

Whiterock REIT Announces 2007 Year End Results, Posts Record 32% Increase in 2007 FFO per Unit

TORONTO, March 26 / CNW / - Whiterock Real Estate Investment Trust ("Whiterock") today announced financial results for the year ended December 31, 2007. The following comments and highlights should be read in conjunction with the audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2007. These will be available on Whiterock's website at www.whiterockreit.ca.

HIGHLIGHTS – December 31, 2007

- **Yield** – Distribution yield of 11.5 % annualized, based on per unit distributions for the year totaling \$1.12, and the March 26, 2008 unit closing price of \$9.75.
- **Record Annual FFO** – Recurring FFO increased 92% to \$11.2 million for the year ended December 31, 2007. Recurring FFO per unit (basic) increased 32% to \$1.11 per unit in the same period.
- **Increasing Quarterly FFO** – In the three months ended December 31, 2007, recurring FFO was \$3.0 million or \$0.29 per unit (basic). This represents a 96% FFO payout ratio.
- **Record AFFO** - Recurring AFFO for 2007 was up 92% to \$9.1 million. 2007 recurring AFFO per unit (basic) was \$0.90, up 30% from \$0.69 per unit in 2006.
- **Significant Rental Rate Increases** – Rents on 2007 rollover of expiring tenancies increased 11.6% with Saskatchewan achieving an increase of 30.9%. Achieved positive net absorption during the year of over 28,000 square feet. Expiring leases in 2008 and beyond remain below market.
- **Same Property Growth** – Property operating income for the year ended December 31, 2007 increased approximately 4.8% on a same property basis from the prior year.
- **Investment Grade Tenants on Long-Term Leases⁽¹⁾** – At December 31, 2007, 69% of revenues were from government and other investment grade tenants. Average lease term of the portfolio is 8.6 years.
- **Long-Term Fixed Rate Debt⁽¹⁾** – Average 8.5 year term for mortgage debt, at a weighted average interest rate of 5.4%, all at fixed rates.
- **Continued Deleveraging** – \$4.0 million of convertible debentures were converted to equity in the year ended December 31, 2007. Subsequent to December 31, 2007, \$0.3 million of debentures were converted into equity.
- **Geographically Balanced Portfolio** – 21% of the portfolio is in Saskatchewan, 28% in Ontario, 36% in Quebec and 15% in Atlantic Canada.
- **New Acquisitions** – In addition to the newly constructed retail centre acquired in PEI in the first quarter of 2007, Whiterock acquired in the fourth quarter, a 395,159 square foot facility in Regina, SK (subsequently sold), as well as two office properties, also in Regina, SK, totaling approximately 41,000 square feet.

⁽¹⁾ Adjusted for the sale of 310 Henderson Drive.

- **Internal Property Management** – Expanded internally operated property management to thirteen properties, including 655 Bay Street.
- **Tax Efficient Distributions** – 100% of the distributions made in 2007 and 2006 were classed as return of capital for tax purposes.

FINANCIAL HIGHLIGHTS

(including discontinued operations, except as noted)

(in \$000's except per Unit data)	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Total revenue - continuing operations	12,944	10,339	48,854	28,992
Property operating income				
- continuing operations	7,696	6,517	29,270	18,230
Funds From Operations (FFO) ⁽¹⁾	2,985	2,406	11,203	5,824
FFO per unit ⁽¹⁾				
- basic	0.29	0.28	1.11	0.84
- diluted	0.29	0.28	1.10	0.83
Adjusted Funds From Operations (AFFO) ⁽¹⁾	2,578	1,887	9,119	4,748
AFFO per unit ⁽¹⁾				
- basic	0.25	0.22	0.90	0.69
- diluted	0.24	0.22	0.88	0.67

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

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

(in \$000's)	December 31, 2007	December 31, 2006
Investment in real estate	355,549	376,927
Mortgages payable and facilities	224,599	250,886
Convertible debentures (face value)	46,986	51,000
Cash	4,152	9,298
Unitholders' equity	74,862	80,252

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

	December 31, 2007	December 31, 2006
Weighted average mortgage rate	5.4%	5.4%
Weighted average debenture rate	7.0%	7.1%
Interest coverage ratio ⁽¹⁾	1.7	1.4
FFO payout ratio ⁽²⁾	100.9%	132.8%

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

(2) FFO payout ratio is calculated as distributions divided by Recurring FFO for the year ended December 31, 2007 and 2006. For the three months ended December 31, 2007, FFO payout ratio was 96.3%.

In the year ended December 31, 2007, 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 reflects the completion of accretive acquisitions, contractual lease escalations and strong leasing performance.

"Our portfolio is characterized by a balance of long term credit tenants and short term below market leases. Whiterock's overall average lease term is 8.6 years with 69% of revenues coming from government and investment grade tenants. Over the next three years Whiterock has over 326,000 square feet of space rolling over in Saskatchewan at rates currently 40% below market, with minimal new supply on the horizon. This represents over \$850,000 of annualized potential additional AFFO. This unique combination of long term stability balanced with near term growth and contractual rent increases gives Whiterock the ability to deliver high quality, growing cash flows to its Unitholders over the long term" said Whiterock CEO Jason Underwood.

Management expects that further increases in AFFO per unit in 2008 will result from completed and anticipated new leasing and renewals, in-place rent increases, the completed reinvestment of balance sheet cash and continued property management and general and administrative improvements.

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 year ended December 31, 2007.

CONFERENCE CALL

Whiterock invites you to participate in its live conference call with senior management on Thursday March 27, 2008 at 11:00 a.m. E.D.T., to discuss the REIT's results and achievements for the year ended December 31, 2007.

You may participate in the live conference call toll free at 1-800-214-0745 and enter the passcode '561577' 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