



European Commercial REIT Delivers Continued Strong Performance in Second Quarter of 2018

August 28, 2018 – Toronto, Ontario: European Commercial Real Estate Investment Trust (“ECREIT” or the “REIT”) (TSX-V: ERE.UN) announced today strong growth for the three and six months ended June 30, 2018.

2018 HIGHLIGHTS

- Portfolio and operating performance generate strong results:
 - Generated property revenue of \$3.0 million, consistent with prior quarter, reflecting the stability of the REIT’s operating platform;
 - Full-year contribution from the REIT’s portfolio and rental growth drive strong increases in revenue, FFO and AFFO compared to last year;
 - \$3.0 million fair value gain in portfolio value during Q2 2018;
 - FFO and AFFO of \$0.10 and \$0.09 per Unit, respectively, exceed forecast;
 - Occupancy remains strong at 99.9% with 6.5 year weighted average lease term.
- Maintaining strong financial position:
 - Leverage remains conservative with debt to gross book value declining to 51.7%;
 - Low weighted average interest rate of 1.82% with 6.1 years term to maturity.
- 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 paid July 16, 2018;
 - Q3 2018 distribution of \$0.0875 per Unit and Class B LP Unit to be paid October 15, 2018.
- Management and trustees remain fully aligned with 12.8% economic ownership of the REIT.

“Our property portfolio continues to perform well with near full occupancy and a solid increase in monthly rents implemented year to date 2018, supported by our proven operating platform,” commented Phillip Burns, Chief Executive Officer. “Looking ahead, we continue to investigate accretive acquisition opportunities in our target European markets, and we remain confident we will generate another strong year for ECREIT in 2018. Our focus remains on enhancing Unitholder value over the long term.”

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 \$136.1 million (€88.6 million). Since Q4 2017, the operating performance has reflected full contribution from the Portfolio. Occupancy remained strong at 99.9% as at June 30, 2018 with a long-dated 6.5 year weighted average lease term. During the first quarter of 2018, the REIT implemented a 2.3% increase in annual base rent due to contractual rent indexation which continues to contribute to revenue performance in Q2 2018.

PORTFOLIO CONTINUES TO PERFORM WELL

For the three months ended June 30, 2018, ECREIT generated property revenues of \$3.0 million, up significantly from \$856,000 in the second quarter of 2017. The increase from the prior year is due primarily

to the full quarter contribution from the Brussels property acquired in August 2017. For the first six months of 2018 property revenues were \$6.0 million compared to \$1.1 million in the prior year.

Net Operating Income (“NOI”) was \$2.3 million for the second quarter of 2018, a significant increase from \$0.6 million in the second quarter of 2017 due primarily to portfolio growth over the prior twelve months. For the six months ended June 30, 2018, NOI was \$4.7 million compared to \$0.8 million in the prior year.

Funds from Operations (“FFO”) for the three months ended June 30, 2018 were \$1.7 million (\$0.10 per Unit) compared to \$359,568 (\$0.05 per Unit) in the second quarter of 2017. Adjusted Funds from Operations (“AFFO”) were \$1.5 million (\$0.09 per Unit) in the second quarter of 2018, up significantly from \$312,755 (\$0.05 per Unit) in the second quarter of 2017. The increases were primarily due to the REIT’s portfolio growth over the prior twelve months. For the six months ended June 30, 2018 FFO and AFFO were \$3.4 million (\$0.20 per Unit) and \$3.0 million (\$0.18 per Unit), respectively.

The REIT reported net income of \$3,673,348 and \$5,133,592 for the three and six months ended June 30, 2018, respectively, compared to a net loss of \$839,075 and \$975,799 for the three and six months ended June 30, 2017, respectively, reflecting the strength of the REIT’s operating platform. During the period ended June 30, 2018, the REIT recognized a fair value gain on the value of its investment properties of \$3,037,183, primarily due to the compression of capitalization rates and increases in market rents in the Brussels market.

The REIT’s second quarter 2018 results exceeded the audited forecast included in its Short-Form Prospectus dated July 18, 2017. More detail comparing actual results to the forecast can be found in the REIT’s Management Discussion and Analysis for the three and six months ended June 30, 2018.

STRONG AND CONSERVATIVE FINANCIAL POSITION

As at June 30, 2018, ECREIT’s leverage (debt to gross book value) stood at 51.7%, 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 6.1 years, which broadly matches ECREIT’s weighted average lease term of 6.5 years and further highlights the stability and sustainability of the REIT’s cash distributions. As at June 30, 2018, the REIT had cash of \$8.6 million.

“We continue to maintain a strong balance sheet and conservative financial position, well positioned for portfolio growth as accretive opportunities are identified,” stated Ian Dyke, Chief Financial Officer. “Going forward, we remain confident we will meet our objective of delivering stable and sustainable cash distributions and capital appreciation to our Unitholders over the long term, including exceeding our published forecasts.”

QUARTERLY DISTRIBUTION DECLARED

ECREIT’s Board of Trustees has announced today its regular quarterly cash distribution, in respect of the third 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 September 28, 2018, with payment on October 15, 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 July 16, 2018, 48,135 Units were issued pursuant to the REIT's Distribution Reinvestment Plan ("DRIP"), of which 21% of such Units were issued to ECREIT insiders.

FINANCIAL AND OPERATING HIGHLIGHTS

Three Months Ended	June 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 31, 2017	Jun. 30, 2017
Gross leasable area (m ²)	37,015	37,015	37,015	37,015	21,315
Occupancy	99.9%	99.9%	99.9%	99.9%	99.8%
Weighted average lease term (yrs)	6.5	6.8	7.0	7.2	7.4
Portfolio fair market value (€M)	88.6	86.6	86.6	84.6	43.1
Portfolio fair market value (\$M)	136.1	137.5	130.4	124.7	63.8
Debt to fair market value	56.2%	57.8%	58.2%	59.9%	59.0%
Debt to gross book value	51.7%	52.7%	53.6%	53.4%	48.7%
Weighted average interest rate	1.82%	1.82%	1.82%	1.82%	1.78%
Revenues (\$,000)	3,008	2,981	2,874	2,515	856
NOI (\$,000)	2,265	2,442	2,275	1,625	634
FFO (\$,000)	1,683	1,713	1,603	998	360
FFO per Unit	\$0.10	\$0.10	\$0.10	\$0.07	\$0.05
AFFO (\$,000)	1,463	1,496	1,394	860	313
AFFO per Unit	\$0.09	\$0.09	\$0.08	\$0.06	\$0.05
Total Units outstanding (,000)	16,778	16,589	16,694	16,670	8,892
Weighted average Units outstanding (,000)	16,771	16,725	16,691	15,233	6,733

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.

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statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise.

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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