



**FIRM CAPITAL PRIVATE EQUITY REALTY TRUST ISSUES LETTER TO
PARTNERS REAL ESTATE INVESTMENT TRUST BOARD OF TRUSTEES WITH A
VALUE MAXIMIZATION PLAN**

- *Believes Partners has 57% upside to its Net Asset Value –*
- *Believes Partners needs an additional Independent Trustee with value maximization focus-*
- *Believes the current CEO should be on the Board of Trustees in order to be more aligned and to show unitholders that the board has confidence in her leadership-*
- *Firm Capital entities own approximately 6% of outstanding units -*

Toronto, Ontario, January 20, 2016. Firm Capital Private Equity Realty Trust (“**Firm Capital**”) would like to inform all unitholders of Partners Real Estate Investment Trust (TSX : PAR.UN) (“**Partners**”, “**REIT**” or the “**Trust**”) that on January 11, 2016 it sent the following letter to the Board of Trustees of Partners with a plan to maximize unitholder value. As of today, the Board of Trustees have rebuffed and deferred any advances to create value. Firm Capital is urging all unitholders to contact the board with their concerns for value maximization. Further, it is the intent of Firm Capital to follow up this press release with additional information regarding its stance on creating unitholder value.

To the Board of Trustees of Partners Real Estate Investment Trust

Partners Real Estate Investment Trust
294 Saunders Road, Unit #3
Barrie, Ontario
L4N 9A3

RE: BOARD RENEWAL AND VALUE MAXIMIZATION

Firm Capital Private Equity Realty Trust and or affiliated and associated entities (“Firm Capital”), own and or manage approximately 1.8 million Trust Units and \$2,076,090 of the Series A and B Convertible Senior Unsecured Debentures representing or approximately 6% of the fully diluted issued and outstanding trust units of Partners Real Estate Investment Trust (TSX : PAR.UN) (“**Partners**”, “**REIT**” or the “**Trust**”).

As you are aware, Firm Capital has had multiple discussions with both senior management and certain members of the board of trustees in the past about appointing an additional Trustee and having the CEO join the board of trustees.

OUR MISSION STATEMENT – NEED CORRECTION:

Your Mission Statements states; “to reward our unitholders with sustainable, long-term returns through the development of a real estate portfolio that features open air or standalone properties located in stable markets and anchored by necessity based retailers. We will derive value from this portfolio by prioritizing superior client service, focused leasing activities, and active asset management.”

This Mission Statement is what every real estate company should strive for – great property management. We believe what is missing from your Mission Statement is the most important matter – ***Exploring All Options to Maximize Unitholders Value.***

OVERVIEW:

Firm Capital is seeking to

1. Add two additional Trustees to join the board; one new independent trustee and the current CEO; and
2. Have the board institute a value maximization process for Partners REIT

It is incumbent that a new strategy be implemented immediately to create value for all Unitholders with the right stewardship in place to guide this strategy.

BOARD RENEWAL

INDEPENDENT BOARD TRUSTEE:

We are recommending that Manfred Walt be installed on the board immediately. You have been circulated a copy of Manfred’s biography demonstrating his extensive experience in both the real estate and capital markets. Manfred serves as the chairman of Firm Capital Private Equity Realty Trust. Manfred is a fully engaged director who supports his directorships by committing his own capital and currently owns a meaningful number of units of PAR.UN. His interest are very closely aligned with all Unitholders. Needless to say, we believe he would be a strong addition to your board and can provide guidance to a value maximization program with the objective of unit price appreciation to NAV.

CEO AS A BOARD TRUSTEE:

We are still perplexed as to why Jane Domenico is not on the board of trustees? We have voiced our concerns now for months. Nowhere in the real estate capital markets does an acting CEO not also act as a member of the board of trustees. Further, by not having Jane Domenico act as a trustee, you as a board send a message to the capital markets that you have no faith in the current CEO, a message of instability and lack of confidence

We strongly request that both Manfred and Jane be appointed to the board effective immediately.

VALUE MAXIMIZATION PROGRAM.

We are requesting the implementation of a simple value maximization program. It is clear in the current capital market context that Partners cannot grow and it is only left with the ability to maximize the management of its real estate portfolio.

It is incumbent that a simple and cost effective value maximization plan be implemented to return value to shareholders.

- 1) Select stabilized properties, and immediately start selling off one property at a time.
- 2) Net proceeds from the dispositions would be used to jointly to (i) buy back trust units and or (ii) pay out a special distribution, after leaving a reasonable reserve for repayment of convertible debentures;
- 3) After the sale of each property, disclose the sale capitalization rate of dispositions to investors ;
- 4) Continue this sale process until the Unit price approaches Net Asset Value (“NAV”).
- 5) This Private Equity Value Maximization plan should be well communicated to all unitholders so that unitholders can see that the Board is taking an innovative approach to realizing value.

Given the fragile state of the capital markets, any continued delays in creating value will continue to see the same subpar stock performance in your units.

As such, we urge you as the board of trustees to immediately undertake the above action plan to maximize value so that unitholders may ultimately receive, your published NAV of \$4.88 per unit. The real estate is worth more, sold into the open market, than it is worth as a part of the public REIT.

We see no compelling reason to delay selling off assets and return value to Unitholders. This value maximizing plan will be a Board initiated, industry leading way to show the market that Unitholders can see value by having assets sold into the private market when there is a discrepancy between the unit price of the REIT and the real value in the underlying assets.

The Board of Trustees must act in the best interest of investors and take action until such time as the Unit price increases or Unitholders have received special distributions to compensate for the discounted Unit price.

We have held many conversations with your CEO and with certain Board members addressing these matters. This has been ongoing for many months. We have supported the Board with certain decisions made and participated in the Rights Offering, as well as offered to backstop the offering. The time has come for the Board to create value in a manner that is cost effective and innovative.

Can we please have confirmation in the next 10 business days that the Board of Trustees will consider and implement these changes?

The time has come for the Board of Trustees to take a leadership and entrepreneurial approach to solving the problem.

Please feel free to contact us at your earliest convenience to discuss further.

Yours very truly,

FIRM CAPITAL PRIVATE EQUITY REALTY TRUST

PER:

Eli Dadouch

Vice Chairman & Chief Executive Officer

ABOUT FIRM CAPITAL PRIVATE EQUITY REALTY TRUST

Firm Capital Private Equity Realty Trust is a multi-strategy, special opportunity, tactical investor focused on public & private real estate equity, debt and special situation investments. For more information about Firm Capital, please visit our website www.firmcapital.com.

FORWARD LOOKING INFORMATION

This press release may contain forward-looking statements. In some cases, forward-looking statements can be identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", and by discussions of strategies that involve risks and uncertainties. The forward-looking statements are based on certain key expectations and assumptions made by Firm Capital. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Although management of Firm Capital believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that future results, levels of activity, performance or achievements will occur as anticipated. Neither Firm Capital nor any other person assumes responsibility for the accuracy and completeness of any forward-looking statements, and no one has any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or such other factors which affect this information, except as required by law.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy, which may be made only by means of a prospectus, nor shall there be any sale of the Units in any state, province or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of any such state, province or other jurisdiction. Firm Capital has not, and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered, sold or delivered in the United States absent registration or an application for exemption from the registration requirements of U.S. securities laws.

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