Partners Real Estate Investment Trust (TSX VENTURE:CRH.UN) Announces Q3 2008 Financial Results

TORONTO, ONTARIO--(Marketwire - Nov. 6, 2008) - Partners Real Estate Investment Trust ("Partners REIT")(TSX VENTURE:CRH.UN) is pleased to announce its financial results for the quarter ended September 30, 2008.

Highlights:

During the third quarter and the first nine months of 2008, Partners REIT:

- acquired four properties; during the third quarter acquired a portfolio of three Canadian Tire properties in Brockville, Strathroy and Wasaga Beach, Ontario for an aggregate purchase price of $27,250,000 which total 192,295 square feet of rentable area; and during the first quarter acquired Place Val Est in Sudbury, a 110,313 square foot grocery-anchored retail strip centre for an aggregate purchase price of $14,720,000, bringing total assets acquired to approximately $139,000,000 since January 1, 2007;
- in conjunction with the Canadian Tire portfolio acquisition, raised $10,000,000 by way of corporate secured debt;
- as a prudent action given current difficult market conditions, reduced annual distributions to $0.16 per unit from $0.3104 per unit in order to provide unitholders with a more stable distribution yield going forward, while at the same time putting Partners REIT in a stronger financial position that will enable it to pursue its business plans in the future; the new distribution level of $0.16 per unit annually represents a payout ratio of approximately 80% based on the REIT's funds from operations of $0.15 per unit for the first nine months of 2008;
- has a balance sheet that remains strong, with a debt-to-gross book value of 63.5%;
- currently has $11,575,000 available under its acquisition facility, for remaining acquisition capacity of between $29,000,000 and $33,000,000, while a further $14,000,000 bridge facility from C.A. Bancorp Inc. remains undrawn;
- instituted a normal course issuer bid as a result of the fact that Partners REIT's units are trading in a price range which does not adequately reflect the value of its units;
- established a Distribution Reinvestment and Optional Unit Purchase Plan, which currently has approximately 27% participation by existing unitholders, saving Partners REIT significant cash in terms of its monthly distributions; and
- had an average occupancy rate for the portfolio of 96.0%, compared to 97.8% at the end of the second quarter; the decrease was mainly due to a 23,000 square foot tenant at Place Val Est terminating its lease; Partners REIT will continue to receive rent for this space for approximately another nine months.

Financial highlights:

- As of September 30, 2008, Partners REIT's total assets increased to $140,016,730 (December 31, 2007 - $99,576,433), reflecting the acquisitions of the Canadian Tire properties and Place Val Est in 2008.
- For the quarter ended September 30, 2008, Partners REIT recorded net operating income from its properties of $2,405,877, representing a 6% increase from the quarter ended June 30, 2008 of $2,262,172 and an 87% increase from the quarter ended September 30, 2007 of $1,288,013.
- Same property net operating income for the quarter ended September 30, 2008 was 0.4% lower at $2,253,109, compared to $2,262,172 for the quarter ended June 30, 2008; excluding a one-time insurance item at our Mega Centre property recorded in the second quarter, same property net operating income increased by 1.8%.
- For the quarter ended September 30, 2008, Partners REIT had a net loss of $340,859 or $0.02 per unit basic and diluted (for the quarter ended June 30, 2008, net loss was $230,240 or $0.01 per unit basic and diluted and for the quarter ended September 30, 2007, net loss was $1,021,814 or $0.09 per unit basic and diluted). The net loss compared to the second quarter of 2008 was impacted by higher NOI from the Canadian Tire portfolio (net of financing expense), but was more than offset by higher general and administrative expenses, higher depreciation and amortization from the acquisition of the Canadian Tire properties and a one-time insurance item of $50,000 received in the second quarter at the Mega Centre property. The net loss improved compared to the third quarter of 2007 mainly as a result of approximately $58 million in property acquisitions since then, as well as non-recurring corporate transaction costs of $464,733 recorded in the third quarter of 2007.
- For the quarter ended September 30, 2008, Partners REIT's funds from operations ("FFO") were $948,769 or $0.05 per unit basic and diluted, a decrease of 4.0% from the quarter ended June 30, 2008 of $988,711 or $0.06 per unit basic and diluted and an increase of 342.0% from the quarter ended September 30, 2007 of $(392,116) or $(0.04) per unit basic and diluted. With respect to the decline in FFO compared to the second quarter of 2008, although NOI increased by $143,705 predominantly due to the acquisition of the Canadian Tire properties, this was more than offset by: (a) an increase in interest expense from the loans obtained for the acquisition of the Canadian Tire properties; (b) higher general and administrative expenses; and (c) the one-time insurance item of $50,000 received in the second quarter at the Mega Centre property. The increase in FFO for the third quarter of 2008 compared to the third quarter of 2007 is mainly due to the significant amount of acquisitions made over that time period as well as corporate transaction costs of $464,733 incurred during the third quarter of 2007.

2008 Q3 financial results:

For the complete Q3 2008 Management's Discussion and Analysis and Financial Statements, please visit www.sedar.com or www.partnersreit.com.

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.

More information: Ari Silverberg, President and Chief Operating Officer or Floriana Cipollone, Chief Financial Officer Telephone: (416) 364-5705 Facsimile: (416) 861-8166.

This press release contains forward-looking statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. 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 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. The cautionary statements qualify all forward-looking statements attributable to Partners 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 Partners REIT has no obligation to update such statements except as required by law.