



European Commercial REIT Delivers Continued Strong Growth in First Quarter 2018

May 24, 2018 – Toronto, Ontario: European Commercial Real Estate Investment Trust (“ECREIT” or the “REIT”) (TSX-V: ERE.UN) announced today strong growth for the three months ended March 31, 2018.

FIRST QUARTER 2018 HIGHLIGHTS

- Portfolio growth and strong operating performance generate solid results:
 - Annual base rent up 2.3% from Q4 2017 from contractual rent indexation;
 - Occupancy remains strong at 99.9% with 6.8 year weighted average lease term;
 - Property revenues up 3.7% from Q4 2017 on rent increases and foreign exchange;
 - NOI increases 7.3% from Q4 2017 on higher revenues, strong operating performance;
 - FFO increases 6.8% from Q4 2017;
 - AFFO increases 7.3% from Q4 2017;
 - AFFO per Unit and Class B LP Unit increases to \$0.09 from \$0.08 in Q4 2017.
- Maintaining strong financial position:
 - Leverage remains conservative with debt to gross book value ratio improving to 52.7%;
 - Low weighted average interest rate of 1.82% with 6.4 years debt term to maturity;
- FFO and AFFO exceeded published financial forecast;
- Unitholder cash distributions of \$0.35 per Unit annually continue to generate stable, recurring yield:
 - Q1 2018 distribution of \$0.0875 per Unit and Class B LP Unit paid April 16, 2018;
 - Q2 2018 distribution of \$0.0875 per Unit and Class B LP Unit to be paid July 16, 2018.
- Management and trustees remain fully aligned with 12.7% economic ownership of the REIT.

“The significant growth in our portfolio through 2017, combined with our strong operating performance, generated solid financial results in the first quarter of 2018,” commented Phillip Burns, Chief Executive Officer. “Looking ahead, we believe continued organic growth driven by rental uplifts and operational efficiency, as well as our robust pipeline of potential future accretive acquisition opportunities in our target European markets, will result in another very strong year for ECREIT. Our focus remains on enhancing Unitholder value over the long term.”

STRONG PORTFOLIO GROWTH IN 2017

During 2017, the REIT acquired a total of three high-quality office properties comprising six buildings in its key target markets, aggregating 398,447 square feet with a total fair market value of \$137.5 million (€86.6 million). Occupancy remained strong at 99.9% as at March 31, 2018 with a long-dated 6.8 year weighed average lease term to maturity and a 2.3% increase in annual base rent due to contractual rent indexation during the period.

PLATFORM GROWTH GENERATES STRONG INCREASES IN FIRST QUARTER RESULTS

For the three months ended March 31, 2018, ECREIT generated property revenues of \$3.0 million compared to \$2.9 million in the fourth quarter of 2017 and \$206,000 in the first quarter of 2017. The increase is due to a full quarter’s contribution from the properties acquired in 2017 and a 2.3% increase in normalized annual base rent due to contractual indexation within certain tenant leases.

Net Operating Income (“NOI”) was \$2.4 million for the first quarter of 2018, up from \$2.3 million in the fourth quarter of 2017 and \$127,000 in the first quarter of 2017. The increase was due to a full quarter’s contribution from the 2017 property acquisitions and strong operating performance.

Funds from Operations (“FFO”) for the three months ended March 31, 2018 were \$1.7 million compared to \$1.6 million in the fourth quarter of 2017 and \$21,000 in the first quarter of 2017. Adjusted Funds from Operations (“AFFO”) were \$1.5 million in the first quarter of 2018 compared to \$1.4 million for the fourth quarter of 2017 and \$5,000 in the first quarter of 2017. The increases were primarily due to the higher NOI resulting from ECREIT’s portfolio growth. The REIT’s growth remained accretive in the first quarter of 2018 as FFO and AFFO rose to \$0.10 per Unit and \$0.09 per Unit, respectively, compared to \$0.10 per Unit and \$0.08 per Unit, respectively, in the fourth quarter of 2017.

The REIT generated net income of \$1.5 million in the first quarter of 2018. As at March 31, 2018 the fair value of investment properties was \$137.5 million.

The REIT’s first quarter 2018 FFO and AFFO exceeded the forecast included in its final short form Prospectus dated July 18, 2017. More detail comparing actual results to the forecast can be found in the REIT’s Management’s Discussion and Analysis for the three months ended March 31, 2018.

STRONG AND CONSERVATIVE FINANCIAL POSITION

As at March 31, 2018, ECREIT’s leverage (debt to gross book value) stood at 52.7%, an improvement from 53.6% at December 31, 2017. The weighted average all-in interest rate on total property debt was 1.82% with a weighted average debt term to maturity of 6.4 years, which broadly matches ECREIT’s weighted average lease term, further highlighting the stability and sustainability of the REIT’s cash distributions. As at March 31, 2018, the REIT had cash of \$10.3 million.

“We are pleased that our results in the quarter exceeded our forecast,” stated Ian Dyke, Chief Financial Officer. “Going forward, we aim to continue to exceed our forecast and remain confident we have the assets and team to continue meeting our ultimate objective of delivering stable and sustainable cash distributions and capital appreciation to our Unitholders.”

QUARTERLY DISTRIBUTION DECLARED

ECREIT’s Board of Trustees has announced today its regular quarterly cash distribution, in respect of the second quarter of 2018 of \$0.0875 per Unit and Class B LP Unit, being equivalent to \$0.35 per Unit annualized. The distribution will be payable to eligible, non-waiving holders of the Units and Class B LP Units (the “Unitholders”) of record on June 29, 2018, with payment on July 16, 2018. As previously disclosed, ECREIT’s management and Board of Trustees have agreed to initially waive receipt of certain cash distributions subject to certain conditions.

Upon payment of ECREIT’s last distributions on April 16, 2018, 47,390 Units were issued pursuant to the REIT’s Distribution Reinvestment Plan (“DRIP”), of which 22% of such Units were issued to ECREIT insiders.

2017 ANNUAL UNITHOLDERS’ MEETING

ECREIT will hold its Annual and Special Meeting of Unitholders on May 24, 2018 at 1:00 pm ET at the offices of Stikeman Elliott LLP, 199 Bay Street, Commerce Court West, 53rd Floor, Toronto, Ontario.

FINANCIAL AND OPERATING HIGHLIGHTS

Three Months Ended	Mar. 31, 2018	Dec. 31, 2017	Sept. 31, 2017	Jun. 30, 2017	Mar. 31, 2017
Gross leasable area (m ²)	37,015	37,015	37,015	21,315	5,261
Occupancy	99.9%	99.9%	99.9%	99.8%	99.3%
Weighted average lease term (yrs.)	6.8	7.0	7.2	7.4	5.7
Portfolio fair market value (€M)	86.6	86.6	84.6	43.1	12.5
Portfolio fair market value (\$M)	137.5	130.4	124.7	63.8	17.7
Debt to gross book value	52.7%	53.6%	53.4%	48.7%	53.5%
Weighted average interest rate	1.82%	1.82%	1.82%	1.78%	1.55%
Revenues (\$,000)	2,981	2,874	2,515	856	206
NOI (\$,000)	2,442	2,275	1,625	634	127
FFO (\$,000)	1,713	1,603	998	360	21
FFO per Unit	\$0.10	\$0.10	\$0.06	\$0.04	\$0.01
AFFO (\$,000)	1,496	1,394	860	313	5
AFFO per Unit	\$0.09	\$0.08	\$0.05	\$0.04	\$0.00
Total Units outstanding (000) ¹	16,731	16,694	16,670	8,892	2,752 ¹

(1) Reflects consolidation that took place as a result of ECREIT's conversion into a real estate investment trust effective on May 3, 2017.

ECREIT's Management Discussion and Analysis and Audited Financial Statements can be found at www.ecreit.com or www.sedar.com.

About European Commercial Real Estate Investment Trust

ECREIT 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. ECREIT's strategy is designed primarily to deliver long-term, secure income with additional potential for capital appreciation. ECREIT 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. ECREIT's Units are listed on the TSXV under the symbol ERE.UN. For more information please visit our web site at www.ecreit.com.

For more information please contact:

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ECREIT 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 ECREIT's final short form prospectus dated July 18, 2017 under the heading "Non-IFRS Measures" and "Non-IFRS Reconciliation".

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