

Whiterock REIT Announces Q2 2007 Results, Outlook and Achievements

TORONTO, August 14 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three and six months ended June 30, 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 and six months ended June 30, 2007. These will be available on Whiterock's website at www.whiterockreit.ca.

HIGHLIGHTS

- **High Yield** – Distribution yield of 10.2% annualized, based on per Unit distributions for the six months totaling \$0.56, and the August 10, 2007 Unit closing price of \$11.02.
- **Strong FFO Growth** – Q2 recurring FFO per Unit (basic) increased by 50% to \$0.27 per Unit compared to \$0.18 per Unit (basic) for the same period in the prior year.
- **Positive AFFO Outlook** – AFFO run rate (basic) expected to grow to approximately \$1.14 per Unit and exceed distributions early in 2008.
- **NAV Exceeds Current Unit Price** – Process to solicit proposals to acquire or merge with the REIT confirms NAV in excess of current Unit price.
- **Process to Review Strategic Alternatives Completed** – Trustees determined that continuing to operate the business is the best means to build and deliver value to Unitholders. Independent review confirms the quality of the revenue stream and absence of any material due diligence issues. Whiterock is resuming its acquisition program with an additional focus on internal growth opportunities.
- **\$3.5 Million Gain from Sale of 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% non-managed interests in three Quebec City office properties. The \$3.5 million gain represents a return of over 20% in 11 months of ownership, reinforcing the strength of Whiterock's acquisition criteria.
- **Solid Leasing Performance** – 83% of 2007's expiring leases were renewed during the first half of the year with an average rate increase of 9%. Tenant inducements on renewals were minimal at \$1.43 per square foot.
- **Same Property Growth** – Q2 Property operating income increased 5.4% on a same property basis from the prior year comparative period.
- **Continued Acquisition Capacity** – \$14 million from excess cash and unlevered assets available for acquisitions; \$45 million acquisition facility is undrawn.
- **Investment Grade Tenants on Long-Term Leases** – At June 30, 2007, 70% of revenues from government and other investment grade tenants. Average lease term of portfolio is 9 years.
- **Long-Term Fixed Rate Debt** – Average 9 year debt term at a weighted average rate of 5.4% with 95% at fixed rates.

- **Geographically Balanced Portfolio** – 19% in Saskatchewan, 27% in Ontario, 38% in Quebec and 16% in Atlantic Canada.
- **Unit Price Appreciation** – An increase of 70%, including reinvestment of distributions, in the two years since the June 2005 initial public offering.

HIGHLIGHTS – SUBSEQUENT EVENTS

- **Continued deleveraging** – \$2.3 million of Series A convertible debentures converted to equity since June 30, 2007.

FINANCIAL HIGHLIGHTS

(including discontinued operations, except as noted)

(in \$000's except per Unit data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Total revenue - continuing operations	11,938	6,129	23,904	11,314
Property operating income				
- continuing operations	7,249	3,891	14,317	7,028
Income (loss)	1,978	(1,298)	1,754	(1,791)
Income (loss) per unit - basic and diluted				
- basic	0.20	(0.22)	0.18	(0.32)
- diluted	0.20	(0.22)	0.17	(0.32)
Funds From Operations (FFO) ⁽¹⁾	2,682	1,056	5,481	1,707
FFO per Unit				
- basic	0.27	0.18	0.55	0.31
- diluted	0.27	0.17	0.54	0.30
Adjusted Funds From Operations (AFFO) ⁽¹⁾	2,133	756	4,306	1,255
AFFO per Unit				
- basic	0.21	0.13	0.43	0.23
- diluted	0.21	0.12	0.42	0.22

(1) FFO, FFO per unit, AFFO and AFFO per Unit exclude non-recurring items.

Balance sheet highlights for Whiterock as at June 30, 2007 and December 31, 2006 are as follows:

(in \$000's)	June 30, 2007	December 31, 2006
Investment in real estate	335,284	376,927
Mortgages payable and acquisition facility	212,215	250,886
Convertible debentures (face value)	50,677	51,000
Cash	14,894	9,298
Unitholders' equity	77,604	80,252

Selected financial ratios for Whiterock as at, and for the period ended, June 30, 2007 and 2006 are as follows:

	June 30, 2007	June 30, 2006
Weighted average fixed mortgage rate	5.4%	5.6%
Weighted average debenture rate	7.1%	8.5%
Interest coverage ratio ⁽¹⁾	1.7	1.3
Occupancy level	98.7%	98.3%
FFO payout ratio ⁽²⁾	102%	182%

(1) Interest coverage for the quarter 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) FFO payout ratio is calculated as year-to-date distributions divided by recurring 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. A description of Whiterock's calculation of FFO and AFFO is included in Whiterock's Management's Discussion and Analysis for the three and six months ended June 30, 2007.

OUTLOOK

Whiterock has a solid business platform of high quality assets with investment grade tenants, a committed management team and Board of Trustees (the majority of which is independent), and established relationships in select markets across Canada.

In the six months ended June 30, 2007, Whiterock significantly improved its recurring 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, the requirements for future increases in FFO and AFFO per Unit at Whiterock have been, and continue to be, successfully put into place. Management expects that completed and anticipated new leasing and renewals, the reinvestment of balance sheet cash, selected property management and G&A improvements, the refinancing of floating rate debt and in-place rent increases will result in basic AFFO per Unit exceeding distributions in early 2008.

CONFERENCE CALL

Whiterock Real Estate Investment Trust ("Whiterock") invites you to participate in its live conference call with senior management on Wednesday August 15, 2007 at 10:00 a.m. E.D.T., to discuss the REIT's results and achievements for the three and six months ended June 30, 2007.

You may participate in the live conference call toll free at 1-888-373-5705 and you will be prompted by the operator to provide the confirmation code 451098. To ensure your participation, please call five minutes prior to the scheduled start of the call. The call will be archived on Whiterock's website and available after the call.

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 dated March 21, 2007 which can be obtained at www.sedar.com. In particular, but without limitation, there is no assurance that Whiterock will be able to increase its AFFO as anticipated.

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