



WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2005
(unaudited)

WHITEROCK REAL ESTATE INVESTMENT TRUST

CONSOLIDATED BALANCE SHEETS

	September 30	December 31
	2005	2004
Assets		
Income properties (Note 3)	\$ 20,794,457	\$ -
Deferred charges (Note 4)	1,204,892	-
Intangible assets(Note 5)	1,102,470	-
Other assets (Note 6)	7,629,096	-
Amounts receivable	79,320	-
Cash and cash equivalents	<u>10,876,891</u>	<u>350,000</u>
	<u>\$ 41,687,126</u>	<u>\$ 350,000</u>
Liabilities and Equity		
Mortgages payable (Note 7)	\$ 2,475,000	\$ -
Accounts payable and accrued liabilities (Note 8)	2,801,245	-
Convertible debentures (Note 9)	<u>12,355,634</u>	<u>-</u>
	17,631,879	-
Unitholders' Equity	<u>24,055,247</u>	<u>350,000</u>
	<u>\$ 41,687,126</u>	<u>\$ 350,000</u>

Approved by the Trustees

(signed) Jason Underwood

(signed) Paul Simcox

WHITEROCK REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Nine Months Ended September 30, 2005	
	<u>Shares</u>	<u>\$</u>
CPII Inc. share capital, December 31, 2004	3,500,000	350,000
February 23, 2005 public offering	5,000,000	1,000,000
March 9, 2005 private placement	<u>3,250,000</u>	<u>650,000</u>
CPII Inc. March 31, 2005 share capital	11,750,000	2,000,000
Share issue costs, three months ended March 31, 2005	-	(179,944)
Loss, three months ended March 31, 2005	<u>-</u>	<u>(24,695)</u>
CPII Inc. equity, March 31, 2005	<u>11,750,000</u>	<u>1,795,361</u>
	<u>Units</u>	<u>\$</u>
Conversion of CPII Inc. common shares to Whiterock Units (Note 1)	2,350,000	1,795,361
June 28, 2005 public offering	11,628,000	25,000,200
Unit issue costs, three months ended June 30, 2005	-	(2,035,629)
Loss, three months ended June 30, 2005	<u>-</u>	<u>(78,786)</u>
	13,978,000	24,681,146
Unit issue costs, three months ended September 30, 2005	-	(27,501)
Unit based compensation	-	8,164
Loss, three months ended September 30, 2005	-	(300,024)
Distributions to Unitholders	-	(978,922)
Equity component of convertible debentures (Note 9)	<u>-</u>	<u>671,922</u>
Unitholders' equity, end of period	<u>13,978,000</u>	<u>24,055,247</u>

WHITEROCK REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended September 30 <u>2005</u>	Nine Months Ended September 30 <u>2005</u>
Revenue		
Income property rental revenue	\$ 345,724	\$ 349,143
Interest income	<u>177,260</u>	<u>187,899</u>
	<u>522,984</u>	<u>537,042</u>
Expenses		
Property operating costs	117,345	118,375
Interest	385,509	400,492
General and administrative expenses (Note 14)	244,874	345,738
Amortization (Note 15)	<u>75,280</u>	<u>75,942</u>
	<u>823,008</u>	<u>940,547</u>
Income (loss)	<u>\$ (300,024)</u>	<u>\$ (403,505)</u>
Income (loss) per unit (Note 17)		
Basic	\$ (0.02)	\$ (0.07)
Diluted	\$ (0.02)	\$ (0.07)

WHITEROCK REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Cash provided by (used in) operating activities		
Income (loss)	\$ (300,024)	\$ (403,505)
Items not affecting cash		
Amortization	75,280	75,942
Net accretion on convertible debentures	26,676	27,556
Non-cash compensation expense	8,164	8,164
Accrued rental revenue recognized on a straight line basis	(1,074)	(1,074)
Below market lease amortization	<u>(14,584)</u>	<u>(14,584)</u>
	(205,562)	(307,501)
Changes in non-cash operating items (net of effects of acquisition of income properties)	<u>(5,936,311)</u>	<u>(6,280,186)</u>
	<u>(6,141,873)</u>	<u>(6,587,687)</u>
Cash provided by (used in) financing activities		
Proceeds of convertible debentures	-	13,000,000
Public offering of units	-	27,000,200
Convertible debenture issue costs	-	(1,235,176)
Unit issue costs	<u>(27,501)</u>	<u>(2,202,275)</u>
	<u>(27,501)</u>	<u>36,562,749</u>
Cash provided by (used in) investing activities		
Furniture and equipment	(9,430)	(20,091)
Income property acquired (Note 3)	<u>(18,647,947)</u>	<u>(19,428,080)</u>
	<u>(18,657,377)</u>	<u>(19,448,171)</u>
Change in cash and cash equivalents	(24,826,751)	10,526,891
Cash and cash equivalents, beginning of period	<u>35,703,642</u>	<u>350,000</u>
Cash and cash equivalents, end of period	<u>\$ 10,876,891</u>	<u>\$ 10,876,891</u>
Supplementary cash flow information		
Interest paid on mortgage financing	<u>\$ 31,618</u>	<u>\$ 34,371</u>

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

1 Organization and Basis of Presentation

Whiterock Real Estate Investment Trust ("Whiterock") is an open-ended real estate investment trust which was created under a Declaration of Trust on May 17, 2005. Whiterock acquired all the assets of CPII Inc. on June 28, 2005 in return for its Units pursuant to a Plan of Arrangement approved by CPII Inc. shareholders. Subsequent to the Plan of Arrangement, the shareholders of CPII Inc. controlled Whiterock and so, the Arrangement has been accounted for as a continuity of interests.

No comparative income or cash flow amounts have been disclosed in these financial statements as the Trust was inactive in the comparative prior periods.

2 Significant accounting policies

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. These financial statements reflect the operations of Whiterock and its wholly owned trust, WR Trust (together the "Trust"). The Trust engages in the strategic acquisition, ownership and management of income-producing office, industrial and retail properties in select markets across Canada.

These quarterly interim financial statements do not include all the information and discussion required by Canadian generally accepted accounting principles for annual financial statements.

Income properties

Income properties are carried at cost. If events or circumstances indicate that the carrying value of the income properties may be impaired, a recoverability analysis is performed based on the estimated undiscounted cash flows to be generated from the income properties. If the analysis indicates that the carrying value is not recoverable from future cash flows, the income properties are written down to estimated fair value and an impairment loss is recognized.

Buildings and improvements are amortized on a straight-line basis over their estimated useful lives, not to exceed 40 years.

Furniture and equipment is amortized on a straight-line basis over five years.

Deferred charges

Deferred charges include tenant inducements and leasing expenses. Tenant inducements and leasing expenses are deferred and amortized on a straight-line basis over the term of the respective leases

Tenant origination costs (tenant inducements and leasing expenses) associated with in place leases related to income property acquisitions are included in deferred charges.

Intangible assets and liabilities

Lease origination costs, costs related to tenant relationships and the value of above or below market leases are included in intangible assets and accounts payable and are amortized over the remaining term of the associated tenant leases.

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

Convertible debentures

The Trust's convertible debentures are classified into their debt and equity components. The equity component represents the estimated value of the conversion rights of the holders.

Unit options

The Trust has a unit option plan available for officers, employees and trustees. Consideration paid by option holders on exercise of unit options is credited to Unitholders' equity. The fair value based method of accounting is applied to all unit-based compensation. The fair value of the unit options granted is estimated on the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized when unit options are granted over the vesting period.

Revenue recognition

Rents are recognized as revenue over the terms of the related lease agreements. Rental revenue from leases with contractual rent increases are recognized on a straight-line basis over the term of the respective leases. Recoveries from tenants for property operating costs are recognized as revenues during the period in which the applicable costs are incurred.

Distributable income

Distributable income is defined as net income determined in accordance with Canadian generally accepted accounting principles, subject to certain adjustments as set out in the Declaration of Trust, including adding back amortization and excluding any gains or losses on the disposition of any asset. Interest expense on convertible debentures for purposes of determining distributable income is calculated based on the actual interest payable on debentures.

Income taxes

In accordance with the terms of the Declaration of the Trust, The Trust intends to distribute its income for income tax purposes each year to such an extent that it will not be liable for income taxes under Part I of the Income Tax Act. A provision for income taxes on the operations of The Trust is, therefore, not required.

Net income and distributable income per unit

Per unit amounts are calculated using the weighted average number of units outstanding during the period. The dilutive effect on per unit amounts resulting from outstanding unit options is calculated using the treasury stock method. Under this method, the diluted weighted average number of units is calculated assuming the proceeds that arise from the exercise of the outstanding options are used to purchase units of the Trust at their average market price for the period.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from the estimates, and as adjustments become necessary, the adjustments are reported in earnings in the period in which the adjustments become known.

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

3 *Income properties*

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value September 30 2005</u>
Land	\$ 2,559,020	\$ -	\$ 2,559,020
Buildings and improvements	18,272,545	(56,116)	18,216,429
Furniture and equipment	<u>20,092</u>	<u>(1,084)</u>	<u>19,008</u>
	<u>\$ 20,851,657</u>	<u>\$ (57,200)</u>	<u>\$ 20,794,457</u>

On June 28, 2005, the Trust acquired its first income property, a 26,043 square foot commercial building located in Charlottetown, Prince Edward Island for \$3,255,133, including closing costs. The acquisition was funded by a first mortgage loan of \$2,475,000 with the balance paid in cash.

The net assets acquired were as follows:

The net assets acquired were as follows	<u>Total</u>
Income Property	\$ 915,000
Land	1,928,335
Building and improvements	
Deferred charges	
Tenant inducements	193,222
Intangible assets	
Lease origination costs	174,525
Tenant relationships	<u>44,051</u>
	<u>\$ 3,255,133</u>
Consideration	
Cash	\$ 780,133
Mortgage financing	<u>2,475,000</u>
	<u>\$ 3,255,133</u>

During the three months ended September 30, 2005, the Trust acquired, for cash, a multi-tenant industrial building totaling 164,100 square feet in Regina, Saskatchewan for approximately \$6.8 million and two office buildings totaling 118,800 square feet in Regina, Saskatchewan, for approximately \$11.8 million.

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

The net assets acquired were as follows:

	<u>Total</u>
Income Property	
Land	\$ 1,644,020
Building and improvements	16,344,193
Deferred charges	
Tenant inducements	533,567
Intangible assets	
Lease origination costs	544,242
Tenant relationships	351,458
Below market leases	<u>(769,533)</u>
	<u>\$ 18,647,947</u>

4 *Deferred charges*

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value September 30 2005</u>
Tenant inducements on acquisitions	\$ 726,789	\$ (6,936)	\$ 719,853
Pre-acquisition costs deferred	<u>485,039</u>	<u>-</u>	<u>485,039</u>
	<u>\$ 1,211,828</u>	<u>\$ (6,936)</u>	<u>\$ 1,204,892</u>

Tenant inducements on acquisitions are generally amortized over the remaining term of the tenant's lease.

5 *Intangible assets*

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value September 30 2005</u>
Lease origination costs	\$ 718,767	\$ (7,612)	\$ 711,155
Tenant relationships	<u>395,509</u>	<u>(4,194)</u>	<u>391,315</u>
	<u>\$ 1,114,276</u>	<u>\$ (11,806)</u>	<u>\$ 1,102,470</u>

Lease origination costs and costs related to tenant relationships on acquisitions are amortized over the remaining term of the tenant's lease.

6 *Other assets*

	<u>September 30 2005</u>
Deferred financing costs	\$ 2,257,590
Less: accumulated amortization	<u>(64,885)</u>
	2,192,705
Deposits on acquisitions	5,270,000
Prepaid expenses and other assets	<u>166,391</u>
	<u>\$ 7,629,096</u>

Deferred financing costs are amortized over the term of the related financing.

(unaudited)

WHITEROCK REAL ESTATE INVESTMENT TRUST

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7 *Mortgages payable*

Mortgages payable consist of a \$2,475,000 first mortgage on 655 University Avenue, Charlottetown. The mortgage is non-recourse to the Trust, pays only interest for the first five years at 5.11% and matures in June 2015.

8 *Accounts payable and accrued liabilities*

	September 30 2005
Distribution payable	\$ 978,460
Below market rents on acquisitions	754,949
Security deposits	430,788
Accrued debenture interest	270,685
Other accounts payable and accrued liabilities	<u>366,363</u>
	<u>\$ 2,801,245</u>

Below market rent amortization of \$14,584 for the three and nine months ended September 30, 2005 has been included in income property rental revenue.

9 *Convertible debentures*

On June 28, 2005, the Trust issued 8% subordinated unsecured convertible debentures in the amount of \$13,000,000 which mature on June 28, 2010. The debentures are convertible at the request of the holder after June 28, 2007, subject to certain terms and conditions at a conversion price per unit of \$2.55 (the "Conversion Price").

The debentures are redeemable at the option of the Trust, subject to certain terms and conditions, after June 28, 2007 and prior to June 29, 2009 at 150% of the Conversion Price and after June 28, 2009 at 125% of the Conversion Price.

Debenture interest is payable at 8% semi-annually.

On the date of issue, the debentures were allocated into a \$12,328,078 debt component and a \$671,922 equity component.

The accretion of the debt component for the three and nine month periods ended September 30, 2005, of \$26,676 and \$27,556 respectively, which increases the debt component from the initial carrying amount, is included in interest expense.

10 *Related party transactions*

Services and Asset Management agreements

In June 2005, the Trust entered into exclusive agreements with Whiterock Real Estate Capital Inc. ("Whiterock Capital") to provide the services of two officers of the Trust. The two officers are Trustees of the Trust and principals of Whiterock Capital. The remuneration for their services is an annual fee of 0.3% of the Adjusted Cost Base ("ACB") of WR Trust's assets, paid quarterly in arrears. Additionally, once Whiterock's ACB exceeds \$50 million, an acquisition fee of 0.5% of ACB is payable in shares of the Trust. The Agreements have a five year term and may be cancelled with two years notice. \$80 was accrued under these agreements in the three and nine month periods ended September 30, 2005.

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Shelter agreement

In the three month ended June 2005, the Trust entered into an agreement for a two year term with Shelter Canadian Properties Limited ("Shelter"). Under the agreement, Shelter provided all accounting, reporting and financial preparation relating to the activities of the Trust. An officer of Shelter is a Trustee of Whiterock. The agreement was cancelled effective August 31, 2005 on the payment of a \$60,000 cancellation fee. In the three and nine months ended June 30, 2005, general and administrative expenses includes \$80,000 and \$98,000 respectively, paid to Shelter under the Shelter Agreement.

11 Units

During the period, CPII Inc. had outstanding issued common shares as follows:

	<u>Shares</u>	<u>\$</u>
CPII Inc. share capital, December 31, 2004	3,500,000	350,000
February 23, 2005 public offering	5,000,000	1,000,000
March 9, 2005 private placement	<u>3,250,000</u>	<u>650,000</u>
CPII Inc. March 31, 2005 share capital	11,750,000	2,000,000

During the period, the Trust had outstanding units as follows:

	<u>Units</u>	<u>\$</u>
Conversion of CPII Inc. common shares to units of the Trust in connection with a Plan of Arrangement (Note 1)	2,350,000	2,000,000
June 28, 2005 public offering	<u>11,628,000</u>	<u>25,000,200</u>
Whiterock September 30, 2005 share capital	<u>13,978,000</u>	<u>27,000,200</u>

12 Unit options

The Trust may grant options to the Trustees, senior officers, investor relations consultants and technical consultants to the Trust. The maximum number of units reserved for issuance under the unit option plan will be limited to 10% of the total number of issued and outstanding units. The Trustees shall set the exercise price at the time that an option is granted under the plan, which exercise price shall not be less than the discounted market price of the units as determined under the policies of the Exchange on the date of grant. The options will have a maximum term of five years from the date of grant.

On February 23, 2005, CPII Inc. granted 850,000 options at a price \$0.20 per share to directors and officers in connection with a public offering. On completion of the Arrangement, the CPII Inc. options were exchanged for Trust Units having identical terms, on a five for one basis, into 170,000 options at an exercise price of \$1.00 per Unit. The options expire five years from the date of the original grant. The fair value of the options was estimated at \$56,600 using the Black-Scholes option pricing model.

In connection with the February 23, 2005 public offering, CPII Inc. granted the agent an option to purchase 500,000 common shares at \$0.20 per share. On completion of the Arrangement, the options were consolidated on a five for one basis, into 100,000 options at an exercise price of \$1.00 per Unit. The agent's options have vested and expire 18 months from the date of grant. The fair value of the options was estimated at \$28,000 using the Black-Scholes option pricing model.

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

In connection with the June 28, 2005 public offering, the Trust granted options to trustees and officers to acquire an aggregate of 625,000 units at \$2.15 per unit. The options have vested and expire June 28, 2010. The fair value of the options is estimated at \$116,937 using the Black-Scholes option pricing model.

These options have been treated as costs related to the public offerings and are charged directly to the deficit.

On August 3, 2005, 200,000 options were issued to an officer of the Trust in connection with an employment agreement. The fair value of the options was estimated at \$38,200 using the Black Scholes option pricing model. These options vest over two years and are being charged to income over the vesting period. For the three and nine months ended September 30, 2005, \$8,164 has been charged to general and administrative expenses in respect of this grant.

No options were exercised to September 30, 2005.

13 Warrants

March 9, 2005, CPII Inc. completed a private placement for 3,250,000 CPII shares. Each CPII Inc. share was comprised of one common share and a half common share purchase warrant. Each warrant entitled the holder to purchase one common share at a price of \$0.27 for a period of two years from the date of issue. On completion of the Plan of Arrangement, the warrants were consolidated on a five for one basis, into 325,000 warrants at an exercise price of \$1.35 per Unit. The fair value of the warrants is estimated at \$75,400 using the Black-Scholes option pricing model. The warrants are treated as a cost related to the public offering and are charged directly to the deficit. No warrants have been exercised to date.

14 General and administrative expenses

General and administrative expenses consist of the following:

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Costs related to properties not acquired	\$ 28,375	\$ 34,647
Shelter Agreement costs, including termination fee (Note 10)	80,000	98,000
Salaries and wages	55,081	55,081
Services and Asset Management Agreements (Note 10)	80	80
Recruiting costs	15,310	23,980
Legal and regulatory	18,571	48,013
Other general and administrative	47,457	85,937
	<u>\$ 244,874</u>	<u>\$ 34,647</u>

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

15 *Amortization*

Amortization consists of the following

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Building and improvements	\$ 56,685	\$ 57,200
Intangible assets – lease origination	7,550	7,612
– tenant relationships	4,178	4,194
Tenants inducements	<u>6,867</u>	<u>6,936</u>
	<u>\$ 75,280</u>	<u>\$ 75,942</u>

16 *Distributable income*

Distributable income is defined by the Declaration of Trust and represents non-GAAP information, which may not be comparable to measures used by other issuers.

Distributable income and distributable income per unit are calculated, as follows:

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Income (loss)	\$ (300,024)	\$ (403,505)
Add (deduct):		
Amortization	75,280	75,942
Net accretion on convertible debentures (Note 9)	26,676	27,556
Non cash compensation expense	8,164	8,164
Accrued rental revenue recognized on a straight line basis	(1,074)	(1,074)
Below market lease amortization	<u>(14,584)</u>	<u>(14,584)</u>
Distributable income (loss)	\$ (205,562)	\$ (307,501)
Distributable income (loss) per unit (Note 17)		
Basic	\$ (0.01)	\$ (0.05)
Diluted	\$ (0.01)	\$ (0.05)

17 *Per unit calculations*

Basic per unit information is calculated based on the weighted average number of units outstanding for the period. The diluted per unit information is calculated based on the weighted average diluted number of units for the period, considering the potential exercise of outstanding unit options and warrants to the extent that the unit options are dilutive and the potential conversion of outstanding convertible debentures to the extent that the debentures are dilutive.

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Income per unit calculations are based on the following:

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Income(loss)	<u>\$ (300,024)</u>	<u>\$ (403,505)</u>
Diluted income(loss)	<u>\$ (300,024)</u>	<u>\$ (403,505)</u>
Weighted average number of units	<u>13,978,000</u>	<u>6,042,711</u>
Weighted average diluted number of units	<u>13,978,000</u>	<u>6,042,711</u>

Distributable income per unit calculations are based on the following:

	Three Months Ended September 30 2005	Nine Months Ended September 30 2005
Distributable income(loss)	<u>\$ (205,562)</u>	<u>\$ (307,501)</u>
Diluted distributable income(loss)	<u>\$ (205,562)</u>	<u>\$ (307,501)</u>
Weighted average number of units	<u>13,978,000</u>	<u>6,042,711</u>
Dilutive options and warrants	<u>-</u>	<u>-</u>
Weighted average diluted number of units	<u>13,978,000</u>	<u>6,042,711</u>

18 Financial instruments and risk management

Fair values

Financial instruments include cash, amounts receivable, accounts payable, mortgage loans payable and debenture payable. The carrying value of financial instruments approximate their fair value.

Risk management

The Trust is exposed to financial risk that arises from its indebtedness, including fluctuations in interest rates and in the credit quality of its tenants. The Trust manages the risks, as follows:

- Obtaining long term mortgages minimizes interest rate risk. The Declaration of Trust restricts mortgage loans on income properties from being greater than 75% of the appraised value of the income properties.
- Credit risk arises from the possibility that tenants may experience financial difficulty and may not be able to fulfill their lease commitments. The risk of credit loss is mitigated by leasing policies which require that the financial viability of prospective tenants are investigated in order to ensure that the tenant mix is comprised of tenants with credit worthy covenants.

WHITEROCK REAL ESTATE INVESTMENT TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005

19 *Segmented financial information*

The Trust and its subsidiaries operate in the office retail and industrial segment of the real estate industry in Canada.

Property operating income by segment for the three months ended September 30, 2005 is summarized as follows:

	Office	Retail	Industrial
Income property rental revenue	\$ 196,864	\$ 87,993	\$ 60,867
Property operating costs	<u>87,395</u>	<u>17,406</u>	<u>12,544</u>
Property operating income	<u>\$ 109,469</u>	<u>\$ 70,587</u>	<u>\$ 48,323</u>

Property operating income by segment for the nine months ended September 30, 2005 is summarized as follows:

	Office	Retail	Industrial
Income property rental revenue	\$ 196,864	\$ 91,412	\$ 60,867
Property operating costs	<u>87,395</u>	<u>18,436</u>	<u>12,544</u>
Property operating income	<u>\$ 109,469</u>	<u>\$ 72,976</u>	<u>\$ 48,323</u>

20 *Subsequent events*

Subsequent Acquisitions and Financings

In October 2005, Whiterock obtained first mortgages, secured by TD Tower and Chestemere Industrial Park in Regina, of \$6.075 million and \$5.063 million, respectively. The interest rate on these mortgages floats at 225 bps over the Banker's Acceptance rate. The mortgages have a term of two years and mature November 1, 2007.

In October 2005, Whiterock obtained a \$2.7 million mortgage loan secured by Domeview, in Regina. The 5.34% first mortgage has a ten year term and matures November 1, 2015.

In October and November 2005, Whiterock closed \$85.5 million of acquisitions (before closing costs) of primarily government leased office buildings in Quebec City, Quebec, and an industrial building in Mississauga, Ontario. These properties were financed with \$49.34 million of 10 year financing at a blended rate of 5.26% and \$10 million of 5 year financing at 5.14 %. In addition, one property currently supports \$4.5 million of mezzanine financing at 7.71%.

The Quebec City properties were acquired for approximately \$82.4 million (before closing costs) and total 692,000 square feet of office (95.7%) and industrial (4.3%) space. Provincial government leases with an average remaining lease term of 8.5 years provide 73% of the revenue.

The asset located in Mississauga is a light industrial facility totaling 45,600 square feet and was purchased for \$3.1 million (before closing costs). The property is 100% leased under a 10 year lease.

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Subsequent Agreements to Acquire Properties

On November 1, 2005 Whiterock announced that it had identified seven properties for acquisition. Whiterock has entered into conditional agreements and a non-binding letter of intent to acquire the properties in Quebec City, Regina and Halifax for approximately \$80 million.

The properties are under contract from four separate vendors and total approximately 600,000 square feet (approximately 57% office, 23% retail, and 20% industrial) located in Quebec City, Regina, and Halifax. Approximately 75% of the revenues from the properties are generated from provincial governments, national banks, and other credit-rated national or international firms. These assets are currently 99% occupied with an average lease term remaining of approximately eight years.

Whiterock is acquiring a 50% interest in the four Quebec City office properties. Another 45% will be owned by major Montreal and Quebec City based pension funds and 5% by the developer of the properties.

Subsequent Announcement of Private Placement

Whiterock also announced on November 1, 2005 that it had engaged a syndicate of investment dealers (the "Agents") in connection with a private placement offering (the "offering"), on a best efforts basis, of up to \$20 million in trust units, ("Units") and \$10 million aggregate principal amount of subordinated convertible redeemable debentures ("Debentures"), for gross proceeds to Whiterock of up to \$30 million. The pricing of the Units and the Debentures, and the terms of the conversion and the redemption of the Debentures, will be determined by the Agents and Whiterock in the context of the market. The Offering is expected to close in December 2005. Units and Debentures sold pursuant to the Offering will be subject to a four-month hold period under applicable Canadian securities laws and shall be subject to the approval of the TSX Venture Exchange. The proceeds of the Offering are intended to be used to satisfy the cash portion of the purchase price for the acquisition of the properties described under Subsequent Agreements to Acquire Properties, for future acquisitions and for general corporate purposes.