May 11, 2017. See note 9.

12 Capital management

The REIT's capital consists of common shares net of deficit. The REIT manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of a business or assets. Subsequent to the completion of the qualifying transaction, the company intends to maintain sufficient capital to fund the operations of the company as a going concern, and to identify, analyze, and finance further potential acquisitions.

13 Subsequent event

On May 3, 2017, the company completed the issuance and sale of 6,000,000 Class B common shares of the company at $5.00 per share. Concurrently the company also issued, on a private placement basis, 140,000 Class B common shares of the company at $5.00 per share. Included in this is 5,812,500 Class B common shares issued to senior executives and trustees of the REIT. Also on this date, following receipt of the necessary approvals, including the approval of the TSX Venture Exchange and the holders of common shares of the company, the company executed a reorganization into a publicly listed real estate investment trust named European Commercial Real Estate Investment Trust pursuant to the Arrangement. The Arrangement included the exchange of all common shares and share options of the company for units and unit options, respectively, of European Commercial Real Estate Investment Trust and, in certain cases, Class B Limited Partnership units of

European Commercial Real Estate Limited Partnership, a subsidiary of the REIT.

As a part of the Arrangement, all issued and outstanding common shares were consolidated based on a ratio of one (1) common share of the REIT for every 31.25 common shares of the company. In relation to this, all share options previously granted to directors and officers of the company were also consolidated based on a ratio of one (1) common share option of the REIT for every 31.25 common shares options of the company.

In connection with the public share issuance and private placement, the company granted unit options to directors and officers of the company to purchase 189,440 units at $5.00 per share. The unit options vest in one third instalments annually on May 3, 2018, 2019 and 2020 respectively, and will expire ten years from the date the options are granted.

On May 11, 2017, the REIT completed the purchase of an office property in Landshut, Germany, part of the greater Munich metropolitan region, for a purchase price of $44,973,840 (€30,200,000) from an arm’s length party, before transaction costs. The acquisition was funded by the acquisition deposit and $26,805,600 (€18,000,000) of secured mortgage from a German bank with the balance financed by cash.