



PARTNERS REAL ESTATE INVESTMENT TRUST ANNOUNCES DECISION TO INTERNALIZE MANAGEMENT

FOR IMMEDIATE RELEASE

Toronto, Ont. – May 2, 2013 – The independent trustees of **Partners Real Estate Investment Trust** (the “**REIT**” or the “**Trust**”) (TSX: PAR.UN; PAR.DB; PAR.DB.A; PAR.DB.B) announce that they have provided notice to LAPP Global Asset Management Corp., the external manager of the REIT (the “**Manager**”) that they have decided to internalize management of the REIT, effective at the close of business on November 1, 2013.

The independent trustees believe the internalization of management will remove any conflicts of interest between the Manager and the Trust and significantly improve corporate governance of the Trust.

It has always been the intention of the trustees to have the management performed on a full time basis by individuals employed directly by the REIT when the size of the Trust permitted this to be done on a more economic basis than is the case under the management agreement with the Manager provided the independent trustees also concluded that internalizing management was otherwise in the best interests of unitholders. The management agreement provides for the termination of the Manager under such circumstances, provided that the Manager is given six months’ notice and a stipulated termination payment. The independent trustees believe that it is in the best interests of the unitholders to internalize management.

In taking this decision, the independent trustees considered the amounts expected to be paid to the Manager to carry out its duties under the agreement, including the management and acquisition fees payable to it, and concluded, after seeking independent advice that it would be less expensive for the REIT to employ individuals directly rather than have the REIT managed by the Manager.

The independent trustees have asked John van Haastreht, a current trustee and a member of the REIT’s investment committee, to oversee and lead the transition from external to internal management. Mr. van Haastreht has been a trustee of the REIT since its inception, has been chairman of the REIT’s investment committee, and is familiar with all of the REIT’s properties. He is an experienced real estate executive, having operated and developed commercial retail shopping centres through Vanreal Ltd., a company founded by him. In addition, Mr. van Haastreht also served as a trustee and the President and Chief Executive Officer of Morguard Real Estate Investment Trust, a publicly traded real estate investment trust.

During the six month transition period, Mr. van Haastrecht will assemble an internal management team and work with the Manager to ensure all normal reporting obligations of the Trust are met and that the internal management group is in a position to manage the Trust when the six month transition period ends on November 1, 2013.

The independent trustees have engaged Scotia Capital Inc. to act as their financial advisor.

Additional information about this decision will be provided to unitholders in the proxy circular to be mailed to unitholders in connection with the upcoming annual meeting of unitholders, which is expected to be held on June 6, 2013 at 2:30 p.m. in Toronto.

About Partners REIT

The REIT is a growth-oriented real estate investment trust, which currently owns (directly or indirectly) 38 retail properties located in British Columbia, Alberta, Manitoba, Ontario and Quebec, aggregating approximately 2.7 million square feet of leasable space. The Trust focuses on expanding and managing a portfolio of retail and mixed-use community and neighbourhood shopping centres located in both primary and secondary markets across Canada.

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