



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

Whiterock Real Estate Investment Trust completed its initial public offering on June 28, 2005, raising \$25 million in units at a share price of \$2.15 and \$13 million of convertible debentures. On March 24, 2006, Whiterock's units closed at \$3.42 representing a 94% annualized return (including distributions) to initial investors. Whiterock started trading on the TSX Venture Exchange on July 4, 2005 and since that time has completed a secondary offering of \$28.3 million, acquired \$177 million of assets and has another \$48 million under agreements. We have grown from a management team of two to seven people, obtained research coverage from three separate analysts, and most recently received conditional approval for listing on the TSX. It has been a busy nine months, and now that we are actually up and running we are looking forward to taking full advantage of 2006.

Whiterock's business strategy is founded on the belief that Canadian real estate is valued at a discount to other first world countries, and as such there is an opportunity to acquire and operate a top-tier diversified portfolio of office, industrial and retail assets in select markets across Canada that produce an attractive and consistent return to investors. In order to capitalize on this opportunity, Whiterock focuses on transactions that are slightly below the radar of the larger institutional investors while maintaining the real estate investment fundamentals of buying assets that are: (i) well located, (ii) in good physical condition, (iii) leased to quality tenants, and (iv) at an appropriate cost basis (which for the most part is at or below replacement cost).

I think most investors that we met on our initial road show approved of the business plan in theory, however, we had our fair share of skeptics and probably with good reason. On the surface we were young, new to the Canadian markets and lacking the depth of a fully developed management team (we were a grand total of two people). While Paul and I were not able to do anything about our lack of gray hair (you will be glad to know I added quite a few this year) I believe we have been able to put to rest any questions about our ability to effectively participate in the real estate landscape having amassed a top-quality \$225 million portfolio in short order, while also assembling the proper management team to lead us into the future. We understand the importance of acquiring quality and at the same time have a healthy respect for the appropriate systems and procedures required to truly have an effective and efficient operating platform. We have made tremendous strides to incorporate this demand for quality into all facets of the organization.

As we set out nine months ago to build the Whiterock portfolio we focused on four key investment criteria that we believe should be the driving force behind investment decisions of our REIT. Again, those criteria are assets that are: (i) well located, (ii) in good physical condition, (iii) leased to quality tenants, and (iv) at an appropriate cost basis. Investments that meet and exceed the criteria above should protect a portfolio from the cyclical nature of our industry, allow for internal growth in prosperous times and provide consistent cash flow over the long term. Acquiring such a portfolio in any market condition is a challenge, but to do so in today's environment is quite difficult and requires discipline and hard work. However, we were able to find 19 real estate assets totaling approximately \$225 million that not only meet those criteria, but pass our tests with flying colors. Whiterock's portfolio today is comprised of assets that are very well located (across the street from the parliament buildings of Quebec and Saskatchewan, in established industrial parks, and in new format retail developments). Our assets have little to no deferred capital costs. The assets are over 77% leased to provincial government and high quality credit tenants AND have an average remaining lease term exceeding eight years with most rental rates at or below market rate. Finally, our investment basis averages \$116 per square foot which is a significant discount to replacement cost. With these assets we have laid a solid foundation for what we intend to be a much larger REIT built on quality assets that produce consistent, long-term cash flow.

Presently, the majority of our assets are in Quebec City and Regina which is a reflection of our grass roots approach to developing local relationships and finding appropriate investments. We are on the ground, pounding the pavement and spending real time in the markets not only to find investments, but to find the right investments. We will continue this methodical approach to building out a national platform. In 2006 expect to see acquisitions in Western Canada, Ontario, Quebec and Atlantic Canada. While it is not easy to find investments that meet our criteria, there are plenty of deals to do out there. Real estate research analysts estimate all Canadian REITs own less than 10% of the institutional quality real estate in Canada. This means that there is a lot of room for consolidation.

Management is of the firm belief that a REIT should be more than a conglomeration of cash flowing real estate. Like any other business, a sustainable REIT must have a top-notch management team that has a clear vision and mission, and is also focused on the short-term goals and objectives required to meet the vision and mission. When Whiterock launched we not only had the tall order of finding appropriate investments, but we also had to build a team, and I think we have made tremendous strides in that direction. The first addition to the team was Frank Bucys, our CFO. Frank has an accomplished career of 25 years in the Canadian real estate markets serving as VP of Finance at O&Y from 1993 to 2000 and then in the capacity of CFO with First Capital Realty as they experienced considerable growth from 2000 until 2004. Frank has since recruited Ron Marek to the finance team in the role of VP Finance. Ron is an up-and-comer in the business having spent the last 6 years at First Capital most recently serving in the capacity of Director of Business Planning and Treasury Management. Our finance department is in-place and implementing the systems and procedures that will serve as the back bone of what we expect to be a much larger platform.

After Frank was on board we set out to build the acquisitions team and recruited Ryan Robison from the US to head the effort and also brought Malcolm Rogers on board from Atlantic Canada. Ryan earned a Masters of Real Estate Development and Finance from MIT and spent nine years with a US based REIT most recently serving as VP of Acquisitions and Asset Management. This US REIT's business strategy is to acquire office assets in secondary US markets, and these experiences are translating very well in the Canadian marketplace. Malcolm has a background in development and most recently worked with a private investment and development Company in Atlantic Canada as Director of Business Development. Malcolm not only brings an understanding of the financial side of the business but his background in construction is invaluable as we conduct physical due diligence on potential acquisitions.

We are currently focused on adding a head of operations, and with this professional in place our team will be set to continue the growth of the portfolio while implementing the proper systems and procedures that will allow Whiterock to stay ahead of the curve.

As we look forward to 2006 we are faced with a challenging investment environment, but the ship which we are sailing on is a stable, sea worthy vessel. Whiterock is now a recognized platform in the Canadian real estate community. We have established a reputation as a REIT that performs on its commitments and closes transactions. This reputation has resulted in a tremendous increase to deal flow, and quality deal flow. While cap rates have contracted over the last 12 months and interest rates have increased slightly, plenty of accretive acquisitions are still available. As we move forward we believe it is critical that we maintain our investment discipline. We will not grow for simply growth's sake at the sacrifice of quality, but instead will only grow if an asset meets our investment criteria and accretively adds to the long-term prospects of the portfolio. Rest assured that we will not lose focus of the discipline required and we will be working as hard as ever to find the right acquisitions for our Unitholders. Whiterock hopes to add \$150-\$200 million of such acquisitions to the portfolio in the remainder of this year. We appreciate your support and we are excited about our prospects in 2006! If you have any questions or comments I can always be reached at (416) 907-4861.

March 24, 2006

A handwritten signature in black ink, appearing to read "J. Underwood". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jason Underwood
Chief Executive Officer