

ERES REIT ANNOUNCES PROPOSED ACQUISITION OF €333 MILLION OF DUTCH PROPERTIES FROM CAPREIT

TORONTO, ON, April 22, 2019 – European Residential Real Estate Investment Trust (TSX-V:ERE.UN, “ERES”) is pleased to announce that ERES, pursuant to the terms of the previously announced pipeline agreement dated March 29, 2019 between ERES and CAPREIT Limited Partnership (the “**Pipeline Agreement**”), will acquire (the “**Proposed Acquisition**”) two portfolios of multi-residential properties in the Netherlands (collectively, the “**Properties**”) from Canadian Apartment Properties Real Estate Investment Trust and its subsidiaries (“**CAPREIT**”), which include all of the remaining Netherlands properties that CAPREIT currently owns. The first portfolio (the “**Warehoused Portfolio**”) is comprised of 26 properties, representing an aggregate of 1,257 residential suites and certain additional ancillary commercial space and parking facilities, located in 24 cities and towns across the Netherlands. The properties included in the Warehoused Portfolio have an occupied average monthly rent (excluding service charges) of €764 and an occupancy rate of 97.3%. The second portfolio (the “**Additional Portfolio**”) is comprised of 21 properties, representing an aggregate of 511 residential suites in six urban centres in the Netherlands. The properties included in the Additional Portfolio have an occupied average monthly rent (excluding service charges) of €737 and an occupancy rate of 97.1%. Subject to the approval of the TSX Venture Exchange (the “**TSX-V**”), closing of the acquisition of the Warehoused Portfolio is expected to occur by late May 2019 and closing of the acquisition of the Additional Portfolio is expected to occur by late August 2019.

Pursuant to the Pipeline Agreement, which was approved by the holders of ERES’ trust units (the “**Units**”) at a special meeting held on March 21, 2019, ERES (or an affiliate thereof) will acquire, directly or indirectly, the Properties from CAPREIT. ERES’ aggregate purchase price for the Properties is based on the following: (i) for the Warehouse Properties, the purchase price paid by CAPREIT for such properties (less any third party indebtedness), due diligence costs, financing fees, any capital expenditures incurred by CAPREIT, any applicable acquisition related taxes and duties, and all other third party acquisition costs reasonably incurred by CAPREIT in respect of the acquisition (the “**Pipeline Acquisition Costs**”); and (ii) for the Additional Portfolio, the Pipeline Acquisition Costs plus an underwriting fee of 1% of the purchase price of the Additional Portfolio paid by CAPREIT plus applicable sales tax. Based on an independent appraisal dated April 1, 2019, the market value of the Warehoused Portfolio and the Additional Portfolio as at March 31, 2019 was approximately €236.8 million and €98.6 million, respectively.

Based on the Pipeline Agreement, the aggregate purchase price for the Properties is approximately €333 million (C\$499 million), subject to certain purchase price adjustments (the “**Acquisition Purchase Price**”), which reflects an approximately 3.8% forward capitalization rate. The Acquisition Purchase Price is to be satisfied by a combination of: (i) the assumption of approximately €97 million (C\$146 million) aggregate principal amount of existing mortgage debt net of financing fees associated with the Properties, bearing a weighted average 1.98% fixed interest rate and a weighted average 6.8 year term to maturity; and (ii) approximately €236 million (C\$353 million) of equity consideration. Pursuant to the terms set out in Pipeline Agreement, the equity consideration is to be funded through either cash, the issuance of up to approximately 88 million Units or class B limited partnership units (the “**Class B LP Units**”) of ERES Limited Partnership, a subsidiary of ERES, to CAPREIT based on a price of C\$4.00 per Unit or per Class B LP Unit (the “**Unit Issuance**”). A portion of the Acquisition Purchase Price may be payable through the assumption of up to approximately €62 million (C\$93 million) of mortgage financing on the Additional Portfolio (the “**Mortgage Debt**”) and the drawing down of up to approximately €20 million (C\$30 million) on a credit facility anticipated to be available to ERES (the “**Credit Facility**”). ERES expects that both the Mortgage Debt and Credit Facility will be in place prior to the closing of the Proposed Acquisition and, as such, the number of Units or Class B LP Units potentially issuable pursuant to the Unit Issuance may be reduced by up to approximately 31 million. While CAPREIT has currently elected to receive Units or Class B LP Units, subject to TSXV approval, in satisfaction of the full Acquisition Purchase Price, CAPREIT and ERES may agree upon a cash payment or a combination of cash, Units and Class B LP Units or such other consideration as ERES and CAPREIT may agree upon. The Class B LP Units are convertible on a one-to-one basis into Units.

“This transaction further highlights the benefit of ERES’ strategic relationship with CAPREIT,” commented Phillip Burns, CEO. “As a result, ERES’ asset base is expected to grow to over €900 million, while maintaining its Debt to Gross Book Value within its target range, at approximately 48%. Going forward, ERES intends to continue to leverage CAPREIT’s proven industry-leading platform to acquire and manage additional attractive European multi-residential portfolio acquisitions.”

Pursuant to subsection 5.14 of TSX-V Policy 5.3 – *Acquisitions and Dispositions of Non-Cash Assets*, because the number of Units or Class B LP Units that may potentially be issued to CAPREIT, a Non-Arm’s Length Parties (as such term is defined in the TSXV Corporate Finance Manual), as payment of the Acquisition Purchase Price for the Proposed Acquisition, may exceed 10% of the number of outstanding Units and Class B LP Units of ERES on a non-diluted basis, ERES will seek disinterested Unitholder approval for the Unit Issuance at a duly called annual and special meeting of Unitholders to be held on May 23, 2019. A management information circular describing, among other things, details of the Properties and the Unit Issuance (the “**Circular**”) will be prepared and mailed to Unitholders as soon as possible. If ERES were to satisfy the full Acquisition Purchase Price by way of the Unit Issuance, CAPREIT may own up to an aggregate of approximately 170 million Units and Class B LP Units, representing up to approximately 90% of the total issued and outstanding Units and Class B LP Units.

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 only 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 53,334 residential units, comprised of 45,637 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.caprent.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", "forward", "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.

Completion of the Proposed Acquisition is subject to a number of conditions, including but not limited to, acceptance by TSX Venture Exchange Inc. There can be no assurance that the Proposed Acquisition will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Circular, any information released or received with respect to the Proposed Acquisition or the Unit Issuance 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.

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

ERES

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