

EUROPEAN RESIDENTIAL REIT AND CAPREIT ANNOUNCE CLOSING OF PORTFOLIO ACQUISITION CREATING CANADA'S FIRST EUROPEAN-FOCUSED MULTI-RESIDENTIAL REIT AND ANNOUNCE RECORD DATE FOR SPECIAL DISTRIBUTION

Bolstered by the results of this transformational transaction and backed by Canada's pre-eminent multi-residential owner/manager, ERES will focus on the attractive European multi-residential market

TORONTO, ON, March 29, 2019 – European Residential Real Estate Investment Trust (TSX-V:ERE.UN, “**ERES**”) and Canadian Apartment Properties Real Estate Investment Trust (TSX:CAR.UN, “**CAPREIT**”) are pleased to announce the closing of the previously announced acquisition (the “**Transaction**”) by ERES from CAPREIT of a portfolio of 41 multi-residential properties (the “**Properties**”) located in the Netherlands, as more particularly described in ERES’ management information circular dated February 22, 2019 (the “**Circular**”) and the supplement thereto dated March 11, 2019 (the “**Supplement**”). The purchase price for the Properties of approximately \$326.5 million was satisfied through the issuance of 81,641,210 class B LP units of ERES Limited Partnership (the “**Class B LP Units**”), a subsidiary of ERES, at a price of \$4.00 per Class B LP Unit, and is subject to certain post-closing purchase price adjustments. The Class B LP Units are convertible on a one-to-one basis into trust units of ERES (“**Units**”). In connection with the Transaction, ERES assumed CAPREIT’s mortgages on the Properties in the amount of approximately \$307 million.

In light of the transformational nature of the Transaction, effective today ERES has changed its name from European Commercial Real Estate Investment Trust to European Residential Real Estate Investment Trust, to reflect its new focus on investing in high-quality multi-residential real estate properties in Europe. The Units of ERES continue to trade on the TSX Venture Exchange (the “**TSX-V**”) under the symbol “ERE.UN”. A new website has been launched for ERES at www.eresreit.com, which will provide updated information reflecting the results of the Transaction.

In connection with the Transaction, as described in the Circular, ERES’ unitholders (other than CAPREIT) will receive a one-time special distribution of \$0.50 per unit (the “**Special Distribution**”). The Special Distribution will be payable on April 24, 2019 to unitholders of record as at April 5, 2019. Such unitholders will have until 4:00 p.m. (EDT) on April 18, 2019 to elect whether to receive the Special Distribution in cash, or units based on a deemed issue price of \$4.00 per unit. Election forms will be mailed to unitholders on April 8, 2019. In the event that no election is made by a qualified unitholder, then such holder will automatically receive the Special Distribution in cash.

Following the second quarter of 2019, or such other date as may be determined by the ERES board of trustees, ERES intends to change from making quarterly distributions to making monthly distributions, subject to the discretion of the ERES board of trustees. While the annual amount of the future distributions going forward has yet to be determined, ERES expects to target an AFFO payout ratio in the range of 80% to 90%. ERES Limited Partnership will make corresponding cash distributions to holders of Class B LP Units. It is expected that ERES unitholders will receive a quarterly distribution in respect of the second quarter of 2019, at the new distribution amount, after which they will receive monthly cash distributions, with the first expected to be in respect of July 2019 payable in August 2019. ERES expects the new distribution to be denominated in Euros, and expects to provide investors with an ability to receive their distributions directly in Euros.

The Transaction, which was overwhelmingly approved by unitholders of ERES at a special meeting held on March 21, 2019, marks a dynamic transformation for ERES, providing immediate scale and shifting its strategic focus to European multi-residential assets, while benefitting from CAPREIT’s industry-leading management platform and a well-located, high-quality portfolio of multi-residential assets across the Netherlands. As a result of the Transaction, ERES’ assets have increased from approximately €97 million to approximately €540 million in value, consisting of 2,091 multi-residential suites in 41 properties and approximately 400,000 square feet of gross leasable office area in three commercial properties. ERES’ market capitalization has also increased significantly, with the number of ERES units outstanding (including Class B LP Units) increasing from approximately 17.0 million to 98.6 million. ERES’ Debt to Gross Book Value is expected to be approximately 46%, and the Net Asset Value per unit is expected to

be approximately €2.70 per unit (or approximately \$4.07 per unit based on the current exchange rate). Additionally, the Transaction provides ERES with a well-capitalized, institutional-quality majority unitholder that will support ERES' growth initiatives and its access to capital in the future.

Transaction Highlights

- **Attractive Asset Class with Strong Fundamentals:** European multi-residential assets continue to benefit from high occupancy rates, increasing rents and strong cash flow growth. Growth in rental rates and valuation metrics generally have outpaced those of commercial assets in Europe, and there is currently an attractive yield spread between European multi-residential capitalization rates and debt financing rates. Additionally, the professional management of the European multi-residential sector is early in its maturation and provides opportunities for organic growth via asset management initiatives.
- **Significant Opportunity to Fuel Future Growth:** Significant external and organic growth opportunities are available to be realized through further acquisitions and enhancement of under-managed assets. ERES intends to pursue property acquisitions directly and has entered into a pipeline agreement with CAPREIT to ensure access to capital to take advantage of attractive, accretive acquisition opportunities.
- **Alignment of ERES' Interests with Majority Unitholder:** CAPREIT's approximately 83% economic ownership of ERES ensures that its interests will be aligned with unitholders of ERES. CAPREIT is committed to the success of ERES and intends to retain a significant long-term ownership interest in ERES.
- **Industry-Leading Platform:** ERES will be managed by CAPREIT pursuant to long-term asset and property management agreements. CAPREIT has a 21-year proven record of growing cash flows and enhancing value in multi-residential properties in Canada and has an existing property management platform in Europe. CAPREIT is Canada's largest multi-residential owner and has a best-in-class management platform consisting of approximately 900 employees.

Board and Management Composition

Michael Stein (Chair), Harold Burke and Gina Cody have been elected to ERES' board of trustees, joining Ira Gluskin, Jan Arie Breure and Phillip Burns. Another independent trustee, to be selected by ERES' board of trustees, is expected to be appointed in the coming months.

Phillip Burns will continue as Chief Executive Officer of ERES and Scott Cryer has been appointed ERES' new Chief Financial Officer and Corporate Secretary. Biographies for Mr. Burns and Mr. Cryer are set out below:

- **Phillip Burns** has, for 25 years, been involved as a principal or advisor in transactions with an aggregate value of over €20.0 billion, with more than 70% centered on real estate across multiple geographies. He has also been involved with raising in excess of €11.0 billion of equity for principal investment, including over €2.5 billion dedicated to real estate. Mr. Burns holds a Bachelor of Science in Aerospace Engineering from the University of Michigan and a Juris Doctor, summa cum laude, from Syracuse University.
- **Scott Cryer** joined CAPREIT in September 2009 and is the Chief Financial Officer. Mr. Cryer most recently held the position of Vice President, Financial Reporting. Prior to joining CAPREIT, Mr. Cryer had an eleven year career of increasing responsibility in the Real Estate Assurance and Advisory practice of Deloitte & Touche LLP. He received his Chartered Accountant designation in 2000 and holds a Bachelor of Economics degree from the University of Western Ontario.

ERES has granted 500,000 options to Mr. Burns in accordance with the terms of his new employment arrangements with the asset manager of ERES, which became effective on Closing. Each option is exercisable at a price of \$4.00 per Unit in accordance with the terms of the unit option plan of ERES.

Moving forward, the audit committee of ERES will be comprised of Harold Burke, Gina Cody and Jan Arie Breure.

CAPREIT's Ownership

As a result of the Transaction, CAPREIT beneficially owns, controls or exercises direction over 81,641,210 Class B LP Units, representing approximately 83% of the issued and outstanding Units, on a fully diluted basis. Immediately before the completion of the Transaction, CAPREIT did not own or control any securities of ERES. Subject to the terms set out in the investor rights agreement dated the date hereof between CAPREIT and ERES, CAPREIT may seek to sell or otherwise dispose of some or all of ERES' securities (which may include, but is not limited to, transferring some or all of such securities to its affiliates) from time to time, and/or may seek to acquire additional securities of ERES (which may include rights or securities exercisable or convertible into securities of ERES) from time to time, in each case, in open market or private transactions, block sales or acquisitions or otherwise.

This press release is issued pursuant to the early warning requirements of National Instrument 62-103, which also requires a report to be filed containing additional information with respect to the foregoing matters (the "**Early Warning Report**"). A copy of the Early Warning Report will appear under ERES' profile on the SEDAR website at www.sedar.com.

About ERES

ERES is an unincorporated, open-ended real estate investment trust. ERES' Units are listed on the TSX-V under the symbol ERE.UN. ERES is Canada's first European-focused multi-residential REIT, with a current initial focus on investing in high-quality multi-residential real estate properties in the Netherlands. ERES owns a portfolio of 41 multi-residential properties, comprised of 2,091 suites located in the Netherlands, and owns two office properties in Germany and one office property in Belgium.

ERES' registered and principal business office is located at 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1.

For more information, please visit our website at www.eresreit.com.

About CAPREIT

As one of Canada's largest residential landlords, CAPREIT is a growth-oriented investment trust owning interests in 53,143 residential units, comprised of 45,446 residential suites and 45 manufactured home communities comprising 7,697 land lease sites, located in and near major urban centres across Canada and the Netherlands. Since its Initial Public Offering in May 1997, CAPREIT has grown monthly cash distributions per unit by 93%.

CAPREIT's registered and principal business office is located at 11 Church Street, Suite 401, Toronto, Ontario M5E 1W1.

For more information about CAPREIT, its business and its investment highlights, please refer to our website at www.capreit.com or www.capreit.net and our public disclosure, which can be found under our profile at www.sedar.com.

Cautions Regarding Future Plans and Forward Looking Information

Certain statements contained in this press release constitute forward-looking statements within the meaning of applicable Canadian securities laws which reflect ERES' 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", "consider", "should", "plans", "predict", "estimate", "potential", "could", "likely", "approximately", "scheduled", "forecast", "variation" or "continue", or similar expressions suggesting future outcomes or events. 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. 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, ERES does not undertake any 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 ERES' 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.

Investors are cautioned that, except as disclosed in the Circular and the Supplement, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) have in no way passed upon the merits of the Transaction and have neither approved nor disapproved the contents of this news release. The issuance of any Units in connection with the Special Distribution is subject to prior TSX-V acceptance.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities of ERES.

For further information

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