

Whiterock REIT Announces 2008 First Quarter Results, Posts Record FFO and AFFO per Unit

TORONTO, May 14 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three months ended March 31, 2008. 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, 2008. These will be available on Whiterock's website at www.whiterockreit.ca.

HIGHLIGHTS – March 31, 2008

- **Record Quarterly FFO** – FFO increased 20% to \$3.4 million for the three months ended March 31, 2008. FFO per unit (basic) increased 14% to \$0.32 per unit in the same period. This represents an 87% FFO payout ratio.
- **Record Quarterly AFFO** – AFFO increased 28% to \$2.8 million for the three months ended March 31, 2008. AFFO per unit (basic) increased 22% to \$0.27 per unit in the same period.
- **Solid Rental Rate Increases** – Increases on year to date lease renewals averaged approximately 15%.
- **Saskatchewan Future Rental Rate Growth** – The majority of lease expirations through 2010 are in Saskatchewan. Lease expirations are currently estimated to add \$0.10 per unit of annualized rental rate growth by the end of 2010.
- **Same Property Growth** – Property operating income for the three months ended March 31, 2008 increased approximately 6.1% for the same properties (cash basis) from the prior year comparative period.
- **Yield** – Distribution yield of 11.7% annualized, based on per unit distributions for the three months ended March 31, 2008 totaling \$0.28, and the May 13, 2008 unit closing price of \$9.58.
- **Investment Grade Tenants on Long-Term Leases** – At March 31, 2008, 69% of revenues were from government and other investment grade tenants. Average lease term of the portfolio is 8.5 years.
- **Long-Term Fixed Rate Debt** – Average 8.3 year term for mortgage debt at a weighted average interest rate of 5.4% with 100% at fixed rates.
- **Continued Deleveraging** – \$1.7 million of convertible debentures converted to equity in the three months ended March 31, 2008. Subsequent to March 31, 2008, \$1.3 million of debentures were converted into equity.

"Based on another quarter of substantial FFO increase, investors are now able to see the potential of Whiterock's portfolio and platform. Our FFO payout ratio is 87% and our same property growth is 6.1% on a cash basis. We averaged a 15% increase on our lease renewals year to date and, as the majority of our rollover in 2009 and 2010 is in Saskatchewan where we have leases at below market rates, this should continue to provide a lift in our AFFO. We are excited about what lies ahead. Whiterock is an investment with solid value and real growth potential," said Whiterock CEO Jason Underwood.

FINANCIAL HIGHLIGHTS

(including discontinued operations, except as noted)

(in \$000's except per Unit data)	Three months ended March 31, 2008	Three months ended March 31, 2007
Total revenue - continuing operations	13,009	11,966
Property operating income - continuing operations	7,673	7,068
Funds from operations (FFO)	3,355	2,799
FFO per Unit		
- basic	0.32	0.28
- diluted	0.31	0.28
Adjusted funds from operations (AFFO)	2,784	2,173
AFFO per Unit		
- basic	0.27	0.22
- diluted	0.26	0.21

Balance sheet highlights for Whiterock as at March 31, 2008 and December 31, 2007 are as follows:

(in \$000's)	March 31, 2008	December 31, 2007
Investment in real estate assets ⁽¹⁾	352,530	355,549
Mortgages payable and facilities	216,866	224,599
Convertible debentures (face value)	45,315	46,986
Cash	178	4,152
Unitholders' equity	74,036	74,862

(1) Includes \$10.4 million of mortgages receivable secured by real estate assets.

Selected financial ratios for Whiterock as at, and for the three months ended, March 31, 2008 and 2007 are as follows:

	March 31, 2008	March 31, 2007
Weighted average fixed mortgage rate	5.4%	5.4%
Weighted average debenture rate	7.0%	7.1%
Interest coverage ratio ⁽¹⁾	1.9	1.6
Occupancy level ⁽²⁾	98.8%	98.3%
FFO payout ratio ⁽³⁾	87%	100%

(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) Includes leases executed to date and space under head lease.

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

In the three months ended March 31, 2008, Whiterock significantly improved its FFO, AFFO, FFO per unit, AFFO per unit, property operating income and increased its interest coverage ratio while reducing its payout ratio compared to the prior year.

The improvement in Whiterock's financial results primarily reflects higher occupancy levels and contractual lease escalations.

Management expects that further increases in AFFO per unit in 2008 will result from anticipated new leasing and renewals, in-place rent increases and continued operational improvements. At current market rates, lease rollover is estimated to provide approximately \$0.10 per unit of annualized rental rate growth by the end of 2010.

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 months ended March 31, 2008.

CONFERENCE CALL

Whiterock invites you to participate in its live conference call with senior management on Thursday May 15, 2008 at 9:00 a.m. E.D.T., to discuss the REIT's results and achievements for the three months ended March 31, 2008.

You may participate in the live conference call toll free at 1-888-373-5705 and enter the passcode '506134' followed by the number sign when prompted by the operator. 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 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