

Partners Real Estate Investment Trust (TSX-V: CRH.UN) announces agreement to acquire Cornwall Square Shopping Centre

TORONTO: Partners Real Estate Investment Trust (the “REIT”) is pleased to announce that it has agreed to acquire (the “Acquisition”) Cornwall Square Shopping Centre (“Cornwall Square”), a shopping centre in Cornwall, Ontario from Water Street Investment Inc. (the “Vendor”). The REIT also announces that in connection with the acquisition of Cornwall Square, C.A. Bancorp Inc. (“C.A. Bancorp”), the REIT’s majority unitholder, has agreed to increase its bridge facility to \$14 million from \$10 million.

CORNWALL SQUARE ACQUISITION: On June 5, 2007, the REIT signed a non-binding purchase and sale agreement with the Vendor (the “Agreement”).

On June 29, 2007, the REIT waived conditions in its favour under the Agreement. The REIT will acquire Cornwall Square for an aggregate purchase price (the “Purchase Price”) before closing costs of \$41.7 million (subject to customary adjustments). The Acquisition is expected to close on August 3, 2007 (the “Closing Date”).

The REIT has a term sheet from a Canadian chartered bank for an operating/acquisition facility in the initial amount of \$32,250,000, which will be secured by Cornwall Square and will initially be used to fund the Acquisition. The facility is for a one-year term and bears interest at a rate of prime plus 75 basis points or bankers’ acceptance plus 175 basis points.

The remainder of the Purchase Price will be funded using bridge financing from C.A. Bancorp and cash on hand from the recently completed private placement of 741,000 units at a price of \$4.05 per unit for gross proceeds of \$3,001,050.

The TSX Venture Exchange has conditionally approved the Acquisition. Final approval is expected to be issued shortly following the issuance of this press release.

CORNWALL SQUARE: The property comprises 250,503 square feet of commercial retail space and 1,470 square feet of rentable storage space and administration offices. There are no outstanding conditions of closing of the Acquisition other than customary conditions to be satisfied on or before closing. The estimated going-in yield for the Acquisition on an unlevered basis is approximately 8.07% before closing costs.

Cornwall Square is a two-level enclosed shopping centre strategically located next to the Cornwall waterfront in the heart of the city’s downtown retail sector. Adjacent land uses include a number of government offices including Parks Canada, the Cornwall Civic complex and the Department of Justice building. The site encompasses an area of approximately 9.16 acres. There

are 1,180 parking spaces on the site (4.7 spaces per 1,000 square feet of gross leasable area), with approximately 1,000 spaces located within a four-level parking deck.

Management believes that the property is the dominant fashion shopping centre in the region and draws from a broad trade area encompassing approximately 109,000 people (the United Counties of Stormont, Dundas and Glengarry).

Cornwall Square was originally built in 1979 and was expanded in 1989 with the addition of a food court on the second level with seating capacity for 300. Management believes that it has been maintained to a high standard given the institutional nature of the previous owners. The centre is anchored by a 96,909 square foot Sears store and a 41,058 square foot Loblaws grocery store operating under the “No Frills” banner. There are approximately 65 additional retail tenants, including eight food court users. Key non-anchor tenants include Shoppers Drug Mart, Le Chateau, Stitches, Cleo, Garage Clothing Company, La Senza, TD Canada Trust, Foot Locker, Athletes World, Tip Top Tailors, Urban Trade and Ardene.

The centre is 98.33% leased including anchor tenants or 96.29% excluding anchor tenants.

In the next five years, leases representing the percentage of leased retail gross leasable area set out below will expire:

Year	% of leased retail square feet
2007	0.52%
2008	4.91%
2009	6.81%
2010	13.41%
2011	3.00%

Cornwall Square faces competition from other local shopping complexes; however, the greatest source of competition is from fashion shopping centres located in Montreal and Ottawa, each of which is less than a one-hour drive from Cornwall.

In connection with the Acquisition, the REIT has commissioned an independent appraisal from Altus Group Limited. As well, the REIT has obtained property condition and environmental reports. Finally, the REIT has conducted financial due diligence. No significant concerns have been identified in any of the reports received or during the course of the REIT’s due diligence performed to date.

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.

This press release contains forward-looking statements with respect to the Acquisition, the Acquisition Facility, the financing and matters concerning the business, operations, strategy, and financial performance of Cornwall Square and the REIT. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue or the negative thereof or similar variations. The completion of the Acquisition, and the future business, operations and performance of Cornwall Square and the REIT discussed herein could differ materially from those expressed or implied by such statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transaction contemplated herein is completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, local real estate conditions, including the development of properties in close proximity to Cornwall Square, competition, changes in government regulation, dependence on tenants' financial conditions, interest rates, the availability of equity and debt financing, environmental and tax-related matters, and reliance on key personnel. The cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the REIT has no obligation to update such statements except as required by law.