

Press Release - For Immediate Release

Source: Whiterock Real Estate
Investment Trust

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Whiterock REIT Announces First Quarter 2006 Results and Achievements

Monday, May 15, 2006

TORONTO, May 15 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three months ended March 31, 2006. The following comments and highlights should be read in conjunction with the consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2006. These can be obtained from the SEDAR website at www.sedar.com.

HIGHLIGHTS – First Quarter 2006

- **Continuing growth** – Acquired an office building in St. Hyacinthe, Quebec and an office building in Regina, Saskatchewan totaling 291,090 square feet for \$37.6 million, before closing costs. Acquired two retail centres in Regina, Saskatchewan totaling 126,034 square feet for \$21.0 million before closing costs.
- **High quality credit tenants on long-term leases** – At March 31, 2006, 47% of revenues from government leases. 74% of revenues from government and other high quality credit tenants. Average lease term of portfolio is approximately 8.5 years.
- **Continuing Unit price appreciation** – Unit price closed at \$3.40, an annualized increase of 93% including dividends since the June 2005 initial public offering.

HIGHLIGHTS – Subsequent events

- **TSX Listing** – Listing moved to the Toronto Stock Exchange (TSX) from the TSX Venture Exchange.
- **DRIP established** – Distribution reinvestment plan established for Unitholders.
- **Acquisition facility** – Announced a \$23.5 million revolving debt facility to fund future acquisitions with an affiliate of Kimco Realty Corporation.
- **Further acquisitions** - Announced conditional agreements to acquire nine additional properties totaling approximately 520,000 square feet for approximately \$50 million, including closing costs.
- **Additional equity** - Announced a best efforts private placement offering of up to \$35 million in trust units expected to close in June 2006, to be led by RBC Capital Markets.
- **Continuing to close on the acquisition pipeline** – Expected closing date of May 17, 2006 for the previously announced acquisition of a 50% interest in three office buildings in Quebec City, Quebec totaling 728,500 square feet for \$46.9 million before closing costs.

FINANCIAL HIGHLIGHTS

(in \$'s)	Three months ended March 31,	
	2006	2005
Total revenue	5,185,143	-
Property operating income	3,136,953	-
Income (loss)	(492,972)	(24,695)
Income (loss) per unit - basic	(0.02)	(0.02)
Income (loss) per unit - diluted	(0.02)	(0.02)
Funds from operations (FFO)	651,421	(24,695)
FFO per unit - basic and diluted	0.03	(0.02)
Adjusted Funds From Operations (AFFO)	499,542	(24,695)
AFFO per unit - basic and diluted	0.02	(0.02)
Cash distributions per unit	0.07	-

(in \$'s)	March 31,	December 31,
	2006	2005
Investment in real estate	176,414,687	116,402,537
Mortgages payable	125,860,128	84,193,305
Convertible debentures (face value)	25,000,000	25,000,000
Cash	9,449,116	29,281,723
Unitholders' equity	36,483,145	38,218,035

FFO per Unit (Basic and Diluted) increased \$0.05 per unit to \$0.03 for the three months ended March 31, 2006 compared to the same period in 2005. This is due to the income from 16 accretive acquisitions completed in 2005 and 2006 exceeding interest and administrative costs.

AFFO includes the impact of leasing costs and capital expenditures, which totaled \$116,470 in the quarter. Leasing costs in the quarter included costs related to early renewals of leases. AFFO per unit (Basic and Diluted) increased \$0.04 per unit to \$0.02 for the three months ended March 31, 2006 compared to the same period in 2005.

Management expects FFO and AFFO to continue to increase through 2006 as the full impact of its 2005 acquisitions and its 2006 acquisitions is reflected in Whiterock's financial results.

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 AFFO and FFO is included in Whiterock's Management's Discussion and Analysis for the three months ended March 31, 2006.

OUTLOOK

To date, Whiterock has acquired or announced the acquisition of 28 real estate assets totaling approximately \$275 million that not only meet, but exceed, Whiterock's stated investment criteria. This portfolio is comprised of quality assets that are very well located in their particular geographic areas. The acquired and announced portfolio has little to no deferred capital costs, is 75% leased to provincial government and other high quality credit tenants and has an average remaining lease term exceeding eight years with most rental rates at or below market rate. In addition, its investment cost averages \$111 per square foot, which is a substantial discount to replacement cost.

Provided that Whiterock completes all of its announced acquisitions and its proposed private placement, Whiterock will further broaden its asset base and increase its geographic diversification, with an entrance into four new markets: Ottawa, Fredericton, Moncton and Saskatoon. Whiterock's commercial real estate portfolio will increase to 2.46 million square feet and be diversified between office (75%), retail (13%) and industrial (12%) based on property net operating income. Whiterock will have 52% of its GLA in Quebec, 26% in Saskatchewan, 12% in New Brunswick, 6% in Nova Scotia, 3% in Ontario, and 1% in Prince Edward Island, with an average lease term of 8.7 years. Contractual rent expiries will average 4% over the next four calendar years and no more than 10% of Whiterock's leasable area matures in any one year until 2015. Whiterock's average term to maturity on its mortgages will be over 10 years and 94% of Whiterock's debt will be at fixed rates at an average interest rate of 5.5%. After giving effect to these acquisitions, related mortgages and the proposed private placement, Whiterock's Debt to Gross Book Value Ratio (excluding convertible debentures) will be approximately 63%. Whiterock will have 75% of its space leased to government or other high quality corporate tenants with its top ten tenants based on total revenues being as follows: Société immobilière du Québec (Quebec government agency) (34%); ING Canada (9%); Province of New Brunswick (8%); Saskatchewan Property Management Corp. (Saskatchewan government agency) (4%); Crown Investment Corp. (holding company for government of Saskatchewan utility companies) (3%); CGI (3%); Helly Hansen (2%); Staples (2%); Sobeys (2%); and the Northwest Company (Giant Tiger) (2%).

There is no assurance that any or all of these announced conditional acquisitions will be completed on the terms or within the time limits anticipated or at all and Whiterock may substitute other properties for announced property transactions that do not close.

The assets acquired and announced to date continue to form a solid foundation for Whiterock to be a much larger REIT built on quality assets that produce consistent, long-term cash flow. Management intends to continue this approach to building out a national platform.

About Whiterock

Whiterock is a TSX listed rapidly expanding, growth oriented real estate investment trust focused on increasing Unitholder value through the strategic acquisition, ownership and management of well-located, long-term leased office, industrial and retail properties in select markets across Canada. Since its formation as a Trust on June 28, 2005, Whiterock has acquired or announced it is acquiring properties totaling over 2.4 million square feet with a value on acquisition of approximately \$275 million.

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 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 public financial market for Whiterock’s securities, the general risks associated with real property ownership and acquisition (including in particular but without limitation that any or all of the properties subject to conditional agreement of purchase and sale discussed herein will be acquired as scheduled and/or on the terms currently anticipated and/or described herein) including 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 relationship with Whiterock Real Estate Capital Inc., 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 April 26, 2006, 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