

Partners REIT (TSX-V: CRH.UN) acquires Canadian Tire portfolio, secures \$10 M in credit facilities, and reduces distribution to \$0.16 per unit to strengthen balance sheet and fuel future growth

TORONTO: Partners Real Estate Investment Trust (“Partners REIT”) is pleased to announce that on September 5, 2008, it acquired a portfolio of three properties leased on a triple-net basis for a 15-year term to Canadian Tire (the vendor). The properties are located in Brockville, Strathroy and Wasaga Beach, Ontario (the “Properties”) and were acquired for an aggregate purchase price of \$27,250,000 before closing costs (the “Canadian Tire Acquisition”).

“We believe that Canadian Tire is one of the most dynamic retailers in Canada and we view this transaction as a perfect example of the type of triple-net lease deals we want to continue to do with national retailers in the future,” said Ari Silverberg, President and Chief Operating Officer of Partners REIT. “Furthermore, by securing \$10,000,000 of corporate debt, Partners REIT is able to creatively fund this transaction without borrowing additional amounts from its acquisition facility and retain a very reasonable debt-to-gross book value ratio.”

The Properties: The Properties, which total 192,295 square feet of rentable area, are all strategically located in their respective communities and feature Canadian Tire’s successful Concept 20/20 retail format. Rents will grow consistently through contractual rent escalations over the 15-year lease term. Management expects the acquisition to add approximately \$0.01 per unit to funds from operations (“FFO”) over the next 12 months – a 5% increase in Partners REIT’s annualized FFO per unit .*

Partners REIT obtained a first mortgage loan in the amount of \$19,050,000, secured and cross-collateralized by the Properties. The mortgage is for a five-year term with a 25 year amortization period. The mortgage bears interest at a rate of 5.65%. The remainder of the Canadian Tire Acquisition was funded by the credit facilities described below at an 8.75% interest rate for an overall cost of funds of approximately 6.65%.

The Credit Facilities: In addition to the first mortgage loan, Partners REIT has obtained corporate level financing in the total amount of \$10,000,000, made up of two credit facilities (the “Facilities”). The Facilities are primarily being used to finance the equity portion of the Canadian Tire Acquisition, as well as for working capital purposes.

The first facility is an \$8,600,000 five-year facility that bears interest at 8.75% per annum on an interest-only basis. The facility can be prepaid without penalty at any time and is secured by (a) a

first mortgage on Partners REIT's three Rona properties located in Exeter, Seaforth and Zurich, Ontario; (b) second charges on the Méga Centre property, the Châteauguay property and the Properties; and (c) a general security agreement relating to the above properties.

The second facility is a \$1,400,000 five-year facility that bears interest at 8.75% per annum on an interest-only basis for the first two years and is then self amortizing over the final three years. The facility can be prepaid without penalty at any time and is secured by a second charge on the Cornwall Square shopping centre.

The Facilities require that Partners REIT maintain an overall debt-to-gross book value ratio of no more than 75%. Partners REIT's debt-to-gross book value ratio on a pro forma basis after taking into account the Canadian Tire Acquisition and the related first mortgage financing and Facilities (using Partners REIT's second quarter financial statements as a base), is approximately 64%.

Distribution Reduction: Partners REIT is committed to growing its portfolio of high-quality community and neighbourhood shopping centres, as demonstrated by the Canadian Tire Acquisition and the previous \$112 million of acquisitions completed since the beginning of 2007. In order to continue that path of growth, take advantage of acquisition opportunities and, ultimately, provide unitholders with superior value over the long term, Partners REIT will reduce annual distributions to \$0.16 per unit from \$0.3104 per unit. This change will be effective for the September 2008 distribution which will be paid out on or about October 15, 2008.

Partners REIT's Board of Trustees believes that the distribution reduction will give Partners REIT unitholders a more stable distribution yield on a go-forward basis by establishing the payout ratio at a more sustainable percentage of FFO and allowing for significant retention of capital that can be redeployed in the business. The new distribution level represents a payout ratio of approximately 80% based on Partners REIT's FFO of \$0.10 per unit for the first six months of 2008. Partners REIT expects its payout ratio to further improve as a result of the Canadian Tire Acquisition and additional future acquisitions.

"The reduction in our distribution level will provide Partners's unitholders with a sustainable, fully tax-deferred distribution yield of 8% based on Friday's closing price of \$2.00, while at the same time putting Partners in a stronger financial position that will enable it to pursue additional high-quality acquisitions," said John Driscoll, Chairman and Chief Executive Officer of Partners REIT.

Partners REIT: Partners Real Estate Investment Trust is an open-end real estate investment trust established under the laws of the Province of Ontario. Partners REIT is focused on acquiring a portfolio of retail and mixed-use retail community and neighbourhood centres, generally in the mid-market deal size range of \$10 to \$40 million, comprised of stable cash flow and value-add properties from both primary and secondary markets throughout Canada. Partners REIT's principal goal is to generate a reliable and growing yield for its investors. Partners REIT currently owns 10 retail properties located in Ontario and Quebec.

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The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

** Percentage increase based on Partners's FFO of \$0.10 per unit for the first six months of 2008.*

This press release contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Partners REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include statements with respect to further growth of Partners REIT, increases in the rental rates under the Canadian Tire leases and management's expectations regarding the contribution of the Properties to Partners REIT's FFO over the next twelve months. Actual results and developments 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 which may prove to be incorrect, including, but not limited to: the availability of acquisition or development opportunities in the future and the success of the Canadian Tire stores at the Properties and the continuation of the respective leases. While Partners REIT anticipates that subsequent events and developments may cause its views to change, it specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing Partners REIT's views as of any date subsequent to the date of this press release. Although Partners REIT has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect Partners REIT. Additional factors are noted under "Risk Factors" in Partners REIT's annual information form dated February 22, 2008, a copy of which may be obtained on the SEDAR website at www.sedar.com.