

Whiterock REIT Announces Q2 2008 Results, Posts Record FFO and AFFO per Unit

TORONTO, August 14 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the three and six months ended June 30, 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 and six months ended June 30, 2008. These will be available on Whiterock's website at www.whiterockreit.ca.

HIGHLIGHTS – June 30, 2008

- **Record Quarterly FFO** – FFO increased 32% to \$3.5 million for the three months ended June 30, 2008. FFO per unit (basic) increased 22% to 33.0 cents per unit in the same period. This represents an 85% FFO payout ratio.
- **Record Quarterly AFFO** – AFFO increased 37% to \$2.9 million for the three months ended June 30, 2008. AFFO per unit (basic) increased 27% to 27.3 cents per unit in the same period.
- **Solid Rental Rate Increases** – Increases on year-to-date lease renewals averaged approximately 18%.
- **Future Rental Rate Growth, Western Canada** – 58% of lease expirations through 2010 are in Saskatchewan and Alberta. Lease rollover is currently estimated to add 13 cents per unit to annualized AFFO by the end of 2010.
- **Same Property Growth** – Property operating income for the three months ended June 30, 2008 increased substantially, by 5.9%, for the same properties (cash basis) from the prior year comparative period.
- **New Acquisitions** – Subsequent to June 30, 2008, Whiterock acquired for \$79.8 million before closing costs, eight commercial properties in Calgary and Edmonton, Alberta totaling 341,631 square feet. The properties are expected to add 3 cents per unit to AFFO and 8 cents per unit to FFO. Whiterock also acquired one 36,927 square foot office property in Chatham, Ontario and has agreed to acquire one 27,428 square foot office property in Halifax, Nova Scotia, for a total of \$10.1 million before closing costs. These two properties have a combined cap rate of approximately 8.8%.
- **Yield** – Distribution yield of 11.2% annualized, based on the current distribution level and the August 13, 2008 Unit closing price of \$10.00.
- **Investment Grade Tenants on Long-Term Leases** – 69% of revenues were from government and other investment grade tenants. Average lease term of the portfolio was 8.6 years.
- **Long-Term Fixed Rate Debt** – Average 8.0 year term for mortgage debt at a weighted average interest rate of 5.4% with 100% at fixed rates.
- **Continued Deleveraging** – \$1.3 million of convertible debentures converted to equity in the three months ended June 30, 2008.

- **Geographically Balanced Portfolio** – At June 30, 2008, 21% of the portfolio's property operating income is in Saskatchewan, 28% in Ontario, 36% in Quebec and 15% in Atlantic Canada.

"Our record results this quarter continue to demonstrate the strength of our portfolio. Our second quarter same property growth is 5.9% on a cash basis. Our FFO payout ratio is now 85% and our recurring AFFO per unit increased 27% compared to the same period last year to an annualized rate of \$1.09 per unit." said Whiterock CEO Jason Underwood. "We are also extremely pleased with our recent Alberta acquisitions which are immediately accretive to our unitholders. The resulting portfolio is more balanced geographically with 32% located in the high growth Alberta and Saskatchewan markets. This strong internal and external growth, combined with the security provided by our existing long term high credit tenants, continues to make Whiterock a solid investment positioned to outperform."

FINANCIAL HIGHLIGHTS

(including discontinued operations, except as noted)

(in \$000's except per Unit data) ⁽¹⁾	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Total revenue - continuing operations	12,861	11,938	25,869	23,904
Property operating income				
- continuing operations	7,756	7,249	15,430	14,317
Funds from operations (FFO)	3,535	2,682	6,890	5,481
FFO per Unit				
- basic	0.33	0.27	0.65	0.55
- diluted	0.32	0.27	0.64	0.54
Adjusted funds from operations (AFFO)	2,923	2,133	5,707	4,306
AFFO per Unit				
- basic	0.27	0.21	0.54	0.43
- diluted	0.26	0.21	0.53	0.42

(1) FFO and AFFO exclude non-recurring costs associated with reviewing strategic alternatives in 2007.

Balance sheet highlights for Whiterock as at June 30, 2008 and December 31, 2007 are as follows:

(in \$000's)	June 30, 2008	December 31, 2007
Investment in real estate assets ⁽¹⁾	349,817	355,549
Mortgages payable and facilities	216,857	224,599
Convertible debentures (face value)	44,010	46,986
Unitholders' equity	73,575	74,862

(1) Includes \$7.3 million of mortgages receivable secured by real estate assets.

Selected financial ratios for Whiterock as at, and for the six months ended, June 30, 2008 and 2007 are as follows:

	June 30, 2008	June 30, 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⁾	98.5%	98.7%
FFO payout ratio ⁽³⁾	85%	104%

(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.

(3) FFO payout ratio is calculated as Q2 distributions divided by Q2 FFO.

In the three and six months ended June 30, 2008, Whiterock significantly improved its FFO, AFFO, FFO per unit, AFFO per unit, property operating income and interest coverage ratio while reducing its payout ratio compared to the prior year.

The improvement in Whiterock's financial results reflects management initiatives to improve income from the property portfolio, to reduce general and administrative expense, and to undertake financial measures such as reductions in the amount of excess cash held and improving credit facility terms as well as the impact of accretive acquisitions.

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, 2008.

OUTLOOK

Management expects that further increases in AFFO per unit in 2008 and 2009 will result from acquisitions closing in the third quarter of 2008, anticipated new leasing and renewals, contractual rent increases and continued operational improvements. At current market rates, lease rollover is estimated to add approximately 13 cents per unit to annualized AFFO by the end of 2010.

CONFERENCE CALL

Whiterock invites you to participate in its live conference call with senior management on Thursday August 14, 2008 at 3.00 p.m. E.D.T., to discuss the REIT's results and achievements for the three and six months ended June 30, 2008.

You may participate in the live conference call toll free at 1-888-373-5705 and enter the passcode '880341' 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.

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. Except as required by law, Whiterock does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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