



WHITEROCK REAL ESTATE INVESTMENT TRUST

**Consolidated Financial Statements
December 31, 2005 and 2004**



SCARROW & DONALD LLP
CHARTERED ACCOUNTANTS

100 – Five Donald Street
Winnipeg, Manitoba R3L 2T4
Business: (204) 982-9800
Fax: (204) 474-2886
www.scarrowdonald.mb.ca

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AUDITORS' REPORT

**To the Unitholders of
Whiterock Real Estate Investment Trust:**

We have audited the consolidated balance sheets of Whiterock Real Estate Investment Trust as at December 31, 2005 and 2004 and the consolidated statements of income (loss), unitholders' equity and cash flows for the year and period then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2005 and 2004 and the results of its operations and cash flows for the year and period then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

**WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEETS**

December 31	2005	2004
Assets		
Income properties (Note 3)	\$ 112,605,225	\$ -
Deferred charges (Note 4)	5,364,180	-
Intangible assets (Note 5)	5,074,327	-
	123,043,732	-
Other assets (Note 6)	5,233,534	-
Cash	29,281,723	350,000
	\$ 157,558,989	\$ 350,000
Liabilities and Equity		
Mortgages payable (Note 7)	\$ 84,193,305	\$ -
Accounts payable and accrued liabilities (Note 8)	11,108,505	-
Convertible debentures (Note 9)	24,039,144	-
	119,340,954	-
Unitholders' Equity	38,218,035	350,000
	\$ 157,558,989	\$ 350,000

Approved by the Board of Trustees



Jason Underwood
Trustee



Paul Simcox
Trustee

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Revenue		
Income property rentals (Note 14)	\$ 3,385,988	\$ -
Interest income	280,440	-
	3,666,428	-
Expenses		
Property operating costs	1,341,395	-
Interest (Note 15)	1,606,219	-
General and administrative expenses (Note 16)	694,176	-
Amortization (Note 17)	685,591	-
	4,327,381	-
Income (loss)	\$ (660,953)	\$ -
Income (loss) per unit (Note 19)		
Basic and diluted	\$ (0.08)	\$ -

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Trust Units (Note 11)		
Balance, beginning of period	\$ 350,000	\$ -
Issuance of trust units	43,121,847	350,000
Value associated with unit options exercised	47,074	-
Unit issue costs	(4,117,032)	-
Balance, end of period	39,401,889	350,000
Unit Options (Note 12)		
Balance, beginning of period	-	-
Value associated with unit options vested	546,373	-
Value associated with unit options exercised	(47,074)	-
Balance, end of period	499,299	-
Warrants (Note 13)		
Balance, beginning of period	-	-
Value associated with warrants issued	75,400	-
Balance, end of period	75,400	-
Equity Component of Convertible Debentures (Note 9)		
Balance, beginning of period	-	-
Equity component of convertible debentures issued	1,019,747	-
Balance, end of period	1,019,747	-
Cumulative Earnings		
Balance, beginning of period	-	-
Income (loss)	(660,953)	-
Balance, end of period	(660,953)	-
Cumulative Distributions to Unitholders		
Balance, beginning of period	-	-
Distributions to unitholders	(2,117,347)	-
Balance, end of period	(2,117,347)	-
Total Unitholders' Equity	\$ 38,218,035	\$ 350,000
Units Issued and Outstanding (Note 11)	20,657,889	700,000

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Cash provided by (used in) operating activities		
Income (loss)	\$ (660,953)	\$ -
Items not affecting cash		
Amortization	685,591	-
Deferred finance cost amortization		
- mortgages payable	26,732	-
Deferred finance cost amortization		
- convertible debentures	139,113	-
Implicit interest rate in excess of coupon		
rate - convertible debentures	58,891	-
Non-cash compensation expense	20,336	-
Accrued rental revenue recognized on a		
straight-line basis	(41,735)	-
Below market lease amortization	(252,677)	-
	(24,702)	-
Changes in non-cash operating items (net of		
effects of acquisition of income properties)	847,898	-
	823,196	-
Cash provided by (used in) financing activities		
Proceeds of mortgage financings	13,838,000	-
Mortgage principal repayments	(64,695)	-
Proceeds of convertible debentures	25,000,000	-
Issue of units	43,121,847	350,000
Mortgage financing costs	(705,868)	-
Convertible debenture issue costs	(2,071,712)	-
Unit issue costs	(3,515,595)	-
Distributions to unitholders	(2,117,347)	-
	73,484,630	350,000
Cash provided by (used in) investing activities		
Furniture and equipment	(46,453)	-
Income properties acquired (Note 3)	(45,329,650)	-
	(45,376,103)	-
Change in cash	28,931,723	350,000
Cash, beginning of period	350,000	-
Cash, end of period	\$ 29,281,723	\$ 350,000
Supplementary cash flow information		
Cash interest paid (Note 15)	\$ 974,570	\$ -

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

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. CPII Inc. was incorporated under the Canada Business Corporations Act on December 8, 2004. 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.

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

2. Significant Accounting Policies

Principles of consolidation

These financial statements reflect the operations of Whiterock, its wholly-owned trust, WR Trust and its wholly-owned subsidiaries (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.

Income properties

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

In accordance with generally accepted accounting principles, the purchase price of properties is allocated to land, buildings and improvements, deferred leasing costs, and intangibles, including lease origination costs associated with in-place leases, the value of above and below market leases, and the value of tenant relationships. Allocations of the purchase price are generally based on the following criteria:

- Land is recorded at estimated fair value.
- Buildings and improvements are recorded at replacement cost based on estimates of prevailing construction costs for buildings of a similar class and age.
- Deferred leasing costs, including tenant improvements, are recorded at estimates of prevailing tenant allowances.
- Lease origination costs are determined based on estimates of the costs that would be required for the existing leases to be put in place under the same terms and conditions. These costs include leasing commissions, foregone rent and operating cost recoveries during an estimated lease-up period.
- Values ascribed to above and below market in-place leases are determined based on the present value of the difference between the rents payable under the terms of the in-place leases and estimated market rents.
- Tenant relationship values are determined based on the net costs avoided if the tenants were to renew their leases at the end of the existing term, adjusted for the estimated probability that the tenants will renew.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

- The fair value of debt assumed on acquisition is determined by reference to market interest rates.
- Any differences between the estimated fair values of the acquired assets and assumed liabilities and the cost of the acquired property are allocated on a pro rata basis to building and improvements, lease origination costs and tenant relationship values.

Deferred charges

Deferred charges include tenant inducements and leasing expenses. 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 accrued liabilities.

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 and warrants

The Trust has a unit option plan available for officers, employees and trustees. The fair value based method of accounting is applied to all unit-based compensation. Compensation expense for option based compensation awards is recognized when unit options are granted over the vesting periods. The fair value of unit options and warrants granted are estimated on the date of grant using the Black-Scholes option pricing model. On the exercise of unit options, consideration received and the accumulated unit options amount relating thereto is credited to trust units. Awards of options and warrants related to private placements or public offerings of units are treated as unit issue costs.

Revenue recognition

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

Amortization

Buildings and improvements are amortized on a straight-line basis over their estimated useful lives, not to exceed 40 years. Tenant inducements and leasing expenses are deferred and amortized on a straight-line basis over the term of the respective leases. Lease origination costs, costs related to tenant relationships and the value of above or below market leases are amortized over the remaining term of the associated tenant leases. Furniture and equipment is amortized on a straight-line basis over five years.

Financing costs

Costs incurred in order to secure mortgage or convertible debenture financings are amortized into interest expense over the term of the financing.

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.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

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 and warrants 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 unit options and warrants are used to purchase units of Whiterock at the 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.

3. Income Properties

Income properties at December 31, 2005 (2004 – nil) are comprised as follows:

December 31, 2005	Cost	Accumulated Amortization	Net Book Value
Land	\$ 16,983,629	\$ -	\$ 16,983,629
Buildings and improvements	96,099,302	(477,706)	95,621,596
	\$ 113,082,931	\$ (477,706)	\$ 112,605,225

During the year ended December 31, 2005, the Trust acquired:

- 5 office buildings in Quebec City, Quebec and 2 office buildings in Regina, Saskatchewan totaling 780,900 square feet.
- 4 industrial buildings in: Halifax, Nova Scotia; Quebec City, Quebec; Mississauga, Ontario; and, Regina, Saskatchewan totaling 355,200 square feet.
- A retail centre in Charlottetown, Prince Edward Island totaling 26,000 square feet.

The total purchase price for these assets including closing costs and working capital assumed was \$115,749,650.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

The net assets acquired and consideration provided were as follows:

Income properties - Land	\$	16,983,629
Income properties - Building and improvements		96,099,302
Deferred charges - Tenant inducements		5,457,644
Intangible assets - Lease origination costs		3,253,310
Intangible assets - Tenant relationships		1,924,746
Accounts payable and accrued liabilities - Below market rents		(7,324,525)
		116,394,106
Accounts payable and accrued liabilities - Working capital		(644,456)
		\$ 115,749,650
Consideration provided:		
Mortgage financing	\$	70,420,000
Cash		45,329,650
		\$ 115,749,650

4. Deferred Charges

December 31	2005	2004
Tenant inducements on acquisitions	\$ 5,457,644	\$ -
Tenant inducements	8,431	-
	5,466,075	-
Accumulated amortization	(101,895)	-
	\$ 5,364,180	\$ -

5. Intangible Assets

December 31	2005	2004
Lease origination costs	\$ 3,253,310	\$ -
Tenant relationships	1,924,746	-
	5,178,056	-
Accumulated amortization		
Lease origination costs	(64,201)	-
Tenant relationships	(39,528)	-
	\$ 5,074,327	\$ -

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

6. Other Assets

December 31	2005	2004
Prepaid expenses and other assets	\$ 529,240	\$ -
Tenant receivables	187,773	-
Straight line rent receivable	41,735	-
Properties under option	1,863,051	-
Deferred financing cost - mortgages payable	705,868	-
Deferred financing cost - convertible debentures	2,071,712	-
	5,399,379	-
Accumulated amortization		
Deferred financing cost - mortgages payable	(26,732)	-
Deferred financing cost - convertible debentures	(139,113)	-
	\$ 5,233,534	\$ -

7. Mortgages Payable

December 31	2005	2004
Fixed rate	\$ 73,075,080	\$ -
Floating rate	11,118,225	-
	\$ 84,193,305	\$ -

Mortgages payable are secured by income properties.

Fixed rate financing bears interest at a weighted average fixed rate of 5.4%. Floating rate financing bears interest at floating rates determined by reference to 30 day Bankers Acceptance rates plus a spread of 225 basis points.

Principal repayments of mortgages and loans payable outstanding as at December 31, 2005 are as follows:

2006	\$ 877,567
2007	11,555,154
2008	5,209,953
2009	747,635
2010	13,552,163
Thereafter	52,250,833
Total	\$ 84,193,305

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

8. Accounts Payable and Accrued Liabilities

December 31	2005	2004
Below market rents on acquisitions	\$ 7,324,525	\$ -
Security deposits	471,080	-
Accrued mortgage and debenture interest	406,913	-
Other accounts payable and accrued liabilities	3,158,664	-
	11,361,182	
Accumulated Amortization		
Below market rents on acquisitions	(252,677)	
	\$ 11,108,505	\$ -

9. Convertible Debentures

As at December 31, 2005, the Trust has three series of convertible debentures outstanding.

	Principal (\$)	Interest rate	Conversion Price	Interest Payable	Maturity
Series A	13,000,000	8.0%	\$2.55 per unit	semi-annually	June 28, 2010
Series B	9,000,000	9.0%	\$3.00 per unit	monthly	December 14, 2008
Series C	3,000,000	9.0%	\$3.00 per unit	monthly	December 21, 2010

Allocation of components of the convertible debentures on the date of issuance was as follows:

	Series A	Series B	Series C	Total
Liability	\$ 12,328,078	\$ 8,769,115	\$ 2,883,060	\$ 23,980,253
Equity	671,922	230,885	116,940	1,019,747
Principal	\$ 13,000,000	\$ 9,000,000	\$ 3,000,000	\$ 25,000,000

The accretion of the liability component of the convertible debentures, which increases the liability component from the initial allocation on the date of issuance, is included in interest expense.

	Series A	Series B	Series C	Total
Liability component on issuance	\$ 12,328,078	\$ 8,769,115	\$ 2,883,060	\$ 23,980,253
Implicit interest rate in excess of coupon rate	55,038	3,301	552	58,891
Liability, December 31, 2005	\$ 12,383,116	\$ 8,772,416	\$ 2,883,612	\$ 24,039,144

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

Series A

On June 28, 2005, the Trust issued 8% redeemable subordinated unsecured convertible debentures in the amount of \$13,000,000 with interest payable semi-annually and 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 "Series A 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 Series A Conversion Price and after June 28, 2009 at 125% of the Series A Conversion Price.

Series B

On December 14, 2005, the Trust issued 9% redeemable subordinated unsecured convertible debentures in the amount of \$9,000,000 with interest payable monthly and which mature on December 14, 2008. Up to 50% of the debentures are convertible at the request of the holder until December 14, 2006 and 100% thereafter, subject to certain terms and conditions at a conversion price per unit of \$3.00 (the "Series B Conversion Price").

The debentures are redeemable at the option of the Trust:

- 1) Until December 14, 2006, at the principal amount plus \$3.25 less the Series B Conversion Price multiplied by the underlying as-if converted Units;
- 2) from December 15, 2006 until June 14, 2008, at the principal amount plus the greater of the 20 day weighted average trading price and \$3.25 less the Series B Conversion Price multiplied by the underlying as-if converted Units; and,
- 3) after June 14, 2008, at the principal amount plus the greater of the 20 day weighted average trading price and \$3.50 less the Series B Conversion Price multiplied by the underlying as-if converted Units.

Series C

On December 21, 2005, the Trust issued 9% redeemable subordinated unsecured convertible debentures in the amount of \$3,000,000 with interest payable monthly and which mature on December 21, 2010. The debentures are convertible at the request of the holder after December 21, 2006, subject to certain terms and conditions at a conversion price per unit of \$3.00.

The debentures are redeemable at the option of the Trust at the principal amount, subject to certain terms and conditions, from December 21, 2006 and until June 21, 2008, providing that the twenty day weighted average trading price of the Units is at least \$3.25 and, after June 21, 2008, providing that the twenty day weighted average trading price is at least \$3.50.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

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 in arrears. Additionally, once the Trust’s ACB exceeds \$50 million, a fee of 0.5% of ACB is payable on acquisitions, in arrears, in shares of the Trust. The Agreements have a five year term and may be cancelled with two years notice. \$64,461 was accrued in general and administrative expenses under these agreements and \$318,134 was accrued in the acquisition cost of income properties in the year ended December 31, 2005. Whiterock Capital has agreed to receive the amount accrued to December 31, 2005 in respect of these agreements, in units of the Trust.

Shelter agreement

In the three month period 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 year ended December 31, 2005, general and administrative expenses included \$98,000 paid to Shelter under the Shelter Agreement.

11. Units

	Year Ended		December 8, 2004 to	
	December 31, 2005		December 31, 2004	
	Units	\$	Units	\$
Units outstanding,				
beginning of period	700,000	\$ 350,000	-	\$ -
Units Issued				
Public offering	11,628,000	25,000,200	700,000	350,000
Private placements	8,177,839	17,969,597	-	-
Unit option plan	152,050	152,050	-	-
Value associated with unit				
option grants exercised		47,074		-
Unit issue costs		(4,117,032)		-
Units outstanding, end of period	20,657,889	\$ 39,401,889	700,000	\$ 350,000

Pursuant to a Plan of Arrangement approved by CPII Inc. shareholders (Note 1), there was a five for one consolidation of units outstanding. The prior period comparative figures have been adjusted to reflect the impact of the five for one consolidation.

Included in unit issue costs for the year ended December 31, 2005 is \$526,037 related to the value associated with unit option grants issued in connection with the Trust’s public offering and private placements.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

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 is limited to 10% of the total number of issued and outstanding units. The Trustees 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 have a maximum term of five years from the date of grant and vest over a period of up to two years.

	Unit Options	Weighted Average Exercise Price
Outstanding, December 31, 2004	-	\$ -
Granted	1,845,000	\$ 2.12
Exercised	(152,050)	\$ 1.00
Outstanding, December 31, 2005	1,692,950	\$ 2.22
Options vested, December 31, 2005	1,292,950	\$ 2.19
Weighted average remaining life (years)	4.6	

The fair value associated with the options issued during 2005 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 45% on the underlying units, the term to expiry (generally five years), an annual dividend of \$0.28, and the five year weighted average risk free interest rate (typically the five year Canada bond rate at the date of grant).

13. Warrants

On 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 was estimated at \$75,400 using the Black-Scholes option pricing model. The fair value associated with the warrants issued during 2005 was calculated using the Black-Scholes model for warrant valuation, assuming an average volatility of 75% on the underlying units, a two year term to expiry, an annual dividend of \$0.28, and the two year weighted average risk free interest rate (the two year Canada bond rate at the date of grant).

The warrants were treated as issue costs related to the private placement. No warrants were exercised in 2005.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

14. Income Property Rentals

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Revenue from tenant leases	\$ 3,091,576	\$ -
Accrued rental revenue recognized on a straight-line basis	41,735	-
Below market lease amortization	252,677	-
	\$ 3,385,988	\$ -

15. Interest

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Mortgage interest expense	\$ 831,586	\$ -
Debenture interest expense	774,633	-
Interest expense	1,606,219	-
Deferred finance cost amortization - mortgages payable	(26,732)	-
Deferred finance cost amortization - convertible debentures	(139,113)	-
Implicit interest rate in excess of coupon rate - convertible debentures	(58,891)	-
Change in accrued interest	(406,913)	-
Cash interest paid	\$ 974,570	\$ -

16. General and Administrative Expenses

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Salaries and wages	\$ 195,910	\$ -
Shelter Agreement costs, including termination fee (Note 10)	98,000	-
Legal and regulatory	67,139	-
Accrued services and asset management agreement fees (Note 10)	64,461	-
Recruiting costs	40,888	-
Costs related to properties not acquired	35,979	-
Other general and administrative	191,799	-
	\$ 694,176	\$ -

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

17. Amortization

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Building and improvements	\$ 477,706	\$ -
Deferred charges - tenants inducements	101,895	-
Intangible assets - lease origination	64,201	-
- tenant relationships	39,528	-
Furniture and fixtures	2,261	-
	\$ 685,591	\$ -

18. 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:

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Income (loss)	\$ (660,953)	\$ -
Add (deduct):		
Amortization - real estate assets	685,591	-
Amortization - deferred finance costs	165,845	-
Implicit interest rate in excess of coupon rate - convertible debentures	58,891	-
Non cash compensation expense	20,336	-
Non cash management services fees	64,461	-
Accrued rental revenue recognized on a straight-line basis	(41,735)	-
Below market lease amortization	(252,677)	-
	\$ 39,759	\$ -
Distributable income per unit		
Basic and diluted	\$ -	\$ -

19. 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 outstanding 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.

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

Income per unit calculations are based on the following:

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Weighted average number of units - Basic and diluted	8,382,134	700,000

Distributable income per unit calculations are based on the following:

	Year Ended December 31, 2005	December 8, 2004 to December 31, 2004
Distributable income - Basic and diluted	\$ 39,759	\$ -
Weighted average number of units - basic	8,382,134	700,000
Dilutive options and warrants	249,819	-
Weighted average number of units - diluted	8,631,953	700,000

20. Financial Instruments and Risk Management

Fair values

Financial instruments include cash, amounts receivable, accounts payable, mortgages payable and convertible debentures 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 cash flow risk. The Declaration of Trust restricts total 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 is 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 *continued*

21. Segmented Financial Information

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

Property operating income by segment for the year ended December 31, 2005 is summarized as follows:

	Office	Retail	Industrial
Income property rentals	\$ 2,656,961	\$ 185,617	\$ 543,410
Property operating costs	1,086,467	40,518	214,410
Property operating income	\$ 1,570,494	\$ 145,099	\$ 329,000

At December 31, 2005, there is one tenant that accounts individually for more than 10% of the Trusts total revenue. SIQ (Quebec government agency) comprises 48% of the Trusts total revenue.

22. Subsequent Acquisitions and Financings

On January 10, 2006, the Trust acquired 4250 Albert Street, a 41,200 square foot retail centre in Regina, Saskatchewan anchored by a Sobeys under a long-term lease. The retail centre, which is 98% occupied, is located on the primary thoroughfare in south Regina.

On January 12, 2006, the Trust acquired 2550 Quance Street, an 84,900 square foot retail centre in Regina, Saskatchewan with a weighted average lease term of 5.1 years, located in one of the highest traffic areas in Regina. This retail centre's tenants include Staples, Saskatchewan Liquor Store, Scotiabank, and CAA. It is shadow anchored by a Costco.

On February 28, 2006, the Trust acquired 2220 College Street, a 59,600 square foot seven storey office building in Regina, Saskatchewan located adjacent to Wascana Park and the Legislative Buildings. The building is 100% leased to the Saskatchewan provincial government until July 2011.

On March 23, 2006, the Trust acquired a three-building 231,500 square foot office complex in Saint-Hyacinthe, Quebec from ING Insurance Company of Canada with a 20 year leaseback agreement.

The four properties were acquired for \$58.6 million, before closing costs, and were funded by \$41.9 million in first mortgages with the balance paid in cash.

23. Properties Under Contract

As of March 24, 2006, the Trust had entered into agreements to acquire a 50% interest in three office properties totaling approximately 728,500 square feet in Quebec City, Quebec for approximately \$46.9 million, before closing costs. Another 45% will be owned by major Montreal and Quebec City based pension funds and 5% by the developer of the properties.