# PARTNERS REIT ANNOUNCES SOLID FIRST QUARTER 2011 RESULTS

**VICTORIA, BRITISH COLUMBIA** – June 14, 2011 – Partners Real Estate Investment Trust, (TSX - PAR.UN) announced today solid growth for the three months ended March 31, 2011. Effective November 3, 2010, the name of Charter Real Estate Investment Trust was changed to Partners Real Estate Investment Trust. All references to "Partners Real Estate Investment Trust", "Partners REIT", the "REIT" and similar references in this press release refer to Charter Real Estate Investment Trust prior to the name change. In addition, effective January 1, 2011 the REIT adopted International Financial Reporting Standards ("IFRS"). Please refer to the REIT's Management Discussion and Analysis and the condensed consolidated financial statements for the three months ended March 31, 2011 for a comprehensive description of the changes arising from the transition.

## FIRST QUARTER HIGHLIGHTS:

- Occupancies up significantly to 97.6% from 92.0% last year
- NOI rises 25% on contribution from acquisitions and stable same property performance
- New debt reduces average effective interest rate from 5.93% to 5.24%
- Strong leasing activities during and subsequent to quarter
- Acquisition of six properties in Manitoba and Quebec strengthens portfolio
- $28.75 million 8% unsecured subordinated debentures offering completed
- First B.C. acquisition completed subsequent to quarter end
- Renewed credit facility on improved terms subsequent to quarter end
- Focus on growing Unitholder value through accretive acquisitions and enhanced property performance continues

### Solid Operating Performance

Weighted average occupancy at March 31, 2011 increased significantly to 97.6% from 92.0% at the same time last year and from 95.7% at December 31, 2010. The increase is due to strong occupancies at the recently acquired Wellington Southdale Plaza and six retail properties occupied primarily by Shoppers Drug Mart, which had occupancies of 97.2% and 100.0% upon acquisition, respectively, as well as increased occupancy rates at a number of the REIT's other properties. In addition, leasing activities were successful in offsetting lease expiries in the fourth quarter of 2010 and the first quarter of 2011. As of June 13, 2011 the REIT had renewed or signed new leases representing 92% of lease expiries for 2011.

Net Operating Income ("NOI") increased 25% to $3.0 million in the first quarter of 2011 from $2.4 million in the same prior-year period due primarily to the contribution from recent acquisitions and stable same property NOI.

Funds from Operations ("FFO") rose to $1.1 million ($0.04 per unit) in the first quarter of 2011 from $0.9 million ($0.04 per unit) in the first quarter of the prior year. The increase is due primarily to the contribution from acquisitions in the period. Per unit amounts were impacted by the 67.2% increase in the number of units outstanding resulting from a rights offering in July 2010 and a bought-deal public offering of units in December 2010.

"We continue to meet our portfolio growth objectives, acquiring seven high quality properties during and subsequent to the first quarter of 2011. These purchases significantly enhance our portfolio, extend our presence in current and new urban markets, and will make a solid and accretive contribution to our FFO though the balance of 2011 and going forward," commented Adam Gant, Chief Executive Officer. "Looking ahead, our near-term goal is to further expand our portfolio geographically across western Canada in the Winnipeg, Edmonton, Vancouver and Victoria markets."

**Solid Financial Position**

The changes to the REIT's balance sheet at March 31, 2011 compared to December 31, 2010 were due primarily to acquisitions and financings completed in the first quarter of 2011. As at March 31, 2011 the REIT's ratio of debt to gross book value was 67.4% compared to 60.0% at December 31, 2010. Interest coverage and debt service coverage ratios remained a conservative 1.71 times and 1.35 times respectively.

During the first quarter of 2011 the REIT assumed first mortgages aggregating $17.2 million on the six Shoppers Drug Mart properties acquired on March 17, 2011 (see discussion below). The mortgages have a weighted average interest rate, adjusted to market, of 4.9% and mature between 2015 and 2021.

Overall, the REIT's mortgage portfolio incurs a weighted average effective interest rate of 5.24%, down from 5.93% as at March 31, 2010 with a weighted average term to maturity of approximately seven years.

**Key Developments**

In March 2011 the REIT completed an offering of $28.75 million aggregate principal amount of 8.0% extendible convertible unsecured subordinated debentures, including an over-allotment option, at a price of $1,000 per $1,000 principal amount of debentures. The debentures mature on March 31, 2016 and bear interest at an annual rate of 8.0% payable semi-annually, in arrears, on March 31 and September 30 in each year commencing on September 30, 2011. The debentures are convertible at the option of the holder into REIT units at a conversion price of $2.20 per unit.

The proceeds of the debentures were used in part to purchase a portfolio five properties in Manitoba and one in Quebec aggregating approximately 104,000 square feet of gross leaseable area. The properties are 100% occupied, primarily by Shoppers Drug Mart. The total aggregate purchase price was approximately $32.9 million satisfied by the assumption of existing mortgages of approximately $17.2 million with the balance in cash. The purchase closed on March 17, 2011. The properties currently generate NOI of approximately $2.3 million on an annualized basis and are expected to generate annual incremental Funds From Operations of approximately $600,000.

On May 16, 2011 the REIT acquired the majority of the retail units totalling approximately 32,500 square feet of the Centuria Urban Village, a food and drug store anchored high-rise mixed use retail and residential property located in Kelowna, British Columbia. The purchase price as approximately $8.9 million and was satisfied with cash from the proceeds of the recently completed Convertible Unsecured Subordinated Debenture Offering and the REIT's line of credit. The properties on an annualized basis currently generate NOI of approximately $650,000 and will generate approximately $550,000 in incremental Funds From Operations.

On May 16, 2011 the REIT renewed its Operating Credit Line through May 15, 2013 for an amount of $5.8 million, with upward expansion, replacing the prior facility. The new facility bears interest at a rate equal to the Bank's prime rate plus 2.25% per annum, or the Bank's Acceptance stamping fee plus 3.25% per annum, an improvement from the previous rates of 3.50% and 4.50% respectively. On May 16, 2011 $2.25 million was drawn on the facility to patially fund the purchase of Centuria Urban Village.

"We have been very active in both the debt and capital markets this year, strengthening our liquidity and financial position and providing us with the resources and the flexibility to act on future accretive growth opportunities," Mr. Gant concluded.

**Investor Conference Call**

A conference call to discuss the recent operating and financial results, as well as recent acquisitions, will be hosted by Adam Gant, Chief Executive Officer and Patrick Miniutti, President and Chief Operating Officer, on Thursday June 16, 2011 at 11:00 am ET. The telephone numbers for the conference call are:

Local: (416) 915-8110 and North American Toll Free: (866) 838-1265.

The telephone numbers to listen to the call after it is completed (Instant Replay) are local (416) 915-1035 or North American toll free (866) 245-6755. The Passcode for the Instant Replay is 933991#. A recording of the call will also be archived on the REIT's website at www.partnersreit.com.

**2010 Annual Meeting of Unitholders**

The REIT will hold its 2010 Annual and Special Meeting of Unitholders on Tuesday, June 14, 2011 at 10:00 am ET at The National Club, 333 Bay Street, Toronto, Ontario. Management will make a presentation on the REIT's recent results and its business, and Unitholders will have the opportunity to ask questions. Partners REIT cordially invites all Unitholders to attend the meeting.

**Financial Highlights**

| ($ and units in 000s, except per unit amounts) | | |
|---|---|---|
| For the three months ended March 31, | **2011** | **2010** |
| Revenues | **4,960** | 4,101 |
| Portfolio Occupancy | **97.6%** | 92.0% |
| Net Operating Income (NOI) | **3,006** | 2,400 |
| Funds from Operations (FFO) | **1,108** | 855 |
| FFO per Unit | **$0.04** | $0.04 |
| Net Income | **1,068** | 625 |
| Net Income per Unit | **$0.03** | $0.03 |
| Distributions Declared | **1,239** | 741 |
| Distributions Declared per Unit | **$0.04** | $0.04 |
| Cash Distributions (1) | **1,178** | 679 |
| Cash Distributions per Unit (1) | **$0.04** | $0.04 |
| Weighted avg units outstanding | **30,928** | 18,489 |
| Debt to Gross Book Value | **67.4%** | 63.5% |
| Interest Coverage Ratio(2) | **1.71** | 1.78 |
| Debt Service Coverage Ratio(2) | **1.35** | 1.46 |
| Weighted Average Interest Rate (3) | **5.24%** | 5.93% |

(1) Represents distributions to unitholders net of the distribution reinvestment plan.
(2) Calculated on a rolling four quarter basis
(3) Represents the weighted average effective interest rate for secured debt excluding the bank credit facility with a floating rate of interest.

For the complete first quarter 2011 financial statements and Management's Discussion and Analysis, please visit www.sedar.com or www.partnersreit.com.

**About Partners REIT**

Partners REIT is a growth-oriented real estate investment trust, which currently owns (directly or indirectly) eighteen retail properties located in British Columbia, Manitoba, Ontario and Quebec, aggregating approximately 1.3 million square feet of leaseable space. Partners REIT 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.

For more information, contact Patrick Miniutti, President and Chief Operating Officer (250) 940-5500.

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*Certain statements included in this press release constitute forward-looking statements, including, but not limited to, those identified by the expressions "expect," "will" and similar expressions to the extent they relate to Partners REIT. The forward-looking statements are not historical facts but reflect Partners REIT's current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including general economic and market factors, local real estate conditions, including the development of properties in close proximity to Partners REIT's properties, competition, changes in government regulation, dependence on tenants, financial conditions, interest rates, the availability of equity and debt financing, environmental and tax-related matters, reliance on the Manager, potential conflicts of interest and reliance on key personnel. Although Partners REIT believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein.*