

## Whiterock REIT Announces 2006 Results and Achievements

TORONTO, March 29 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three month period and year ended December 31, 2006. The following comments and highlights should be read in conjunction with the audited consolidated financial statements and management's discussion and analysis for the years ended December 31, 2006 and 2005. These will be available on Whiterock's website at [www.whiterockreit.ca](http://www.whiterockreit.ca).

### HIGHLIGHTS

- **Strong Annual FFO Growth** – FFO per Unit (basic) for the year ended December 31, 2006 increased by \$0.83 to \$0.84 per Unit (adjusted for the one-time costs of management internalization and the loss on redemption of the Series B Debentures) compared to \$0.01 per Unit (basic) for the year ended December 31, 2005.
- **Continued Quarterly FFO Growth** – In the three months ended December 31, 2006, FFO per Unit (basic) is \$0.28 (adjusted for the one-time costs of management internalization), an increase of \$0.19 per Unit over the same period in 2005.
- **2006 Acquisitions** – Acquired 21 properties in 12 cities across Canada for \$256 million. The total GLA acquired of over 1.8 million square feet represents 10 office, 5 retail, and 6 industrial properties.
- **Investment Grade Tenants on Long-Term Leases** – At December 31, 2006, 46.0% of revenues from government leases, 70.5% of revenues from government and other investment grade tenants. Average lease term of portfolio is 8.7 years.
- **Unit Price Appreciation** – Unit price closed at \$13.30 at December 31, 2006, an eighteen month increase of 78%, including reinvestment of distributions, since the June 2005 initial public offering.
- **Completed \$48.5 Million Equity and \$25 Million Convertible Debenture Offerings** – successfully raised \$48.5 million of equity and \$25 million of convertible debt throughout 2006. The proceeds of the offerings were used to acquire properties, significantly pay down the acquisition facility and for general business purposes.
- **Debenture Refinancing** – \$10 million of 7.5% Redeemable Subordinated Convertible Debentures were issued to fund the redemption of all of Whiterock's 9% Redeemable Subordinated Series B Convertible Debentures, resulting in reduced interest payments, an extension of term and an increase in conversion price.
- **Acquisition Facility** – Announced a \$23.5 million revolving facility to fund acquisitions, with an affiliate of Kimco Realty Corporation. Subsequently negotiated an increase in the acquisition facility to \$45 million.
- **Completed Internalization of Management** – On December 12, 2006, successfully completed the internalization of asset management and management services for \$3.5 million, settled in Units (before transaction costs).
- **Expanded Board of Trustees** – Appointed a new independent Chairman of the Board, an independent Audit Committee Chair and an independent Investment Committee Chair.

- **Unit Consolidation** – Completed a four for one Unit consolidation, effective August 21, 2006.
- **TSX Listing** – Listing moved to the Toronto Stock Exchange (TSX) from the TSX Venture Exchange.
- **DRIP Plan Established** – Distribution Reinvestment Plan established for Unitholders.

#### **HIGHLIGHTS – SUBSEQUENT EVENTS**

- **Announced process to solicit acquisition or merger proposals** – On January 16, 2007, announced the commencement of a process to solicit proposals to acquire or merge with the REIT, in an effort to continue to enhance its Unit value.
- **Adopted Unitholder Rights Plan** – in connection with the process to solicit proposals to acquire or merge with the REIT the Trust adopted a Unitholder rights plan.
- **Announced the proposed sale of three jointly owned Quebec properties** – On February 16, 2007, announced the agreement to sell to the existing co-owners through the exercise of buy-sell provisions in its co-ownership agreement, which were initiated by Whiterock, 50% undivided, non-managed interests in three Quebec City properties, being 410 Charest, 750 Charest, and 880-930 Ste Foy, subject to closing conditions and adjustments, for \$51.75 million. This represents an in-place cap rate of slightly below 7%.

## FINANCIAL HIGHLIGHTS

(in \$000's except per Unit data)	Three months ended December 31		Year ended December 31,	
	2006	2005	2006	2005
Total revenue	<b>12,185</b>	3,129	<b>33,564</b>	3,666
Property operating income	<b>7,539</b>	1,814	<b>20,774</b>	2,045
Income (loss)	<b>(4,243)</b>	(257)	<b>(6,471)</b>	(661)
Income (loss) (adjusted) <sup>(1)</sup>	<b>(540)</b>	(257)	<b>(2,077)</b>	(661)
Income (loss) per Unit				
- basic	<b>(0.50)</b>	(0.07)	<b>(0.94)</b>	(0.32)
- basic (adjusted) <sup>(1)</sup>	<b>(0.06)</b>	(0.07)	<b>(0.30)</b>	(0.32)
- diluted	<b>(0.50)</b>	(0.07)	<b>(0.94)</b>	(0.32)
- diluted (adjusted) <sup>(1)</sup>	<b>(0.06)</b>	(0.07)	<b>(0.30)</b>	(0.32)
Funds from operations (FFO)	<b>(1,297)</b>	352	<b>1,430</b>	25
FFO (adjusted) <sup>(2)</sup>	<b>2,406</b>	352	<b>5,824</b>	25
FFO per Unit				
- basic	<b>(0.15)</b>	0.09	<b>0.21</b>	0.01
- basic (adjusted) <sup>(2)</sup>	<b>0.28</b>	0.09	<b>0.84</b>	0.01
- diluted	<b>(0.15)</b>	0.09	<b>0.20</b>	0.01
- diluted (adjusted) <sup>(2)</sup>	<b>0.28</b>	0.09	<b>0.83</b>	0.01
Adjusted Funds From Operations (AFFO)	<b>1,683</b>	282	<b>4,289</b>	40
AFFO (adjusted) <sup>(3)</sup>	<b>1,886</b>	282	<b>4,747</b>	40
AFFO per Unit				
- basic	<b>0.20</b>	0.07	<b>0.62</b>	0.02
- basic (adjusted) <sup>(3)</sup>	<b>0.22</b>	0.07	<b>0.69</b>	0.02
- diluted	<b>0.20</b>	0.07	<b>0.61</b>	0.02
- diluted (adjusted) <sup>(3)</sup>	<b>0.22</b>	0.07	<b>0.67</b>	0.02

(1) Income (loss) (adjusted) excludes the effect of the one-time costs relating to the internalization of management of \$3,703,112 in the fourth quarter and the redemption of the Series B convertible debentures of \$690,838 in the second quarter.

(2) FFO per Unit (adjusted) excludes the effect of the one-time costs relating to the internalization of management of \$3,703,112 and the redemption of the Series B convertible debentures of \$690,838.

(3) AFFO per Unit (adjusted) excludes the effect of the one-time cash costs relating to the internalization of management of \$203,112 and the redemption of the Series B convertible debentures of \$254,998.

Balance sheet highlights for Whiterock as at December 31, 2006 and 2005 are as follows:

(in \$000's)	2006	2005
Investment in real estate	<b>376,927</b>	116,403
Mortgages payable	<b>247,286</b>	84,193
Acquisition facility	<b>3,600</b>	-
Convertible debentures (face value)	<b>51,000</b>	25,000
Cash	<b>9,298</b>	29,282
Unitholders' equity	<b>80,252</b>	38,218

Selected financial ratios for Whiterock as at, and for the period ended, December 31, 2006 and 2005 are as follows:

	2006	2005
Percent of investment grade tenants	<b>70.5%</b>	67.4%
Weighted average fixed mortgage rate	<b>5.4%</b>	5.4%
Weighted average debenture rate	<b>7.1%</b>	8.5%
Interest coverage ratio <sup>(1)</sup>	<b>1.5</b>	1.0
Occupancy level <sup>(2)</sup>	<b>98.4%</b>	97.8%
FFO payout ratio (Q4) <sup>(3)</sup>	<b>100%</b>	311%

(1) Interest coverage for the year is calculated based on property operating income less G&A, divided by interest expense (including debentures and financing fee amortization) net of interest income. For the fourth quarter, the interest coverage ratio has improved to 1.6 compared to 1.3 in the prior year comparative quarter.

(2) Occupancy includes space under head lease.

(3) FFO payout ratio (Q4) is calculated as distributions divided by FFO, adjusted to exclude the effect of the one-time costs relating to the internalization of management of \$3,703,112.

The improvement in the financial results, after adjusting for one-time costs, reflect the accretive acquisitions completed in 2005 and 2006 exceeding interest and administrative costs.

FFO and AFFO are supplemental non-GAAP financial measures used by the real estate industry to measure and compare the operating performance of real estate organizations. Whiterock's method of calculating FFO and AFFO may be different from methods used by other REITs or corporations. Whiterock calculates FFO in accordance with the recommendations of the Real Property Association of Canada ("REALpac"). The definition is meant to standardize the calculation of FFO across real estate entities in Canada. A description of Whiterock's calculation of FFO and AFFO is included in Whiterock's Management's Discussion and Analysis for the year ended December 31, 2006.

## OUTLOOK

Management believes Whiterock has met or exceeded all of its objectives. In the year ended December 31, 2006, Whiterock acquired 21 properties, significantly improved its FFO, AFFO, FFO per Unit, AFFO per Unit, property operating income, weighted average debenture interest rate, and increased its interest coverage ratio while maintaining occupancy levels.

Further, Whiterock has successfully put in place a solid business platform by acquiring a portfolio of high quality assets with investment grade tenants, establishing a management team and Board of Trustees (the majority of which is independent), and establishing relationships in select markets across Canada. In an effort to continue to enhance Unitholder value and capitalize on the platform that has been put in place, on January 16, 2007, Whiterock announced that its Board of Trustees had approved a process to solicit proposals to acquire or merge with Whiterock. There can be no assurance that a transaction will result from the process initiated by the Board of Trustees and there is no certainty as to the price at which a transaction will be effected, if one does take place. During the sale process, the REIT will continue to manage its business in the normal course. However, significant amounts of new capital will not be committed to new acquisitions during the sale process.

### Forward Looking Statements

This news release contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to financial performance, sale-leaseback opportunities, proposed acquisitions and equity or debt offerings,

new markets for growth, financial position, comparable commercial REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Whiterock to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the risks related to the market for Whiterock’s securities, the general risks associated with real property ownership and acquisition that future accretive acquisition opportunities will be identified and/or completed by Whiterock, lease maturities, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding Whiterock securities, lack of availability of growth opportunities, diversification, reliance on anchor or single tenant properties, potential Unitholder liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, the market price of Whiterock’s Units, the failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in the section entitled “Risk Factors” in Whiterock’s Annual Information Form, which can be obtained at [www.sedar.com](http://www.sedar.com).

The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

**For further information:** [www.whiterockreit.ca](http://www.whiterockreit.ca)

Jason Underwood, 416-907-4861  
Paul Simcox, 416-907-4862  
Frank Bucys, CFO, 416-907-4864

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Source: Whiterock Real Estate Investment Trust