

**PARTNERS REAL ESTATE INVESTMENT TRUST**  
**Notice to Security Holders – May 19, 2017**

***Who can participate in the Rights Offering?***

Partners Real Estate Investment Trust (the “**REIT**”) is distributing rights (“**Rights**”) to subscribe for Units of the REIT to eligible holders of its outstanding Units.

If you are a Unitholder of record as at 5:00 p.m. (Toronto time) on June 7, 2017, you can participate in the offering of Rights (the “**Rights Offering**”), provided that you are eligible to receive Rights (as discussed in more detail below).

***Who is eligible to receive Rights?***

The Rights will be offered in all of the provinces and territories of Canada (collectively, the “**Qualified Jurisdictions**”). If you are a Unitholder and are resident in one of the Qualified Jurisdictions you will be eligible to receive Rights. As a condition to a purchase of any Units under the Rights Offering, each holder that exercises Rights (except as described below) will be deemed to have represented and warranted that it is resident in a Qualified Jurisdiction, and this representation and warranty will be relied upon by the REIT and Computershare Investor Services Inc. (the “**Subscription Agent**”).

The Rights and the Units that the Rights can be used to subscribe for will not be qualified under the securities laws of any jurisdiction other than the Qualified Jurisdictions. If you are a Unitholder and are resident in a non-qualified jurisdiction, you will not be eligible to receive any Rights or participate in the Rights Offering except where you are able to satisfy the REIT in its sole discretion that your participation in the Rights Offering is lawful and in compliance with all securities and other laws in the non-qualified jurisdiction where you reside and is not prejudicial to the REIT or its securityholders.

***How many Rights is the REIT offering?***

The REIT is offering a total of 34,255,398 Rights. If all Rights are exercised, holders of Rights will be entitled to subscribe for a total of 11,418,466 Units.

***How many Rights will you receive?***

If you are an eligible holder of Units, you will receive one Right for each of your existing Units on the record date.

No fractional Rights will be issued.

***What do three Rights entitle you to receive?***

Every three Rights held will entitle an eligible holder to subscribe for one Unit at a subscription price of \$3.10 per Unit. The smallest increment that Rights may be exercised in is three.

Rightholders that fully exercise their Rights will also have an additional subscription privilege. This means that if any other Rightholders do not fully exercise their Rights under their basic subscription privilege, any Units not initially subscribed for will be offered to Rightholders who have fully exercised their Rights and wish to make additional subscriptions.

If you fully subscribe for all the Units your Rights entitle you to under your basic subscription privilege and you wish to participate in the additional subscription privilege, you will be limited to your *pro rata* share of the total amount of Units available for additional subscription. Subscriptions above this limit will not be accepted and any excess subscription payments will be returned to you without interest.

The REIT has been advised by its three largest unitholders, who, in the aggregate, own approximately 49% of the currently outstanding Units, that they intend to exercise all of the Rights they are issued and may subscribe for whatever additional rights are available to them. Each of the Trustees of the REIT and its senior management who

hold Units have also confirmed their current intention to exercise their Basic Subscription Privilege. This is not a legally binding commitment from these three unitholders, the Trustees or senior management and their intentions could change at their absolute and unfettered discretion.

***How will you receive your Rights?***

If you are an eligible Unitholder and you hold your Units through a securities broker, dealer, bank, trust company, custodian or other intermediary (each, a “**Participant**”), you will not receive a Rights Certificate. Instead, Rights will be represented under the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). We expect you will receive a confirmation of the number of Rights issued to you by your Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights. You will be able to participate in the Rights Offering only through your Participant and you will need to contact your Participant to determine how you will be able to participate in the Rights Offering.

If you are an eligible Unitholder and you are the registered holder of your Units, you will receive a Rights certificate in the mail.

If you are a Unitholder and are resident in a non-qualified jurisdiction, you will not receive any Rights and will not be able to participate in the Rights Offering unless you are able to provide evidence satisfactory to the REIT that your participation in the Rights Offering is lawful and in compliance with all securities and other laws in the non-qualified jurisdiction where you reside and is not prejudicial to the REIT or its securityholders. If you are resident in a non-qualified jurisdiction, you must arrange for your participation by contacting the Subscription Agent, if you are a registered holder, or your Participant, if you hold Rights through your Participant.

***When and how can you exercise your Rights?***

You can exercise your Rights at any time up to 5:00 p.m. (Toronto time) on July 18, 2017 (the “**Expiry Time**”).

If you hold your Rights through a Participant, you must arrange exercises, sales or transfers of Rights through your Participant.

If you are an eligible Unitholder and you are the registered holder of your Units, you can exercise or transfer your Rights by completing the appropriate form on your Rights Certificate and delivering it to the Subscription Agent in accordance with the instructions on your Rights Certificate and as contained in the REIT’s Rights Offering circular before the Expiry Time.

**This document contains key information you should know about the REIT. You can find more details in the REIT’s Rights Offering circular. To obtain a copy, visit the REIT’s profile on the SEDAR website, visit the REIT’s website at [www.partnersreit.com](http://www.partnersreit.com), or contact Jane Domenico, President and Chief Executive Officer at (416) 855-3313 ext. 401 or [investor.relations@partnersreit.com](mailto:investor.relations@partnersreit.com). You should read the Rights Offering circular, along with the REIT’s continuous disclosure record, to make an informed decision.**

**PARTNERS REAL ESTATE INVESTMENT TRUST**

Per: (signed) “Jane Domenico”  
Jane Domenico  
President and Chief Executive Officer