EUROPEAN COMMERCIAL REIT FILES SUPPLEMENT TO MANAGEMENT INFORMATION CIRCULAR FOR SPECIAL MEETING OF UNITHOLDERS AND PROVIDES FINANCIAL FORECAST

TORONTO, ON, March 13, 2019 – European Commercial Real Estate Investment Trust (TSX-V:ERE.UN, "**ECREIT**") today announced that it will be filing on SEDAR and mailing to its unitholders of record on February 19, 2019 (the "**Unitholders**") a supplement (the "**Supplement**") to its management information circular dated February 22, 2019 (the "**Circular**"), which was previously distributed to Unitholders in connection with the special meeting of Unitholders to be held in Toronto on March 21, 2019 (the "**Meeting**"). Reference is made to the joint press release of ECREIT and Canadian Apartment Properties Real Estate Investment Trust (TSX:CAR.UN, "**CAPREIT**") dated December 11, 2018, which announced, among other things, that ECREIT had entered into an agreement to acquire, indirectly, from CAPREIT (the "**Transaction**") a portfolio of multi-residential properties located in the Netherlands comprising 2,091 suites in 41 properties (the "**Acquisition Properties**").

ECREIT also announced that it has filed the following documents on SEDAR, which also supplement the Circular:

(a) the audited financial forecast of net income for ECREIT for each of the three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, and for the twelve-month period ending March 31, 2020 (the "**Financial Forecast**") reflecting ECREIT's current properties and the Acquisition Properties; and

(b) the management discussion & analysis relating to the special purpose combined financial statements for the year ended December 31, 2018 for the Acquisition Properties comprising the "Ring Portfolio" (the "**MD&A**").

Supplement to Circular and Approval of the Issuance of Additional Units Under the Pipeline Agreement

The Supplement supplements the information contained in the Circular and provides certain important clarifications in respect of the matters to be considered at the Meeting. Specifically, the Supplement amends the resolution approving the Transaction, as found in Appendix "B" of the Circular (the "**Transaction Resolution**"), in order to clarify that the approval of the Transaction Resolution includes the approval of the issuance, subject to TSX Venture Exchange ("**TSX-V**") approval, of up to 65,500,000 additional Units (as defined below) to CAPREIT, which may be used as consideration for any potential acquisition of properties pursuant to the Pipeline Agreement (as defined below) that is completed within six months after the effective date of the Pipeline Agreement.

As described in the Circular, on closing of the Transaction, ECREIT will enter into a pipeline agreement (the "**Pipeline Agreement**") with CAPREIT pursuant to which CAPREIT will, among other things, have the right to require ECREIT to acquire, and ECREIT shall have the right to require CAPREIT to sell to ECREIT, directly or indirectly and in accordance with the terms of the Pipeline Agreement, European multi-residential properties that fit within ECREIT's investment guidelines and other properties that fit within ECREIT's investment guidelines, which CAPREIT may own, from time to time. Under the Pipeline Agreement, if ECREIT acquires any eligible properties from CAPREIT or its affiliates, CAPREIT will have the option of receiving consideration from ECREIT for any such properties in the form of cash, trust units of ECREIT ("**Units**"), class B limited partnership units of ECRE Limited Partnership ("**Class B LP Units**"), a promissory note (that may be convertible into Units or Class B LP Units) (a "**Note**") or a combination of cash, Units, Class B LP Units and/or Notes in satisfaction of the acquisition price for the properties. For more information regarding the Pipeline Agreement, please see the Circular under "Particulars of Matters to be Acted Upon – The Acquisition – Pipeline Agreement".

The Supplement is being delivered to the Unitholders in advance of the Meeting, describing in further detail the aforementioned amendment to the Transaction Resolution and other particulars related to voting at the Meeting. The Supplement, together with the Financial Forecast and the MD&A, are available on SEDAR at www.sedar.com and are a supplement to, are incorporated by reference in, and form an integral part of, the Circular and should be read in conjunction with the Circular.

Voting and Proxies for the Meeting

The forms of proxy that were previously mailed to the Unitholders with the Circular remain valid. No new forms of proxy will be sent to Unitholders for the Meeting. If Unitholders have already submitted proxies or voting directions and do not wish to change their vote, no further action is required on their part and their votes will be counted at the Meeting in accordance with the proxies or voting directions already submitted. If Unitholders have not already submitted proxies or voting directions, or wish to change their vote, such Unitholders should follow the instructions provided on the form of proxy and in the Information Circular (as amended by the Supplement) previously provided to them to either vote or revoke their proxies. In consideration of the Supplement, the Financial Forecast and the MD&A, as well as the timing of the Meeting, ECREIT has waived the deadline to submit proxies or revoke proxies, as applicable, such that Unitholders shall be entitled to vote their proxies or revoke their proxies, as applicable, any time prior to the Meeting (being 9:00 a.m. (Toronto time) on March 21, 2019). Please refer to the Circular for all relevant voting instructions and procedures. Pursuant to the discretionary authority conferred under the proxy, any votes previously cast FOR the Transaction Resolution that are not changed or revoked, will be voted FOR the Transaction Resolution as amended by the Supplement, including the approval of the issuance of the Additional Units.

Financial Forecast

The following table provides a summary of the Financial Forecast for each of the three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, and for the twelve-month period ending March 31, 2020, which is based on certain key assumptions.

(€ Thousands)

	Three Month Periods Ending				**Twelve-Month Period Ending March 31, 2020**
	June 30, 2019	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	
Net Rental Income					
Property Revenue	€ 7,387	€ 7,575	€ 7,591	€ 7,608	€ 30,161
Property Expenses	(1,741)	(1,827)	(1,757)	(1,780)	(7,105)
Net Rental Income	**5,646**	**5,748**	**5,834**	**5,828**	**23,056**
General & Administrative Expenses	(870)	(865)	(865)	(856)	(3,456)
Unit-Based Compensation	(173)	(166)	(144)	(113)	(596)
Income Before Financing Expenses	**4,603**	**4,717**	**4,825**	**4,859**	**19,004**
Finance Expenses					
Interest Expense	(3,351)	(3,371)	(3,373)	(3,369)	(13,464)
Income Before Income Tax	**1,252**	**1,346**	**1,452**	**1,490**	**5,540**
Income Tax Expense	(217)	(253)	(255)	(263)	(988)
Net Income For The Period	**€ 1,035**	**€ 1,093**	**€ 1,197**	**€ 1,227**	**€ 4,552**

The Financial Forecast has been prepared using assumptions that reflect management's intended course of action for ECREIT for the periods covered, given management's assumption as to the most probable set of economic conditions. The assumptions used in preparing the Financial Forecast, although considered reasonable at the time of preparation, may not materialize as forecasted, and unanticipated events and circumstances may occur subsequent to the date of the Financial Forecast. Accordingly, there is a significant risk that the actual results achieved for the periods contemplated in the Financial Forecast will vary from the forecast results, and the variations may be material. There is no representation by ECREIT that actual results achieved during the forecast period will be the same, in whole or in part, as those forecasted. See "Cautions Regarding Future Plans and Forward Looking Information" below.

Non-IFRS Reconciliation

The following table reconciles forecast net income to Funds from Operations ("**FFO**") and Adjusted Funds from Operations ("**AFFO**"). For the purposes of the forecast, FFO and AFFO are defined as follows: (i) FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs; and (ii) AFFO is a measure of economic earnings that incorporates a provision for capital needs. FFO and AFFO as presented are in accordance with the recommendations of the Real Property Association of Canada (REALpac) in the published white paper, "Paper on Funds from Operations and Adjusted Funds from Operations" dated February 2017 and updated as of February 2019. These definitions of FFO and AFFO are specific to this financial forecast only and differ from those presented elsewhere in the Circular and may also not be comparable to similar measures presented by other real estate investment trusts or companies in similar or different industries.

(€ Thousands)	**Three Month Periods Ending**				**Twelve-Month Period Ending March 31, 2020**
	June 30, 2019	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	
Net Income For The Period	€ 1,035	€ 1,093	€ 1,197	€ 1,227	€ 4,552
Adjustments:					
Interest on Class B LP Units	2,143	2,143	2,143	2,143	8,572
Deferred Income Tax Expenses	203	239	241	249	932
FFO	**€ 3,381**	**€ 3,475**	**€ 3,581**	**€ 3,619**	**€ 14,056**
FFO per Unit - Basic(1)	**€ 0.034**	**€ 0.035**	**€ 0.036**	**€ 0.037**	**€ 0.143**
Adjustments:					
Capital Expenditure Reserve(2)	(321)	(321)	(321)	(321)	(1,284)
Leasing Costs Reserve	(52)	(52)	(52)	(52)	(208)
AFFO	**€ 3,008**	**€ 3,102**	**€ 3,208**	**€ 3,246**	**€ 12,564**
AFFO per Unit - Basic(1)	**€ 0.031**	**€ 0.031**	**€ 0.033**	**€ 0.033**	**€ 0.127**

Note:

(1) Based on a weighted average number of Units of 98,610,974, which includes Units and Class B LP Units and excludes the dilutive unexercised Unit options.

(2) Annual Capital Expenditure Reserve consists of € 550 per residential suite. The remainder relates to ECREIT's existing three commercial properties.

Significant Accounting Policies

The Financial Forecast has been prepared in accordance with Parts 4A and 4B of National Instrument 51-102 *Continuous Disclosure Obligations* issued by the Canadian Securities Administrators and has been prepared in accordance with the accounting policies that ECREIT expects to use to prepare its historical financial statements for the period covered by the Financial Forecast and should be read in conjunction with the audited consolidated financial statements of ECREIT as at December 31, 2017, the unaudited condensed consolidated interim financial statements of ECREIT as at September 30, 2018, the special purpose consolidated financial statements of the CAPREIT NL Holding B.V. as at December 31, 2018 and the special purpose consolidated financial statements of the "Ring Portfolio" as at December 31, 2018 included by reference in the Circular.

MD&A

ECREIT has also filed on SEDAR the MD&A, which relates to the special purpose combined financial statements for the year ended December 31, 2018 for the Acquisition Properties comprising the "Ring Portfolio". For a description of the Acquisition Properties comprising the "Ring Portfolio", please see the Circular under "Glossary".

About ECREIT

ECREIT is an unincorporated, open-ended real estate investment trust. ECREIT's units are listed on the TSX-V under the symbol ERE.UN. For more information, please visit our website at www.ECREIT.com.

About CAPREIT

As one of Canada's largest residential landlords, CAPREIT is a growth-oriented investment trust owning interests in 52,039 residential units, comprising 45,446 residential suites and 32 manufactured home communities comprising 6,593 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 86%. 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 ECREIT'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", "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.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including without limitation, management's perceptions of, among other things, historical trends, ECREIT's future financial position, ECREIT's future growth, foreign exchange rates, current conditions and expected future developments, including the closing of the Transaction, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the Canadian and European economies will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the Canadian and European real estate markets, including competition for acquisitions, will be consistent with the current climate; and the capital markets will provide ECREIT with access to equity and/or debt at reasonable rates when required. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

Except as specifically required by applicable Canadian securities law, ECREIT 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 ECREIT's 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 each of the Transaction, the acquisition of additional properties pursuant to the Pipeline Agreement and the issuance of any securities as consideration for any such potential acquisition under the Pipeline Agreement, is subject to a number of conditions, including but not limited to, acceptance by the TSX-V and, if applicable, disinterested Unitholder approval. There can be no assurance that the Transaction and the acquisition of additional properties pursuant to the Pipeline Agreement will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the Circular and the Supplement, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of ECREIT should be considered highly speculative.

ECREIT uses financial measures regarding itself, such as AFFO, that do not have standardized meaning under 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 the Circular under the "Non-IFRS Measures".

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 proposed 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 ECREIT.

For further information

ECREIT
Mr. Phillip Burns
Chief Executive Officer
phillip.burns@ecreit.com

Supplement to Information Circular

The attached documents, comprised of those listed below, each supplement the previously distributed management information circular (the "**Circular**") of European Commercial Real Estate Investment Trust ("**ECREIT**") dated February 22, 2019, and are incorporated by reference in and form an integral part of the Circular, and should be read in conjunction with the Circular:

- Supplement to the management information circular dated March 11, 2019, containing certain important clarifications regarding the matters to be acted on together with an amended Acquisition Resolution (as defined therein and in the Circular).

- Management discussion & analysis relating to the Special Purpose Combined Financial Statements for the Year Ended December 31, 2018 for the Ring Portfolio.

- Audited financial forecast of net income for European Commercial Real Estate Investment Trust for each of the three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020, and for the twelve-month period ending March 31, 2020 reflecting ECREIT's current properties and the Acquisition Properties.

EUROPEAN COMMERCIAL REAL ESTATE INVESTMENT TRUST

SUPPLEMENT TO THE MANAGEMENT INFORMATION CIRCULAR DATED FEBRUARY 22, 2019

REGARDING THE SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON MARCH 21, 2019

MARCH 11, 2019

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in the information circular of European Commercial Real Estate Investment Trust dated February 22, 2019 or this supplement thereto.

SUPPLEMENT TO THE MANAGEMENT INFORMATION CIRCULAR

This supplement dated March 11, 2019 (the "**Supplement**") supplements the previously distributed management information circular of European Commercial Real Estate Investment Trust (the "**REIT**") dated February 22, 2019 (the "**Circular**") and is being furnished to holders of (i) trust units (the "**Units**") and (ii) non-participating special voting units of the REIT (collectively, the "**Unitholders**") in connection with the special meeting (the "**Meeting**") of Unitholders, to be held at 9:00 a.m. (Toronto time) on March 21, 2019 at the offices of Stikeman Elliott LLP, 199 Bay Street, Commerce Court West, 53rd Floor, Toronto, Ontario for the purposes set out in the Notice of Meeting.

This Supplement supplements the information contained in the Circular. This Supplement contains certain important clarifications in respect of the matters to be considered at the Meeting and should be read in conjunction with the Circular. In particular, this Supplement amends the Acquisition Resolution found at Appendix "B" in the Circular.

Except as supplemented hereby, the matters to be considered by the Unitholders at the Meeting remain unchanged from that which was set forth in the Circular. Capitalized terms used in this Supplement that are not defined herein have the respective meanings given to them in the Circular. Unless otherwise indicated, information in this Supplement is given as of March 11, 2019. The cautionary statements included in the Circular under the heading "Forward-Looking Statements" continue to apply to the disclosure provided herein.

Record Date

The record date for the determination of the holders of record of Voting Units entitled to receive notice of and vote at the Meeting remains unchanged by this Supplement and, as set by the board of trustees of the REIT (the "**Board**"), is the close of business on February 19, 2019.

Voting and Proxies

Unitholders who have already voted their Voting Units and do not wish to change their vote DO NOT NEED TO TAKE ANY ACTION. Any votes already cast and not changed or revoked will be voted as instructed at the Meeting.

Pursuant to the discretionary authority conferred under the proxy, any votes previously cast FOR the Acquisition Resolution that are not changed or revoked, will be voted FOR the Acquisition Resolution as amended by this Supplement, including the approval of the issuance of the Additional Units (as defined herein).

Changing your vote

Any Unitholder wishing to change their vote must follow the procedures under "Revocation of Proxies" in the Circular. To revoke and/or change your vote, Unitholders shall use the same form of proxy as was delivered with the Circular. More specifically, a Unitholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been held pursuant to its authority by an instrument in writing executed by the Unitholder or by the Unitholder's attorney duly authorized in writing or, if the Unitholder is a corporation, by an officer or attorney thereof duly authorized and deposited with Computershare Investor Services Inc. at the address set forth in the Circular at any time prior to the Meeting. Notwithstanding the foregoing, if a Registered Holder attends personally at the Meeting, such Registered Holder may revoke the proxy and vote in person.

Non-Registered Holders should carefully follow the instructions on the form of proxy or voting instruction form that they receive from their Intermediary in order to vote, amend and/or revoke their Voting Units that are held through that Intermediary.

Unitholders who have not cast their votes or submitted voting instructions may use the same form of proxies or voting instruction form as were delivered with the Circular. In order to be voted at the Meeting, a proxy must be received by Computershare Investor Services Inc. at the address set forth in the Circular. Notwithstanding the information set out in the Circular under "Proxy Solicitation Information – Appointment of Proxies" and "Proxy Solicitation Information – Revocation of Proxies", the REIT hereby **waives the deadline to submit proxies or revoke proxies**, as applicable, such that Unitholders shall be entitled to vote their proxies or revoke their proxies, as applicable, any time prior to the Meeting (being 9:00 a.m. (Toronto time) on March 21, 2019). Please refer to the Circular for all relevant voting instructions and procedures.

The persons named in the proxy will have discretionary authority with respect to any amendments or variations of the matters set forth in the Notice of Meeting as supplemented hereby, or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment, variation or other item of business that comes before the Meeting is routine or contested. The persons named in the proxy enclosed with the Circular will vote on such matters in accordance with their best judgment.

The Voting Units represented by any proxy will be voted on any poll by the persons named in the proxy in accordance with the proxy, and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the Units represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made. If you do not provide instructions in your proxy, the persons named in the proxy will vote your Units FOR the matters to be acted on at the Meeting.

Mr. Phillip Burns, Chief Executive Officer and Trustee, or failing him, Mr. Frederic Waks, Trustee, will use their discretionary authority to cast the votes represented by proxy appointing them at the Meeting in favour of the Acquisition Resolution, which Acquisition Resolution will be considered at the Meeting as set out in Appendix "A" to this Supplement. The Acquisition Resolution appended as Appendix "A" to this Supplement supplements and replaces the Acquisition Resolution appended as Appendix "B" to the Circular in its entirety and includes express approval of the issuance of the Additional Units.

Changes to the Original Circular

Except as supplemented hereby, the matters to be placed before the Unitholders at the Meeting remain unchanged from those set forth in the Circular.

Particulars of Matters to be Acted Upon

Approval of the Issuance of Additional Units Under the Pipeline Agreement

As described in the Circular, on or after Closing, CAPREIT will enter into the Pipeline Agreement with the REIT pursuant to which CAPREIT will, among other things, have the right to require the REIT (or an Affiliate thereof) to acquire, directly or indirectly, a Pipeline Property, an Other Suitable Property or Pipeline SPV Shares (the "**Pipeline Put Option**"). For a period of one year following: (i) the acquisition by CAPREIT of a Pipeline Property; or (ii) the acquisition by CAPREIT of any Other Suitable Property held from time to time by CAPREIT after June 30, 2019, the REIT shall have the right to require CAPREIT to sell the Pipeline Property (or Pipeline SPV Shares, as the case may be) or the Other Suitable Property acquired after June 30, 2019, to the REIT (the “**Pipeline Call Option**”). If the Pipeline Closing Date occurs prior to the date that is six months from the date of acquisition of a Pipeline Property, Other Suitable Property or Pipeline SPV Shares by CAPREIT, the price payable by the REIT for the Pipeline Property, Pipeline SPV Shares or the Other Suitable Property, as the case may be, under a Pipeline Put Option or Pipeline Call Option, shall be the Pipeline Acquisition Costs. If the Pipeline Closing Date occurs after the date that is six months from the date of acquisition of a Pipeline Property, Other Suitable Property or Pipeline SPV Shares by CAPREIT, the price payable by the REIT shall be as set out in the Circular. A condition of any Pipeline Put Option in respect of an Other Suitable Property is that such acquisition must, after receipt by the REIT of a Pipeline Put Option, be approved by the REIT’s Independent Trustees excluding any CAPREIT Member. See the Circular under “Particulars of Matters to be Acted Upon – The Acquisition – Pipeline Agreement”.

Under the Pipeline Agreement, if the REIT acquires a Pipeline Property, Pipeline SPV Shares or an Other Suitable Property from CAPREIT or its Affiliates, CAPREIT will have the option of receiving consideration from the REIT for any acquired properties in the form of cash, Units, Class B LP Units, a promissory note (that may be convertible into Units or Class B LP Units) (a “**Note**”) or a combination of cash, Units, Class B LP Units and/or Notes in satisfaction of the Pipeline Acquisition Price.

Pursuant to the Pipeline Agreement, if the Pipeline Closing Date occurs on or before June 30, 2019, the number of Units necessary to satisfy the Pipeline Acquisition Price will be based on a price of $4.00 per Unit (subject to the approval of the TSXV). If the Pipeline Closing Date occurs after June 30, 2019, the number of Units necessary to satisfy the Pipeline Acquisition Price will be calculated by dividing the Pipeline Acquisition Price by the Market Value of the Units on the relevant payment date (subject to the approval of the TSXV). In the event that the TSXV requires a different price per Unit than as set forth in the Pipeline Agreement, such price per Unit shall be determinative.

In the event that any Pipeline Property, Pipeline SPV Shares or Other Suitable Property is acquired by the REIT pursuant to the Pipeline Agreement, the REIT intends to satisfy the purchase price for any such acquisition in cash. However, if the REIT is unable to satisfy the purchase price wholly in cash, such purchase price may be satisfied by the payment of a combination of cash, Units, Class B LP Units and/or Notes. Accordingly, the REIT is supplementing the Acquisition Resolution to expressly obtain approval for the issuance of up to 65,500,000 additional Units (the “**Additional Units**”), which may be used as consideration for any potential acquisition of a Pipeline Property, Pipeline SPV Shares or an Other Suitable Property based on the price per Unit described above, provided such acquisition closes on or before the date that is six months after the date of the Pipeline Agreement. The amendments to the Acquisition Resolution that expressly provide for such approval are set forth in Appendix “A” to this Supplement.

As disclosed in the Circular, as part of the purchase price for the Acquisition Properties, CAPREIT will acquire 81,641,210 Class B LP Units, which are exchangeable for Units on a one-for-one basis, and if exchanged for Units, would represent approximately 83% of the issued and outstanding Units of the REIT following Closing.

Following the Closing of the Acquisition, if the REIT acquires properties under the Pipeline Agreement as described above and issues all of the Additional Units as consideration for such acquisition(s), 65,500,000 Additional Units would be issued to CAPREIT, which would result in CAPREIT owning, on a converted basis, an aggregate of 147,141,210 Units, representing 89.7% of the issued and outstanding Units of the REIT, assuming the conversion of outstanding Class B LP Units and assuming no additional equity issuances by the REIT.

Pursuant to subsection 5.14 of TSXV Policy 5.3, the REIT is required to obtain disinterested Unitholder approval for any transaction where the number of securities issued or issuable to non-arm's length parties as a group as payment of the purchase price for an acquisition, exceeds 10% of the number of outstanding securities of the REIT on a non-diluted basis, prior to the closing date of the transaction. If the REIT were to acquire any Pipeline Property, Pipeline SPV Shares or Other Suitable Property and satisfy the consideration therefor through the issuance of Units, in whole or in part, CAPREIT's proportionate ownership of the Units would increase accordingly. Any issuance of Additional Units could, if issued at all, exceed 10% of the number of outstanding Units on a non-diluted basis, prior to the closing of any such acquisition, if such closing were to occur.

The approval of the Acquisition Resolution, as set out in Appendix "A" to this Supplement and which expressly includes the approval of the issuance of the Additional Units, by a majority of the disinterested Unitholders present in person or represented by proxy at the Meeting, shall constitute disinterested Unitholder approval for the purposes of subsection 5.14 of TSXV Policy 5.3.

The Board unanimously recommends that Unitholders vote IN FAVOUR of the Acquisition Resolution, as amended by this Supplement, at the Meeting, the amended full text of which is set forth in Appendix "A" to this Supplement.

This Supplement, together with the additional financial forecast and management discussion and analysis posted on SEDAR, are a supplement to, are incorporated by reference in, and form an integral part of, the Circular and should be read in conjunction with the Circular.

Approval of this Supplement

The Board of Trustees has approved the contents of this Supplement and authorized it to be sent to each Unitholder who is eligible to receive notice of and vote his or her Voting Units at the Meeting, as well as to each Trustee and to the auditors of the REIT.

By Order of the Board

Per:

(Signed) Phillip Burns

Phillip Burns
Chief Executive Officer and Trustee

APPENDIX "A" – ACQUISITION RESOLUTION

For ease of reference, changes to the text of the Acquisition Resolution that was originally set forth in Appendix "B" to the Circular (as defined herein) are underlined below.

BE IT RESOLVED THAT:

1. the indirect acquisition (the "**Acquisition**") by European Commercial Real Estate Investment Trust (the "**REIT**") of a portfolio of 41 multi-residential properties representing an aggregate of 2,091 residential suites located in the Netherlands (the "**Acquisition Properties**") from Canadian Apartment Properties Real Estate Investment Trust and its applicable subsidiaries ("**CAPREIT**") pursuant to a share purchase agreement dated December 10, 2018, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Acquisition Agreement**"), all as described in the REIT's management information circular dated February 22, 2019 (the "**Circular**"), for an aggregate purchase price of $633,588,660, subject to certain purchase price adjustments, to be satisfied by a combination of:

   (a) the assumption of $307,023,820 (based on the Euro/Canadian dollar exchange rate of 1.502) aggregate principal amount of existing mortgage debt relating to the Acquisition Properties and all other liabilities associated with the entities (including subsidiaries) that hold the Acquisition Properties; and

   (b) $326,564,840, by the issuance of 81,641,210 class B limited partnership units of ECRE Limited Partnership (the "**Class B LP Units**") to CAPREIT at a deemed issue price of $4.00 per Class B LP Unit,

   is hereby approved;

2. the Acquisition Agreement and related transactions and ancillary agreements, the actions of the trustees of the REIT in approving the Acquisition Agreement, and the actions of the trustees and officers of the REIT in executing and delivering the Acquisition Agreement, and any amendments, modifications or supplements thereto, are hereby ratified, approved and confirmed;

3. the issuance of up to 65,500,000 additional Units to CAPREIT (the "**Additional Units**") pursuant to the Pipeline Agreement (as defined in the Circular), which may be issued as consideration for the acquisition of any Pipeline Property, Pipeline SPV Shares or Other Suitable Property (as such terms are defined in the Circular), provided such acquisition closes on or before the date that is six months after the effective date of the Pipeline Agreement, subject to TSX Venture Exchange approval as, if and when required and as more particularly described in the supplement to the Circular (the "**Supplement**"), is hereby approved;

4. all other matters related to the Acquisition and the issuance of the Additional Units (all as described in the Circular or in the Supplement), are hereby approved;

5. notwithstanding that this resolution has been duly passed by the unitholders of the REIT, the trustees of the REIT are hereby authorized and empowered, without further notice to, or approval of, the unitholders of the REIT, to elect not to proceed with the aforementioned Acquisition and/or the issuance of Additional Units; and

6. any trustee or officer of the REIT is authorized to execute or cause to be executed on behalf of the REIT or to prepare and deliver or cause to be prepared and delivered all such documents, agreements and instruments, or cause to be done all such other acts and things as such trustee or officer of the REIT shall determine to be necessary or desirable in order to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution or preparation and delivery of such document, agreement or instrument or the doing of any such act or thing.

EUROPEAN
COMMERCIAL
REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE RING PORTFOLIO

Overview

This Management's Discussion and Analysis ("MD&A") discusses the financial condition and results of operations and changes thereto of the Ring Portfolio ("the Portfolio") and should be read in conjunction with the audited special purpose combined financial statements as at December 31, 2018, December 31, 2017 and January 1, 2017 and for the years ended December 31, 2018 and December 31, 2017 and the accompanying notes included as Appendix "J" to the Management Information Circular of European Commercial Real Estate Investment Trust dated February 22, 2019 ("the Circular").

This MD&A has been prepared for the Portfolio, a group of multi-residential properties. Prior to July 12, 2017, the Portfolio was owned by a NL Residential Cooperatief U.A. ("NL Residential") incorporated in the Netherlands, an entity related to CAPREIT. On July 12, 2017, the Portfolio was sold to CAPREIT NL II V.O.F. ("VOF II"), an indirect subsidiary of CAPREIT NL Holding B.V. ("Holding BV") (the "Sale transaction"). All properties in the Portfolio were both before and after acquisition owned by one owner and there were no changes to the Portfolio as a result of the Sale transaction.

Financial information of the Portfolio has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB, including IFRS Interpretations Committee ("IFRIC") interpretations as of January 1, 2017.

All amounts in the tables included in this section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations for the Ring Portfolio", other than percentages, are stated in thousands of Canadian dollars unless otherwise noted.

Non-IFRS Measures

All financial information has been prepared in accordance with IFRS. However, this MD&A also contains certain non-IFRS financial measures including NOI. NOI is commonly used by the real estate industry to measure operating performances. NOI represents revenue from investment properties and service charge income less operating expenses and is presented in the special purpose combined statement of profit or loss and other comprehensive income as net rental income. Management has chosen to refer to net rental income as NOI in all instances. Accordingly, NOI excludes certain expenses included in the determination of net income such as net movement in fair value of investment properties. NOI is not a measure defined by IFRS and, accordingly, the term does not necessarily have a standardized meaning and may not be comparable to similarly titled measures presented by other entities.

List of Properties

The Portfolio consists of interests in residential rental accommodations, as well as commercial sites, located in and near major urban centres across the Netherlands. The Portfolio includes a total of 849 residential units and 2 commercial units as listed in the chart below.

The following table highlights certain information about the properties as of December 31, 2018.

	Rentable Suites							
	Total Suites	Apartments	Townhomes	Parking Spaces	Commercial (square meters)	Year Built	Occupancy Level[1] (%)	Average Monthly Rent/Unit €[1]
AMSTERDAM								
Oeverpad 220-294, Amsterdam	43	**43**	-	38	-	1999	**97.7**	**1127**
Oeverpad 364-438, Amsterdam	46	**46**	-	37	-	1999	**97.8**	**1139**
Nilda Pintostraat 3-41, Isabella Richaardsstraat 6-8. Amsterdam	18	**18**	-	-	-	1999	**100**	**1063**
Bijlmerdreef 790-934, Isabella Richaardsstraat 2-4, Amsterdam[2]	26	**26**	-	-	212	1999	**100**	**822**
Bijlmerdreef 844-910, Nilda Pintostraat 1, Raden Adjend Kartinistraat 15-33, Amsterdam	37	**37**	-	-	-	1999	**97.3**	**1010**
Efua Sutherlandstraat 6-17, Harriët Freezerstraat 18-20, Amsterdam	14	**14**	-	-	-	1999	**100**	**1005**
Efua Sutherlandstraat 19-59, Amsterdam	41	**41**	-	-	-	1999	**97.6**	**898**
Elisabeth Samsonstraat 1-49, Harriët Freezerstraat 16, Amsterdam	26	**26**	-	-	-	1999	**96.2**	**1023**
UTRECHT								
Auriollaan 2-112, Utrecht	70	**70**	-	-	-	1960	**100**	**890**
Marshallaan 293-395, Utrecht	56	**56**	-	-	-	1960	**98.2**	**842**
Marshallaan 296-398, Utrecht	56	**56**	-	-	-	1960	**98.2**	**837**
Monnetlaan 1-111, Utrecht	70	**70**	-	-	-	1960	**98.6**	**971**
THE HAGUE								
Lau Mazirellaan 33-157, The Hague	44	**44**	-	-	-	1996	**100**	**812**
Anna Blamanplein 26-123, The Hague	98	**98**	-	98	-	1996	**98**	**694**
OTHER CITIES								
Oudstraat 1-27, Ijsselstein	14	**14**	-	-	-	2000	**100**	**996**
Poldermolenplein 3-55, Poldermolendreef 53-123, Middenmolenplein 6-60, Gouda	84	**84**	-	-	-	1993	**98.8**	**734**
Bielzen 1-48, Stationsstreaat 7-421, Heerenveen	60	**60**	-	15	Antenna	1985	**100**	**676**
Antoni van Leeuwenhoekhof 1-6, Hugo de Grootsingel 3-13, Huizen	12	**12**	-	-	-	2006	**100**	**1153**
Kraaijenkampzoom 50-72, Ellekampzoom 59-81, Kluiverkamp 2-58, Koog aan de Zaan	34	**34**	-	-	-	1983	**100**	**766**
TOTAL:	**849**	**849**	**0**	**188**	**212**		**98.7**	**919**

Selected Combined Financial Information

The following table presents a summary of selected financial information for the fiscal years indicated below:

As at year ended	December 31, 2018	December 31, 2017	January 1, 2017
	CAD $'000	CAD $'000	CAD $'000
Income Statement			
Operating Revenues	**13,443**	9,700	
NOI	**9,991**	6,043	
NOI Margin	**74.3%**	62.3%	
Net Income/(loss)	**52,940**	79,035	
Balance Sheet			
Investment Properties	**319,810**	265,096	163,716
Total Assets	**319,870**	265,231	164,274
Total Non-Current Liabilities	**-**	-	-

(1) For the year ended December 31, 2016, the information has been derived from management. The Portfolio adopted IFRS as issued by the IASB effective from January 1, 2017. PricewaterhouseCoopers Accountants N.V. has not audited, reviewed, compiled, or performed any procedures with respect to the financial information for the year ended December 31, 2016. Accordingly, PricewaterhouseCoopers Accountants N.V. does not express an opinion or any other form of assurance with respect thereto.

(2) NOI margin is calculated including service charge expenses and service charge income for the properties in 2018 and 2017. The NOI margin excluding service charge income and service charge expense is 74.3%, 62.3%, and 68.8% for 2018, 2017, and 2016 respectively.

Operating Revenues

Operating revenues include revenue from the Portfolio as well as service charge income. The Portfolio's revenues increased by $3.7 million for the year ended December 31, 2018 over the comparative period. This increase is primarily attributable to revenue from the Marshalllaan properties (see the table above, under "Utrecht"), which only became revenue producing in 2018.

NOI

NOI increased by $4.0 million, or 65%, to $10.0 million for the year ended December 31, 2018 compared to $6.0 million for the year ended December 31, 2017. This increase is primarily the attributable to having a full year of NOI from the 102 apartment suites in the Marshalllaan properties which became revenue producing in 2018.

Net Income

Net Income for the year ended December 31, 2018 was $52.9 million, representing a decrease of $26.1 million, or 33%, compared to $79.0 million for the year ended December 31, 2017. This decrease is primarily due to a lower net movement in fair value of investment properties in 2018.

Investment Properties

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of generating income from rental properties, capital appreciation or both, but not for sale in the ordinary course of business.

All investment properties are initially recorded at cost, which includes transaction and other acquisition costs, at their respective acquisition dates, and are subsequently stated at fair value at each statement of financial position date, with any gain or loss arising from a change in fair value recognized within operating profit in the statement of profit or loss and other comprehensive income for the period.

The following table summarizes the changes in the Portfolio during the years:

For the Year Ended	December 31, 2018	December 31, 2017
	CAD $'000	CAD $'000
Balance at the beginning of the year	**265,096**	163,716
Property capital investments and intensification	**990**	15,753
Foreign currency translation	**10,775**	12,635
Unrealized fair value movements	**42,949**	72,992
Balance at the end of the year	**319,810**	265,096

Properties in the Portfolio were valued by independent valuation professionals as at December 31, 2018. This resulted in net movement in fair value of the investment properties of $42.9 million in 2018 and $73.0 million in 2017 being recognized in the statement of profit or loss. The fair values of all of the investment properties are determined by a qualified independent external valuer. The valuer employs qualified valuation professionals and has recent experience in the location and category of the respective property. Valuations are prepared on a bi-annual basis at the interim reporting date and the annual reporting date. A summary of the fair values of the properties in the Portfolio, along with key market assumptions, is presented below:

As at	December 31, 2018	December 31, 2017
Total residential units	849	849
Fair value of Acquisition Properties ($'000s)	319,810	265,096
Weighted average capitalization rate (%)	3.59	3.93
Range of capitalization rates (%)	3.02-4.23	3.23-4.52

Financial Instruments

A summary of the Portfolio's financial instruments, their risks, classification, and fair value can be found in notes 2(c) and 7 of the audited special purpose combined financial included as Appendix "J" to the Circular.

<u>Liquidity and Financial Condition</u>

Holding BV's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Portfolio's reputation. Management of the Portfolio monitors the level of expected cash inflows on trade and other receivables, together with expected cash outflows on trade and other payables and capital commitments.

Management of the Portfolio defines working capital as current assets less current liabilities. The working capital deficiency as presented on the Porfolio's special purpose combined statement of financial position as at December 31, 2018, is managed through (i) expected positive net cash flow after capital expenditures, and (ii) the ongoing support of CAPREIT, the Portfolio's ultimate owner. The Portfolio's liquidity position continues to be stable for the foreseeable future based on its evaluation of capital resources.

<u>Sources and Uses of Cash</u>

The properties in the Portfolio utilize a bank account held by the owner. No cash balances are maintained at the property level. The owner transacts in cash on behalf of the properties, and such cash flows are presented in the statement of cash flows. For these considerations the cash flow statement line item 'Cash inflows and outflows from owner's transaction on behalf of the properties' is separately presented in the statement of cash flows (which equals to the other direct equity movements as presented in the statement of changes in portfolio equity).

The following table summarizes cash flows from (used in) operating and investing activities, as reflected in the combined statement of cash flows:

For the Year Ended	**December 31, 2018**	**December 31, 2017**
Cash Flows from (used in):	CAD $'000	CAD $'000
Operating activities	**10,309**	7,329
Investing activities	**(990)**	(15,753)
Cash inflows and outflows from owner's transaction on behalf of the properties'	**(9,319)**	8,424

Contractual Obligations

Detailed below are the contractual maturities of the Portfolio financial liabilities:

	6 months or less(1)	**6 to 12 months(1)**	**1 to 2 years (1)**	**2 to 5 years(1)**	**More than 5 years(1)**
As at December 31, 2018	CAD $'000	CAD $'000	CAD $'000	CAD $'000	CAD $'000
Accounts payable and accrued liabilities	767	-	-	-	-
Security deposits	1,162	-	-	-	-
	1,929	-	-	-	-

(1) Based on carrying value at maturity dates.

	6 months or less(1)	**6 to 12 months(1)**	**1 to 2 years (1)**	**2 to 5 years(1)**	**More than 5 years(1)**
As at December 31, 2017	CAD $'000	CAD $'000	CAD $'000	CAD $'000	CAD $'000
Accounts payable and accrued liabilities	666	-	-	-	-
Security deposits	959	-	-	-	-
	1,625	-	-	-	-

(1) Based on carrying value at maturity dates.

	6 months or less(1)	**6 to 12 months(1)**	**1 to 2 years (1)**	**2 to 5 years(1)**	**More than 5 years(1)**
As at January 1, 2017	CAD $'000	CAD $'000	CAD $'000	CAD $'000	CAD $'000
Accounts payable and accrued liabilities	204	-	-	-	-
Security deposits	547	-	-	-	-
	751	-	-	-	-

(1) Based on carrying value at maturity dates.

Term loans

The funding and managing of the owner's operations are performed on a combined basis; accordingly, costs of funding the Portfolio, including debt and related interest expense were not allocated to the Portfolio. Although term loans are not recognized in the special purpose combined statement of financial position of the Portfolio, below is a discussion of the owner's borrowings.

As at January 1, 2017, NL Residential had two term loans with a remaining principal balance of $88.4 million with ABN AMRO and a subordinated loan from a related party of NL Residential of $18.4 million. These properties in the Portfolio were used as security for these loans. These loans were fully repaid by NL Residential in 2017.

On July 12, 2017, the properties in the Portfolio were used by VOF II to secure a non-amortizing Term Loan facility with ING Bank, The Netherlands. The agreement provides for a loan of $157.4 million, made available in 4 tranches. The Term Loan has a seven-year term starting from July 12, 2017 with interest set at the annual fixed rate of 2.04%. The Term Loan is subject to compliance with various provisions of the facility agreement (including certain financial covenants and commitments, as well as limitations on indebtedness). As at December 31, 2018, $157.4 million is outstanding on the Term Loan (2017 - $151.7 million).

The aggregate principal instalment repayments and balances maturing on the mortgages is detailed in the table below.

	6 months or less(1)	**6 to 12 months(1)**	**1 to 2 years (1)**	**2 to 5 years(1)**	**More than 5 years(1)**
As at December 31, 2018	CAD $'000	CAD $'000	CAD $'000	CAD $'000	CAD $'000
Term loan Interest	1,607	1,607	3,213	9,641	-
Term loan Payable	-	-	-	157,445	-
	1,607	1,607	3,213	167,086	-

(1) Based on carrying value at maturity dates.

Related Party Transactions

Prior to July 12, 2017, the Portfolio was owned by NL Residential. On July 12, 2017, the Portfolio was sold to VOF II.

During 2018, $803 thousand (2017 - $334 thousand) of management fee was paid to CANLIVING B.V., an entity under common ownership with VOF II.

Changes in Accounting Policies

A summary of changes in accounting policies and their impact can be found in notes 2(l) and 2(m) of the audited special purpose combined financial statements included as Appendix "J" to the Circular.

FINANCIAL FORECAST

The following financial forecast was prepared by management of European Commercial Real Estate Investment Trust ("ECREIT"), using assumptions with an effective date of March 7, 2019, and was approved by ECREIT's board of trustees on March 13, 2019. Pursuant to applicable securities policies, ECREIT will be required to update the forecast during the forecast period by identifying any material changes from the forecast resulting from events that have occurred since it was issued and by comparing such forecast with annual audited actual results and interim unaudited actual results for the periods covered. The results of this comparison will accompany the REIT's annual or interim Management Discussion & Analysis ("MD&A") for the relevant periods.

The financial forecast has been prepared in accordance with Parts 4A and 4B of National Instrument 51-102 — Continuous Disclosure Obligations ("NI 51-102") or any successor legislation and has been prepared in accordance with the accounting policies that ECREIT expects to use to prepare its historical financial statements for the periods covered by the forecast. Those financial statements will be prepared in accordance with IFRS. The forecast has been prepared using assumptions that reflect management's intended courses of action for the periods covered, given management's judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Acquisition (as defined in the Circular (as defined herein)) and the other transactions contemplated in the management information circular of ECREIT dated February 22, 2019, as supplemented by a supplement to such management information circular dated March 11, 2019 ("the Circular") to be completed before or concurrently with completion of the Acquisition. The forecast assumes the completion of the Acquisition will occur on March 29, 2019.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecasted and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the forecast period will vary from the forecast results and that such variations may be material. There is no representation that actual results achieved during the forecast period will be the same in whole or in part as those forecasts. Important factors that could cause actual results to vary materially from the forecast include those disclosed under the sections entitled "Risk Factors" and "Forward-Looking Information" in the Circular. Capitalized terms not otherwise defined herein have the meaning attributed to them in the Circular.

The financial forecast should be read in conjunction with the audited consolidated financial statements of ECREIT as at December 31, 2017, the unaudited condensed consolidated interim financial statements of ECREIT as at September 30, 2018, the special purpose consolidated financial statements of the CAPREIT NL Holding B.V. as at December 31, 2018, and the special purpose combined financial statements of The Ring Portfolio as at December 31, 2018 included in and/or incorporated by reference into the Circular.

Independent Auditor's Report on Consolidated Statements of Forecast Net Income

To the Board of Trustees of European Commercial Real Estate Investment Trust

The accompanying consolidated financial forecast of European Commercial Real Estate Investment Trust consisting of the condensed consolidated statements of forecast net income for each of the three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019, March 31, 2020 and the twelve-month period ending March 31, 2020, has been prepared by management of European Commercial Real Estate Investment Trust, using assumptions with an effective date of March 7, 2019. We have examined the support provided by management for the assumptions, and the preparation and presentation of this consolidated financial forecast. Our examination was made in accordance with the applicable Assurance and related Services Guideline set out in the Chartered Professional Accountants of Canada Handbook — Assurance. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of European Commercial Real Estate Investment Trust, and provide a reasonable basis for this consolidated financial forecast;
- this consolidated financial forecast reflects such assumptions; and
- this consolidated financial forecast complies with the presentation and disclosure standards for future oriented financial information established in Part 4A and 4B of National Instrument 51-102 — Continuous Disclosure Obligations.

Since this forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, we express no opinion as to whether this forecast will be achieved.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 13, 2019

PricewaterhouseCoopers LLP
PwC Tower, 18 York street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

CONSOLIDATED STATEMENTS OF FORECAST NET INCOME

(€ Thousands)

	Three Month Periods Ending				Twelve-Month
	June 30, 2019	**September 30, 2019**	**December 31, 2019**	**March 31, 2020**	**Period Ending March 31, 2020**
Net Rental Income					
Property Revenue	€ 7,387	€ 7,575	€ 7,591	€ 7,608	€ 30,161
Property Expenses	(1,741)	(1,827)	(1,757)	(1,780)	(7,105)
Net Rental Income	**5,646**	**5,748**	**5,834**	**5,828**	**23,056**
General & Administrative Expenses	(870)	(865)	(865)	(856)	(3,456)
Unit-Based Compensation	(173)	(166)	(144)	(113)	(596)
Income Before Financing Expenses	**4,603**	**4,717**	**4,825**	**4,859**	**19,004**
Finance Expenses					
Interest Expense	(3,351)	(3,371)	(3,373)	(3,369)	(13,464)
Income Before Income Tax	**1,252**	**1,346**	**1,452**	**1,490**	**5,540**
Income Tax Expense	(217)	(253)	(255)	(263)	(988)
Net Income For The Period	**€ 1,035**	**€ 1,093**	**€ 1,197**	**€ 1,227**	**€ 4,552**

See accompanying notes to consolidated statements of forecast net income.

Notes to Consolidated Statements of Forecast Net Income

1. Purpose of the Financial Forecast

This financial forecast has been prepared by management of European Commercial Real Estate Investment Trust ("ECREIT"), for use by investors in their evaluation of the reverse takeover of ECREIT by CAPREIT NL Holding B.V. ("Holding BV")("the Acquisition") which is further described in the Circular and may not be appropriate for any other purpose.

2. Basis of Presentation of Financial Forecast

All amounts are expressed in thousands of Euros except where indicated.

ECREIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. ECREIT owns and operates a portfolio of non-prime core commercial properties in Europe.

Holding BV is a private limited liability company and subsidiary of Canadian Apartment Properties Real Estate Investment Trust ("CAPREIT"), a real estate investment trust domiciled in Canada. Holding BV was formed in the Netherlands on December 16, 2016 and owns the subsidiaries which directly or indirectly own the beneficial interest of all its residential rental properties along with the related mortgages and all the corporate debt obligations.

The proposed acquisition of Holding BV by ECREIT would constitute a reverse take-over ("RTO") due to CAPREIT's controlling interest in the combined entity (the "REIT") after the Acquisition. The financial forecast has been prepared by management of ECREIT to reflect the acquisition of ECREIT by Holding BV.

The financial forecast consists of the consolidated statements of forecast net income for each of the three-month periods
ending June 30, 2019, September 30, 2019, December 31, 2019, March 31, 2020 and the twelve-month period ending March 31, 2020. The financial forecast has been prepared by management using assumptions with an effective date of March 7, 2019, and reflects the assumptions described in note 4.

The financial forecast has been prepared using assumptions that reflect management's intended course of action for the periods presented, given management's judgment as to the most probable set of economic conditions. The financial forecast will be compared with the reported results for the financial forecast periods and any significant differences will be disclosed in the REIT's annual or interim MD&A for such periods. The actual results achieved during the forecast periods will vary from the forecast results, and these variations may be material.

The financial forecast assumes that the exchange rate between the Euro and the Canadian dollar ("C$") will be set at 1.485, 1.485, 1.520, and 1.555 during each of three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019, March 31, 2020, respectively, representing the average forecast forward exchange rate at these periods.

3. Significant Accounting Policies

The financial forecast has been prepared in accordance with Parts 4A and 4B of NI 51-102 and has been prepared in accordance with the accounting policies that the REIT expects to use to prepare its historical financial statements for the period covered by the forecast and should be read in conjunction with the Holding BV's audited special purpose consolidated financial statements as at December 31, 2018 and ECREIT's audited consolidated financial statements as at December 31, 2017 and unaudited condensed consolidated interim financial statements as at September 30, 2018 included in the Circular.

a) Basis of consolidation

Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when it's exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control commences. They are deconsolidated from the date that control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All intra-group transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

The financial forecast should be read in conjunction with the consolidated financial statements of ECREIT, the special purpose consolidated financial statements of Holding BV and the special purpose financial statements of the Ring Portfolio included in and/or incorporated by reference into the Circular.

At the time of acquisition of a property or a portfolio of investment properties, ECREIT evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3, Business Combinations is applicable only if it is considered that a business has been acquired. A business, under IFRS 3, is defined as an integrated set of activities and assets conducted and managed for the purpose of providing a return to investors, or to lower costs or provide other economic benefits directly and proportionately to investors.

When determining whether the acquisition of an investment property or a portfolio of investment properties is a business combination or an asset acquisition, ECREIT applies judgement when determining whether an integrated set of activities is acquired in addition to the property or portfolio of properties. Activities can include whether employees were assumed in the acquisition and whether an operating platform has been acquired. In applying IFRS 3, the REIT considers the following in identifying the acquirer for accounting purposes: (1) whether the former owners of the entity being acquired own the majority of the units, and control the majority of votes, in the combined entity and (2) whether management of the combined entity is drawn predominantly from the entity whose units are acquired. Where the acquirer for accounting purposes is the legal acquire, the acquisition is a reverse acquisition transaction.

When an acquisition does not represent a business as defined under IFRS 3, ECREIT classifies these properties, or portfolio of properties, as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at their relative fair values at the acquisition date. Acquisition-related transaction costs are capitalised to the property.

b) Revenue recognition

ECREIT recognizes rental revenue using the straight-line method, whereby the total amount of rental revenue to be received from all leases is accounted for on a straight-line basis over the term of the related leases.

Operating cost recoveries are recognized over time, as they represent a series of services that are substantially the same and have the same pattern of transfer to commercial tenants.

Tenant inducements
Incentives such as cash, rent-free periods and move-in allowances may be provided to lessees who enter into a lease. The incentives are written off on a straight-line basis over the term of the lease as a reduction of rental revenue.

Modification of leases
Modifications of lease agreements, including reductions in the contractual lease terms, are accounted for as a new lease at the date the modification is effective, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Expected Losses for Receivables
A provision for impairment is established based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, ECREIT estimates lifetime expected losses for its receivables at each balance sheet date based on available information. To measure the expected losses, amounts receivable are grouped based on the days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statement of profit or loss and other comprehensive income within property operating expenses. Bad debt write-offs

occur when ECREIT determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against property operating expenses.

c) Service charges, property operating expenses, and administrative expenses

In the case of service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. These mainly relate to gas, water, electricity, cleaning and security.

Property operating expenses comprise those costs that are directly attributable to the operation of properties, net of costs charged to tenants. These mainly relate to realty taxes, utilities, insurance, leasehold, repair and maintenance costs, and property management fees. These are expensed as incurred. Administrative expenses are expenses that are not directly attributable to the operation of properties (including charged management costs not directly related to properties, office overheads, advice, valuation and audit fees, listing costs and marketing and promotion costs).

Service charges for which the REIT acts as a principal are presented in the statement of forecast net income. Therefore, for those property investments for which the REIT is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis.

d) Interest and other financing costs

Interest and other financing costs include mortgage interest and interest on corporate credit facilities, which is expensed at the effective interest rate, and transaction costs incurred in connection with the mortgages and revolving credit facilities, which are capitalized and presented as other non-current assets and amortized over the term of the facility to which they relate.

e) Investment properties

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation, or both. All investment properties are recorded at fair value at their respective acquisition dates and are subsequently stated at fair value at each balance sheet date, with any gain or loss arising from a change in fair value recognized within net income. As fair values are impacted by many variables, such a local and global economic conditions that are by their nature not susceptible to forecasting, this financial forecast does not reflect any change in the fair values of the investment properties.

f) Foreign currency translation

The presentation currency for this consolidated statement of forecast net income is the Euro, which the REIT expects will become its functional currency shortly after the closing of the Acquisition. The functional currency of all of the REIT's subsidiaries is the Euro.

Expenses denominated in currencies other than the Euro are translated at the average of the forecast forward rate at the end of each three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019, and March 31, 2020 (see note 4(i)).

g) Income taxes

The REIT qualifies as a mutual fund trust under the Canadian Income Tax Act (the Tax Act"). The REIT will not be a specified investment flow-through trust ("SIFT") provided that the REIT complies at all times with its investment restrictions that only permit the REIT to invest in properties or assets located outside of Canada. The Trustees intend to distribute all taxable income directly earned by the REIT to Unitholders and to deduct such distributions for income tax purposes. The tax deductibility of the REIT's distributions to Unitholders represents, in substance, an exception from current tax, and from deferred tax relating to temporary differences in the REIT, so long as the REIT continues to expect to distribute all of its taxable income and taxable capital gains to its Unitholders. Accordingly, no net current income tax expense or deferred income tax assets or liabilities have been recorded in the financial forecast in respect of the REIT.

The tax expense related to taxable Subsidiaries for the period comprises current and deferred tax. The current income tax charge is calculated on the basis of the tax laws expected to be enacted or substantively enacted at March 31, 2020 where the subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that are expected to be enacted or substantively enacted March 31, 2020 and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

h) Unit-based compensation

Issued and outstanding unit-options are recorded as a liability on the balance sheet and as Unit-based compensation expense in the consolidated statement of profit and loss. Grants to employees, trustees, officers and consultants are recognized as compensation expense over the vesting period at the amortized cost based on the fair value of the Units.

4. Significant assumptions

a) Transaction

The financial forecast assumes ECREIT completes its acquisition of Holding BV on March 29, 2019. It is assumed that the purchase price will be satisfied by the issuance of 81,641,210 Class B Limited Partnership ("Class B LP") Units of ECRE Limited Partnership, a subsidiary of ECREIT to CAPREIT representing 82.9% of Units outstanding, including Class B LP Units after the acquisition; and (ii) the assumption of €204,410 aggregate principal amount of existing mortgage debt relating to Holding BV and all other liabilities associated with the entities (including subsidiaries) that hold the properties. The Class B LP Units are entitled to distributions equivalent to distributions on the Units, can be exchanged solely for Units on a one-for-one basis, and are exchangeable at any time at the option of the holder.

b) Property revenue

Forecast rental income from investment properties is based on rents from existing leases. The overall weighted average occupancy for the properties during the forecast period is assumed to be approximately 98.7%. Rental revenue includes all rental income receivable from the properties, including minimum rent, operating cost, realty tax and administration fee recoveries, parking revenue, storage income and all other miscellaneous income paid by the tenants under the terms of their existing leases. In preparing the financial forecast, it is assumed that all existing tenants fulfill their current contractual lease obligations and remain in occupancy and pay rent for the term of the forecast period.

Residential leases are subject to indexation effective July 1st and commercial leases are subject to indexation effective January 1st. Indexation rates for the residential properties are forecasted to be between 1.48% and 5.50% on a property by property basis. The weighted average indexation rate for the properties is 3.41%. No indexation is expected on the commercial properties and no commercial lease is expected to expire during the forecast period.

c) Property expenses

Property operating expenses of the investment properties have been forecasted with reference to (1) the 2018 historical costs adjusted with 2% inflationary increase and (2) new contracted rates where service providers have been replaced. The financial forecast reflects historical data adjusted for expected changes. The major components of those costs consist of realty taxes, utilities, property management fee, and repairs and maintenance.

Included in property operating expenses is €885 of property management fee to be paid to CAPREIT for its property management services, calculated as 3.5% of effective gross income plus value added tax ("VAT") for the residential properties. VAT is not recoverable for the REIT.

d) General and administrative expense

General and administrative expenses reflect management's best estimate of asset management fees, legal fees, regulatory costs, annual report costs, transfer agent fees and insurance costs.

Included in general and administrative expenses is €459 to be paid to Maple Knoll Capital Ltd ("Maple Knoll"), calculated as 0.50% of the historical gross acquisition price of ECREIT's commercial properties, plus VAT in consideration of asset management services rendered in its current capacity as asset manager of ECREIT. Phillip Burns (Chief Executive Officer and a trustee of the REIT) is a principal of Maple Knoll.

Also included in general and administrative expense is €1,786 to be paid to CAPREIT, calculated as 0.35% of the historical purchase price of the REIT's residential properties, plus VAT in consideration of asset management services rendered in its capacity as asset manager of the REIT upon closing of the Acquisition. Also included in general and administrative expenses is €500 for reimbursement of services to be performed by CAPREIT for the REIT.

e) Interest expense

Interest expense related to mortgages is based on effective interest rates on the existing mortgages and the associated interest rate swaps. It is assumed that there are no early prepayments of the mortgages in excess of the contractual amortization requirements in the forecast period and that no amounts will be capitalized during the forecast period.

In order to finance working capital deficiencies and capital expenditures, the REIT expects to enter into a new credit facility at an assumed rate of 2.50%.

Distributions to holders of Class B LP Units recorded as interest expense is based on an assumed annual distributions per Class B LP Unit of €0.105.

f) Unit-based compensation expense

The main assumption used in determining the fair value of the REIT's Unit Options is the Unit price and volatility rate, which are assumed to be C$4.00 and 30%, respectively. The Unit price and volatility rate are assumed to stay consistent throughout the forecast period. This financial forecast also assumes 1,000,000 Unit Options will be issued on March 29, 2019 with an exercise price of C$4.00 and vesting over a 3 year period. These Unit Options will expire ten years from the date such Unit Options are granted and have an expected unit option life of 5 years.

g) Acquisition and dispositions of investment properties

This financial forecast does not reflect any potential sales or acquisitions of investment properties other than the Acquisition, which is discussed in note 4(a).

h) Income taxes

As ECREIT qualifies as a mutual fund trust, no net current income tax expense or future income tax assets or liabilities have been recorded in the financial forecast in respect of the REIT. Income tax related to taxable subsidiaries has been recorded based on the corresponding assumptions and legislated rates as discussed herein.

On closing of the Acquisition, the REIT will own a portfolio of residential properties in the Netherlands indirectly through a number of Dutch subsidiaries. Each of these entities are subject to tax at a rate of 20% on the first €200 of taxable income and 25% thereafter. The standard rate will be reduced from 25% in 2019 to 22.55% in 2020. The lower rate will decrease from 20% in 2018, to 19% in 2019, to 16.5% in 2020.

ECREIT owns two commercial properties in Germany which generate German source income. Such income, less related expenses, would be subject to German corporate income taxes, even if the relevant company is not a German tax resident. The right to tax such income by Germany is assumed not to be waived under the double tax treaty between Germany and Luxembourg because the properties are located in Germany and income from German real estate is taxed in the country where the real estate is located. Currently, the statutory rate is at a rate of 15.825% (including a solidarity surcharge of 5.5%) on taxable net income. To determine taxable income, a taxpayer may deduct certain expenses incurred in connection with its German source income (e.g., with respect to the acquisition and ownership of real property and certain operating expenses) provided that such costs are incurred on arm's length terms. The deduction of interest expense, which must reflect arm's length terms, is generally restricted by the so-called "interest capping rules". These rules apply to limit the deduction of all interest expense incurred up to a maximum of 30% of the taxable earnings before interest, tax, depreciation and amortization. However, an exception is available where annual interest expense is less than €3.0 million for each taxpayer.

ECREIT also owns a commercial property in Belgium, which is expected to benefit from the FIIS (fonds d'investissement immodbilier) regime which is a specialized real estate fund regime in Belgium. Subject to meeting certain regulatory requirements under the FIIS, the Belgian corporate income tax rate of 33.99% would be applied only on a limited taxable basis (certain non-deductible expenses and non-arm's length transaction benefits).

For purposes of the forecast ECREIT has assumed that the carrying value of the investment properties do not change over the forecasted period and that a deduction for tax depreciation of the properties will be taken in determining taxable income. The consolidated statement of forecast net income includes a deferred tax expense relating to the recognition of the resulting temporary timing differences, using the respective effective rates for each jurisdiction.

The following table reconciles the total income tax provision for the twelve-month period ended March 31, 2020.

Income before taxes	€	5,540
Increase/decrease resulting from:		
Income distributed and taxable to unitholders		(7,335)
Interest on Class B LP Units		8,572
Amortization of Deferred Financing Costs		236
Unit-based Compensation Expense		596
Foreign subsidiary income not subject to local tax		(2,603)
Total taxable income		5,006
Income tax expense based on German statutory rate		143
Income tax expense based on Belgium statutory rate		57
Income tax expense based on Dutch statutory rate		788
Total current and deferred income taxes	€	988

i) *Foreign currency translation*

The financial forecast assumes that the exchange rate between the Euro and the Canadian dollar will be set at 1.485, 1.485, 1.520, and 1.555 during each of three-month periods ending June 30, 2019, September 30, 2019, December 31, 2019, March 31, 2020, respectively, representing the average forecast forward exchange rate at these periods. This financial forecast assumes no change in foreign exchange rates between when expenses are incurred and when they are settled.

j) *Fair value change of financial instruments*

Subsequent to initial recognition, interest rate swaps entered into to fix the floating interest rates on debt will be adjusted to their fair values at each reporting period with changes in fair value recorded in net income. Class B LP Units are classified as financial liabilities under IFRS and are measured at amortized cost with reference to the fair value of Units. Unit Options issued as compensation to management and directors are classified as liabilities under IFRS and are measured with reference to the fair value of Units into which they can be exercised. For purposes of the consolidated statement of forecast net income no change in fair values of derivatives or the Units has been assumed.

k) *Other matters:*

No significant changes in economic conditions and government legislation with respect to taxes, including realty taxes, other than announced changes, are anticipated during the forecast period.