European Commercial REIT Delivers Strong Growth in Third Quarter 2017

November 27, 2017 – Toronto, Ontario: European Commercial Real Estate Investment Trust ("EC-REIT") (TSX-V: ERE.UN) announced today its financial and operating results for the three and nine months ended September 30, 2017.

HIGHLIGHTS

- Acquisitions expand presence in key target markets:
  - Year-to-date, acquired three high quality office properties comprising six buildings in Belgian and German markets, aggregating 398,447 square feet valued at €84.6 million; and
  - Strong occupancy rate at 99.9% with a 7.2 year weighted average lease term as at September 30, 2017.
- Portfolio growth generates significant increase in third quarter financial results:
  - Property income almost triples to $2.5 million from $0.9 million in Q2 2017;
  - Annual base rent up 123% at September 30, 2017 to €6.5 million;
  - Net operating income ("NOI") rises to $1.6 million from $0.6 million in Q2 2017;
  - Funds from operations ("FFO") increases to $997,664 from $359,567 in Q2 2017; and
  - Adjusted funds from operations ("AFFO") more than doubles to $859,799 from $312,753 in Q2 2017.
- Maintaining strong financial position:
  - Leverage remains conservative, with mortgage debt to fair value ratio at 60.0%; and
  - Low overall all-in interest rate on property debt of 1.82% with 6.9 years term to maturity.
- Unitholder cash distributions implemented:
  - Initial distribution declared payable as at September 30, 2017 based on an annualized amount of $0.35 per eligible Unit and Class B LP Unit; and
- Management and trustees remain fully aligned with 12% economic ownership of the REIT.

"Our third quarter results clearly demonstrate the execution of our stated strategy and the significant benefits our portfolio growth is bringing to our Unitholders," commented Phillip Burns, Chief Executive Officer. "Our acquisition pipeline in our target markets remains robust, and we are confident that we will see further portfolio growth going forward as we expand our presence in select European markets with the objective of delivering stable and sustainable cash distributions and capital appreciation to our Unitholders."

GROWTH INITIATVES

On August 17, 2017, the REIT completed the purchase of a commercial office property in Brussels, Belgium (the "Brussels Property") for a purchase price of $60.4 million (€40.7 million) financed by cash and a new $37.8 million (€25.5 million) 7.5 year mortgage with an all-in interest rate of 1.87%. The building is 100% occupied by Federation Wallonie-Bruxelles, a Belgian government agency with an investment grade credit rating. The lease has a remaining term of 7.3 years with contractual annual rent indexation. The acquisition increased the fair value of the REIT's total investment properties by 96% and normalized annual base rent by 123%.

For the nine months ended September 30, 2017, the REIT has acquired a total of three high quality office properties comprising six buildings in its target markets, aggregating 398,447 square feet with a total value of €84.6 million.

GROWTH INITIATIVES GENERATE STRONG FINANCIAL PERFORMANCE

For the three months ended September 30, 2017, the REIT generated property revenues of approximately $2.5 million compared to $0.9 million in the second quarter of 2017. The increase is due to the acquisition the Brussels Property, and a full quarter's contribution from the Landshut, Germany property acquired on May 11, 2017. For the nine months ended September 30, 2017, property revenues were approximately $3.6 million. Normalized annual base rent increased to approximately €6.5 million at September 30, 2017 from €2.9 million at June 30, 2017 due to the acquisition of the Brussels Property.

Net Operating Income ("NOI") for the third quarter was $1.6 million, up from $0.6 million in the second quarter. The increase was due to the higher revenues generated by acquisitions as noted above. For the nine months ended September 30, 2017, NOI was $2.4 million.

Funds from Operations ("FFO") for the three months ended September 30, 2017 were $997,664 compared to $359,567 in the prior quarter. Adjusted Funds from Operations ("AFFO") were $859,799 for the three months ended September 30, 2017, up from $312,753 in the second quarter of 2017. The increases were due to the higher NOI in the third quarter resulting from the REIT's portfolio growth to date.

The REIT generated a net loss of approximately $5.9 million and $6.9 million for the three and nine months ended September 30, 2017, respectively, including a fair value loss of $7.4 million and $7.5 million for the three and nine months ended September 30, 2017, respectively, due to transaction costs associated with property acquisitions and restructuring costs associated with EC-REIT's reorganization.

MAINTAINING A STRONG FINANCIAL POSITION

As at September 30, 2017, the REIT's leverage (mortgage debt to fair value) stood at 60.0%. The interest rate on total property debt was a low 1.82% at September 30, 2017. The debt term to maturity was 6.9 years at September 30, 2017, underpinning the stability and sustainability of the REIT's cash distributions. As at September 30, 2017, the REIT had cash of approximately $11.6 million, net current assets of approximately $4.4 million, and investment properties of $124.7 million. During the third quarter, the REIT drew on a $37,834,350 (€25,500,000) mortgage in connection with the acquisition of the Brussels Property on August 17, 2017. The mortgage payable is denominated in Euro and is secured by a charge against the Brussels Property and bears an interest rate of 1.38% maturing on January 14, 2025. In connection with the mortgage, the REIT entered into an interest rate swap bearing interest at the rate of 0.49%, which also matures on January 14, 2025, resulting in a fixed all-in interest rate of 1.87% on debt associated with the Brussels Property.

"We are very pleased to see the execution of our growth initiatives reflected in our strong financial performance during the third quarter," stated Ian Dyke, Chief Financial Officer. "Looking ahead, we are confident we will see further growth, along with solid operating performance from our existing portfolio. We confirm that we remain on track toward the quarterly and 12-month AFFO forecast from EC-REIT's most recent audited forecast of $1.38 million and $5.6 million, respectively," Mr. Dyke concluded.

DISTRIBUTIONS

On September 15, 2017, the REIT announced the implementation of its Distribution Reinvestment Plan whereby eligible Unitholders and holders of Class B LP Units of a wholly-owned subsidiary of the REIT can elect to have their quarterly cash distributions paid in Units of the REIT (the "Units"), and receive a further distribution of Units with a value equal to up to 5.0% of each reinvested distribution. EC-REIT's management and Board of Trustees have agreed to initially waive receipt of certain cash distributions subject to certain conditions.

On October 13, 2017, the REIT paid its initial cash distribution of $0.14389 ($0.35 annualized) per Unit and Class B LP Unit, which was payable to eligible Unitholders and holders of Class B LP Units as at September 30, 2017.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three Months ended September 30, 2017	Three Months ended June 30, 2017
Properties	3	2
Annual Base Rent (€,000)	6,473	2,902
Occupancy	99.9%	99.8%
Mortgage debt to fair market value	60.0%	59.1%
Revenues ($,000)	2,515	634
NOI ($,000)	1,625	634
FFO ($,000)	998	360
AFFO ($,000)	860	313

EC-REIT's Management Discussion and Analysis and Condensed Consolidated Interim Financial Statements can be found at www.ecreit.com or www.sedar.com.

About European Commercial Real Estate Investment Trust

EC-REIT is an unincorporated, open-ended real estate investment trust focused on aggregating a bespoke portfolio of high-quality, non-prime core commercial real estate assets in key European markets with strong fundamentals. EC-REIT's strategy is designed primarily to deliver long-term, secure income with additional potential for capital appreciation. EC-REIT intends to grow by acquiring additional assets consistent with its strategy and which are expected to be accretive, on a per Unit basis, to its earnings. EC-REIT's Units are listed on the TSXV under the symbol ERE.UN. For more information please visit our web site at www.ecreit.com.

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*EC-REIT 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 ("n**on-IFRS measures**"). Further information relating to non-IFRS measures, is set out in EC-REIT's final short form prospectus dated July 18, 2017 under the heading "Non-IFRS Measures" and "Non-IFRS Reconciliation".*

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