

Whiterock REIT Announces Q1 2007 Results and Achievements

TORONTO, May 11 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three month period ended March 31, 2007. The following comments and highlights should be read in conjunction with the unaudited consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2007. These will be available on Whiterock's website at www.whiterockreit.ca.

HIGHLIGHTS

- **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 Unit value.
- **Strong FFO Growth** – FFO per Unit (basic) for the three months ended March 31, 2007, increased by \$0.15 to \$0.28 per Unit compared to \$0.13 per Unit (basic) for the same period in the prior year.
- **Same Property Growth** – Property operating income increased 6% on a same property basis compared to the prior year period.
- **2007 Acquisitions** – Acquired a 41,710 square foot retail property in Charlottetown, Prince Edward Island, for \$6.6 million, including closing costs.
- **Investment Grade Tenants on Long-Term Leases** – At March 31, 2007, 45.6% of revenues from government leases, 69.7% of revenues from government and other investment grade tenants. Average lease term of portfolio is 8.5 years.
- **Unit Price Appreciation** – Unit price closed at \$13.96 on March 31, 2007, an increase of 89.4%, including reinvestment of distributions, since the June 2005 initial public offering.

HIGHLIGHTS – SUBSEQUENT EVENTS

- **Sold three jointly owned Quebec properties** – Effective April 10, 2007, completed the sale to the existing co-owners through the exercise of buy-sell provisions in its co-ownership agreements, of its 50% undivided, non-managed interests in three Quebec City office properties, being 410 Charest, 750 Charest, and 880-930 Ste-Foy for \$51.75 million subject to closing adjustments.
- **Repaid Acquisition Facility** – On April 13, 2007, fully repaid the outstanding balance on the acquisition facility.

FINANCIAL HIGHLIGHTS

(including discontinued operations, except as noted)

| (in \$000's except per Unit data) | Three months ended March 31, 2007 | Three months ended March 31, 2006 |
|---------------------------------------------------|--------------------------------------|--------------------------------------|
| Total revenue - continuing operations | 11,966 | 5,185 |
| Property operating income - continuing operations | 7,068 | 3,137 |
| Income (loss) | (225) | (493) |
| Income (loss) per Unit | (0.02) | (0.10) |
| Funds from operations (FFO) | 2,799 | 651 |
| FFO per Unit | | |
| - basic | 0.28 | 0.13 |
| - diluted | 0.28 | 0.12 |
| Adjusted Funds From Operations (AFFO) | 2,173 | 500 |
| AFFO per Unit | | |
| - basic | 0.22 | 0.10 |
| - diluted | 0.21 | 0.09 |

Balance sheet highlights for Whiterock as at March 31, 2007 and December 31, 2006 are as follows:

| (in \$000's) | March 31, 2007 | December 31, 2006 |
|-------------------------------------|----------------|-------------------|
| Investment in real estate | 383,763 | 376,927 |
| Mortgages payable | 244,674 | 247,286 |
| Acquisition facility | 7,314 | 3,600 |
| Convertible debentures (face value) | 50,677 | 51,000 |
| Cash | 5,477 | 9,298 |
| Unitholders' equity | 78,188 | 80,252 |

Selected financial ratios for Whiterock as at, and for the period ended, March 31, 2007 and 2006 are as follows:

| | March 31, 2007 | March 31, 2006 |
|----------------------------------------|----------------|----------------|
| Percent of investment grade tenants | 69.7% | 73.6% |
| Weighted average fixed mortgage rate | 5.4% | 5.4% |
| Weighted average debenture rate | 7.1% | 8.5% |
| Interest coverage ratio ⁽¹⁾ | 1.6 | 1.3 |
| Occupancy level ⁽²⁾ | 98.3% | 99.0% |
| FFO payout ratio ⁽³⁾ | 100% | 223% |

(1) Interest coverage for the period is calculated based on property operating income less G&A, divided by interest expense (including debentures and financing fee amortization) net of interest income.

(2) Occupancy includes space under head lease.

(3) FFO payout ratio is calculated as distributions divided by FFO.

The improvement in the financial results reflects the accretive acquisitions completed and the increase in same asset property operating income 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 three months ended March 31, 2007.

OUTLOOK

Management believes Whiterock has met or exceeded its objectives. In the three months ended March 31, 2007, Whiterock 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 reducing its payout ratio compared to the prior year comparative period.

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.

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

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Source: Whiterock Real Estate Investment Trust