



European Residential REIT Announces First Quarter 2019 Results
Acquisition of 2,091 Rental Residential Suites in the Netherlands to Accelerate Growth

May 10, 2019 – Toronto, Ontario: European Residential Real Estate Investment Trust (“ERES” or the “REIT”) (TSX-V: ERE.UN) announced today its results for the three months ended March 31, 2019. The REIT is the resulting issuer following the reverse takeover involving European Commercial Real Estate Investment Trust and a Dutch subsidiary of Canadian Apartment Properties REIT (“CAPREIT”), creating Canada’s first European-focused multi-residential real estate investment trust. As a result, the REIT’s portfolio as at March 31, 2019 includes 41 residential rental properties totaling 2,091 residential suites in the Netherlands and three commercial properties in Germany and Belgium. Results for the three months ended March 31, 2019 include a full quarter’s contribution from the multi-residential portfolio and three days from the commercial properties. All amounts, unless otherwise noted, are in Euros (€). The consolidated interim financial statements and corresponding management’s discussion and analysis (“MD&A”) are presented in Euros (€), which is also the REIT’s functional currency. ERES intends to make Euro denominated distributions with an option to elect the currency in which the Euro-denominated distributions are paid based on an exchange rate policy that is to be decided.

FIRST QUARTER 2019 HIGHLIGHTS

- On March 29, 2019, completed the acquisition of 41 multi-residential properties totaling 2,091 residential suites, creating Canada’s first European-focused multi-residential REIT
- Acquisition increased value of property portfolio to €533 million, including €442 million of multi-residential properties located in the Netherlands and €91 million of commercial properties located in Germany and Belgium
- New name, European Residential Real Estate Investment Trust, reflects strategic focus on investing in high-quality multi-residential real estate properties in Europe
- Entered into an asset and property management agreement with a subsidiary of CAPREIT
- Declared a one-time special distribution of €0.33 (C\$0.50), payable to REIT Unitholders of record as at April 5, 2019, which was paid on April 24, 2019
- NOI increased by 17.4% compared to last year primarily due to higher monthly rents, three days of commercial NOI, and reduced property operating costs driven by lower property management fees and timing of expenses
- High, stable occupancy rate of 98.5% for residential properties and 99.0% for commercial properties as at March 31, 2019
- Subsequent to quarter-end, entered into an agreement (conditional on TSX Venture Exchange and Unitholder approval) to acquire two additional portfolios of multi-residential properties in the Netherlands comprising 1,768 suites across 47 properties for approximately €333 million

“With our entry into the European multi-residential sector and our new partnership with CAPREIT, we have taken a significant and transformative step in our ability to generate long-term value for our Unitholders” commented Phillip Burns, Chief Executive Officer of ERES. “The multi-residential market is very strong and stable in our target geographic markets, and we are confident that our operating performance will increase as we leverage CAPREIT’s proven asset and property management platform. In addition, through our new pipeline agreement with CAPREIT, we have access to additional funding for acquisitions and a strong institutional-quality partner fully aligned with all Unitholders through their substantial ownership interest in the REIT. We are very excited about the significant benefits this transaction brings to our Unitholders and look to continue building value in the years ahead.”

ADDITION OF NEW RESIDENTIAL PROPERTIES TO ACCELERATE GROWTH

For the three months ended March 31, 2019, property revenues were €5.4 million, up from €5.0 million in the first quarter of 2018. The increase is primarily due to an increase in occupancies and average monthly rents. Occupancy for the multi-residential portfolio was 98.5% at March 31, 2019, up from 98.4% at the same time last year. Occupancy for the commercial portfolio at March 31, 2019 was 99.0%, consistent with the prior year. Net average monthly rents (“AMR”) for the multi-residential portfolio increased by 6.1% to €840 at March 31, 2019 from €792 at the same time last year.

Net Operating Income (“NOI”) was €4.0 million for the three months ended March 31, 2019, up from €3.4 million last year due primarily to the increase in revenues and reduced operating expenses. NOI margin strengthened to 73.5% for the three months ended March 31, 2019 from 68.4% last year.

Funds from Operations (“FFO”) for the three months ended March 31, 2019 were €2.8 million (€0.034 per Unit) compared to €2.0 million (€0.025 per Unit) in the prior year period. Adjusted Funds from Operations (“AFFO”) were €2.5 million (€0.030 per Unit), up from €2.0 million (€0.025 per Unit) in the same prior year period. The increases were primarily due to higher rental revenue in 2019 and lower general and administrative expenses. FFO and AFFO are calculated by excluding the effects of certain non-recurring items such as property management company net losses and interest on related party loans.

STRONG AND CONSERVATIVE FINANCIAL POSITION

As at March 31, 2019, ERES’ leverage (total debt to gross book value) stood at 44.0%, an improvement from 52.7% at March 31, 2018. The weighted average all-in interest rate on total property debt was 1.98%, with a weighted average debt term to maturity of 5.1 years.

SUBSEQUENT EVENT

On April 22, 2019, the REIT announced an agreement with CAPREIT to acquire two additional portfolios of multi-residential properties located in the Netherlands totaling 1,768 residential suites in 47 properties for total acquisition costs of approximately €333 million, satisfied by a combination of: (i) the assumption of approximately €97 million aggregate principal amount of existing mortgage debt net of financing fees bearing a weighted average fixed interest rate of 1.98% and a weighted average 6.8 year term to maturity; and (ii) approximately €236 million of equity consideration. A portion of the equity consideration may be payable through the replacement of up to approximately €60 million of mortgage financing (the “Mortgage Debt”) and

the drawing down of up to approximately €22 million on a credit facility (the “Credit Facility”) anticipated to be available to ERES. ERES expects that both the Mortgage Debt and Credit Facility will be in place prior to the closing of the proposed acquisition. The purchase of the two portfolios is expected to close in late May 2019 and late August 2019.

The table below shows the proforma statement of financial position after the acquisition of the two portfolios as indicated above.

Balance Sheet	ERES March 31, 2019	ERES Including proposed acquisitions
Investment Properties	533,220	866,716
Goodwill	11,126	11,126
Derivative Financial Instrument	440	440
Other Assets	29,818	29,818
Total Assets	574,604	908,100
		-
Mortgages ⁽¹⁾	252,687	410,187
Credit Facility ⁽²⁾	-	22,200
Class B LP Units	217,681	371,477
Other Liabilities	38,513	38,513
Total Liabilities	508,881	842,377
Unitholder's Equity	65,723	65,723
Total Liabilities and Unitholders' Equity	574,604	908,100

(1) Includes mortgage assumption of €97.5 million and expected mortgage financing of €60.0 million.

(2) Assumes a €22.2 million draw on a credit facility anticipated to be available to ERES prior to closing of the proposed acquisition.

SPECIAL DISTRIBUTION

At a Special Meeting of Unitholders held on March 21, 2019, Unitholders approved a Special Distribution of €0.33 (C\$0.50) per Unit to Unitholders of record on April 5, 2019, which was paid on April 24, 2019.

FINANCIAL AND OPERATING HIGHLIGHTS

For the Three Months Ended March 31,

	2019 ⁽⁶⁾	2018 ⁽⁶⁾
Portfolio Performance		
Residential Properties		
Residential Occupancy ⁽¹⁾	98.5%	98.4%
Residential Net AMR ⁽¹⁾	€ 840	792
Number of residential units	2,091	2,091
Commercial Properties		
Commercial Occupancy ⁽¹⁾	99.0%	N/A
Commercial Net ABR ⁽¹⁾	€ 16.6	N/A
GLA of commercial properties (sqf)	396,700	N/A
Operating Revenues (000s)	€ 5,438	€ 4,977
NOI (000s)	€ 3,999	€ 3,406
NOI Margin	73.5%	68.4%
Financial Performance		
FFO per Unit – Basic ⁽³⁾	€ 0.034	€ 0.025
AFFO per Unit – Basic ⁽³⁾	€ 0.030	€ 0.025
Liquidity and Leverage		
Total Debt to Gross Book Value ⁽¹⁾	44.0%	52.7%
Weighted Average Mortgage Effective Interest Rate ⁽¹⁾⁽⁴⁾	1.98%	2.02%
Weighted Average Mortgage Term (years) ⁽¹⁾	5.12	6.10
Debt Service Coverage (times) ⁽⁵⁾	3.51	2.96

(1) As at March 31.

(2) Gross book value is defined as the gross book value of ERES's assets as per ERES's financial statements, determined on a fair value basis for investment properties.

(3) These measures are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or companies (see Section I - Non-IFRS Financial Measures). For a reconciliation to IFRS, see Section IV - Non-IFRS Financial Measures.

(4) Includes impact of deferred financing costs and interest rate swaps.

(5) Based on trailing four quarters.

(6) The MD&A is prepared as a continuation of Holding BV, which was not publicly traded prior to March 29, 2019.

Other	2019	2018
Weighted Average Number of Units - Basic (000s)	82,207	81,641
Closing Price of REIT Units ⁽¹⁾⁽²⁾	€ 2.67	N/A
Closing Price of REIT Units (in C\$) ⁽¹⁾⁽²⁾⁽³⁾	\$ 4.00	N/A
Market Capitalization (millions) ⁽¹⁾	€ 263	N/A
Market Capitalization (millions in C\$) ⁽¹⁾⁽²⁾	\$ 394	N/A

(1) As at March 31.

(2) Based on the foreign exchange rate of 1.5002 on March 31, 2019.

(3) Adjusted closing price of REIT Units for special distribution (as defined herein) of C\$0.50.

ERES REIT's Management Discussion and Analysis and Unaudited Financial Statements can be found at www.eresreit.com or www.sedar.com.

About European Residential Real Estate Investment Trust

ERES is an unincorporated, open-ended real estate investment trust. ERES is Canada's first European-focused multi-residential REIT, with a focus on investing in high-quality multi-residential real estate properties in Europe. ERES currently owns a portfolio of multi-residential properties located in the Netherlands, two office properties in Germany and one office property in Belgium. ERES' Units are listed on the TSXV under the symbol ERE.UN. For more information please visit our web site at www.eresreit.com.

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Certain statements contained in this press release constitute forward-looking statements within the meaning of applicable Canadian securities laws which reflect ERES'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", "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. Any number of factors could cause actual results to differ materially from these forward-looking statements as well as future results. Although ERES REIT 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. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect. Accordingly, readers should not place undue reliance on forward-looking statements.

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's views as of any date subsequent to the date of this press release.

Completion of the proposed acquisitions 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 acquisitions will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in ERES's management information circular dated April 23, 2019, any information released or received with respect to the proposed acquisitions may not be accurate or complete and should not be relied upon.

ERES uses financial measures regarding itself, such as adjusted funds from operations, that do not have standardized meaning under the International Financial Reporting Standards ("IFRS") and may not be comparable to similar measures presented by other entities ("non-IFRS measures"). Further information relating to non-IFRS measures, is set out in ERES's management information circular dated April 23, 2019 under the heading "Non-IFRS Measures" and in ERES's MD&A under the heading "Non-IFRS Financial Measures."

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