



WHITEROCK REAL ESTATE INVESTMENT TRUST

Consolidated Financial Statements
March 31, 2006
(unaudited)

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

(unaudited)	March 31, 2006	December 31, 2005
Assets		
Income properties (Note 3)	\$ 162,207,503	\$ 112,605,225
Deferred charges (Note 4)	9,076,709	5,364,180
Intangible assets (Note 5)	11,439,277	5,074,327
	182,723,489	123,043,732
Other assets (Note 6)	7,191,258	5,233,534
Cash	9,449,116	29,281,723
	\$ 199,363,863	\$ 157,558,989
Liabilities and Equity		
Mortgages payable (Note 7)	\$ 125,860,128	\$ 84,193,305
Accounts payable and accrued liabilities (Note 8)	12,932,104	11,108,505
Convertible debentures (Note 9)	24,088,486	24,039,144
	162,880,718	119,340,954
Unitholders' Equity	36,483,145	38,218,035
	\$ 199,363,863	\$ 157,558,989

Approved by the Board of Trustees



Jason Underwood
Trustee



Paul Simcox
Trustee

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

(unaudited)		2006	2005
Three months ended March 31,			
Revenue			
Income property rentals (Note 14)	\$	5,001,941	\$ -
Interest income		183,202	-
		5,185,143	-
Expenses			
Property operating costs		1,864,988	-
Interest (Note 15)		2,123,406	-
General and administrative expenses (Note 16)		539,961	24,695
Amortization (Note 17)		1,149,760	-
		5,678,115	24,695
Income (loss)	\$	(492,972)	\$ (24,695)
Income (loss) per unit (Note 18)			
Basic and diluted	\$	(0.02)	\$ (0.02)

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(unaudited)

Three months ended March 31,	2006	2005
Trust Units (Note 11)		
Balance, beginning of period	\$ 39,401,889	\$ 350,000
Issuance of trust units	147,600	1,650,000
Value associated with unit options exercised	126	-
Value associated with warrants exercised	25,288	-
Unit issue costs	(6,398)	(179,944)
Balance, end of period	39,568,505	1,820,056
Unit Options (Note 12)		
Balance, beginning of period	499,299	-
Value associated with unit options vested	69,048	-
Value associated with unit options exercised	(126)	-
Balance, end of period	568,221	-
Warrants (Note 13)		
Balance, beginning of period	75,400	-
Value associated with warrants exercised	(25,288)	-
Balance, end of period	50,112	-
Equity Component of Convertible Debentures (Note 9)		
Balance, beginning of period	1,019,747	-
Equity component of convertible debentures issued	-	-
Balance, end of period	1,019,747	-
Cumulative Earnings		
Balance, beginning of period	(660,953)	-
Income (loss)	(492,972)	(24,695)
Balance, end of period	(1,153,925)	(24,695)
Cumulative Distributions to Unitholders		
Balance, beginning of period	(2,117,347)	-
Distributions to unitholders	(1,452,168)	-
Balance, end of period	(3,569,515)	-
Total Unitholders' Equity	\$ 36,483,145	\$ 1,795,361
Units Issued and Outstanding (Note 11)	20,767,339	2,350,000

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

Three months ended March 31,

	2006	2005
Cash provided by (used in) operating activities		
Income (loss)	\$ (492,972)	\$ (24,695)
Items not affecting cash		
Amortization	1,149,760	-
Deferred finance cost amortization		
- mortgages payable	45,140	-
Deferred finance cost amortization		
- convertible debentures	124,376	-
Implicit interest rate in excess of coupon		
rate - convertible debentures	49,342	-
Non-cash compensation expense	69,048	-
Accrued rental revenue recognized on a		
straight-line basis	(73,920)	-
Below market lease amortization	(352,731)	-
	518,043	(24,695)
Changes in non-cash operating items (net of		
effects of acquisition of income properties)	(108,724)	10,699
	409,319	(13,996)
Cash provided by (used in) financing activities		
Proceeds of mortgage financings	41,900,000	-
Mortgage principal repayments	(233,177)	-
Issue of units	147,600	1,650,000
Mortgage financing costs	(528,286)	-
Unit issue costs	(6,398)	(179,944)
Distributions to unitholders	(1,452,168)	-
	39,827,571	1,470,056
Cash provided by (used in) investing activities		
Income properties acquired (Note 3)	(59,895,680)	-
Leasing costs and capital expenditures	(116,470)	-
Furniture and equipment	(57,347)	-
	(60,069,497)	-
Change in cash	(19,832,607)	1,456,060
Cash, beginning of period	29,281,723	350,000
Cash, end of period	\$ 9,449,116	\$ 1,806,060
Supplementary cash flow information		
Cash interest paid (Note 15)	\$ 1,530,920	\$ -

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006 and 2005 (unaudited)

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.

2. Significant Accounting Policies

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The accounting principles used in these interim consolidated financial statements are consistent with those used in Whiterock's December 31, 2005 annual consolidated financial statements. These interim consolidated financial statements do not include all of the information and disclosure required by Canadian GAAP for annual financial statements, and should be read in conjunction with the December 31, 2005 annual consolidated financial statements.

3. Income Properties

	March 31, 2006	December 31, 2005
Land	\$ 22,378,113	\$ 16,983,629
Buildings and improvements	141,043,913	96,099,302
	163,422,026	113,082,931
Accumulated amortization	(1,214,523)	(477,706)
	\$ 162,207,503	\$ 112,605,225

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.

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

The net assets acquired and consideration provided were as follows:

Income properties - Land	\$ 5,394,484
Income properties - Building and improvements	44,944,611
Deferred charges - Tenant inducements	3,787,905
Intangible assets - Lease origination costs	4,004,989
Intangible assets - Tenant relationships	2,575,691
Accounts payable and accrued liabilities - Below market rents	(812,000)
	59,895,680
Accounts payable and accrued liabilities - Working capital	(735,963)
	\$ 59,159,717
Consideration provided:	
Mortgage financing	\$ 41,900,000
Cash	17,259,717
	\$ 59,159,717

4. Deferred Charges

	March 31, 2006	December 31, 2005
Tenant inducements on acquisitions	\$ 9,245,549	\$ 5,457,644
Tenant inducements	39,003	8,431
Leasing costs	85,898	-
	9,370,450	5,466,075
Accumulated amortization		
Tenant inducements on acquisitions	(289,438)	(101,753)
Tenant inducements	(1,490)	(142)
Leasing costs	(2,813)	-
	(293,741)	(101,895)
	\$ 9,076,709	\$ 5,364,180

5. Intangible Assets

	March 31, 2006	December 31, 2005
Lease origination costs	\$ 7,258,299	\$ 3,253,310
Tenant relationships	4,500,437	1,924,746
	11,758,736	5,178,056
Accumulated amortization		
Lease origination costs	(196,939)	(64,201)
Tenant relationships	(122,520)	(39,528)
	(319,459)	(103,729)
	\$ 11,439,277	\$ 5,074,327

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

6. Other Assets

	March 31, 2006	December 31, 2005
Prepaid expenses and other assets	\$ 1,843,480	\$ 485,045
Properties under option	1,783,921	1,863,051
Amounts receivable	381,522	187,773
Straight line rent receivable	115,655	41,735
Furniture and equipment	103,803	46,456
Deferred financing cost - mortgages payable	1,234,154	705,868
Deferred financing cost - convertible debentures	2,071,712	2,071,712
	<u>7,534,247</u>	<u>5,401,640</u>
Accumulated amortization		
Furniture and equipment	(7,628)	(2,261)
Deferred financing cost - mortgages payable	(71,872)	(26,732)
Deferred financing cost - convertible debentures	(263,489)	(139,113)
	<u>(342,989)</u>	<u>(168,106)</u>
	<u>\$ 7,191,258</u>	<u>\$ 5,233,534</u>

7. Mortgages Payable

	March 31, 2006	December 31, 2005
Fixed rate	\$ 114,801,228	\$ 73,075,080
Floating rate	11,058,900	11,118,225
	<u>\$ 125,860,128</u>	<u>\$ 84,193,305</u>

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 payable outstanding as of March 31, 2006 are as follows:

2006	\$ 1,225,584
2007	12,377,408
2008	6,077,034
2009	1,662,097
2010	14,516,600
2011	2,184,931
Thereafter	<u>87,816,474</u>
Total	<u>\$ 125,860,128</u>

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

8. Accounts Payable and Accrued Liabilities

	March 31, 2006	December 31, 2005
Below market rents on acquisitions	\$ 8,136,525	\$ 7,324,525
Security deposits	426,320	471,080
Accrued mortgage and debenture interest	780,541	406,913
Other accounts payable and accrued liabilities	4,194,126	3,158,664
	13,537,512	11,361,182
Accumulated Amortization		
Below market rents on acquisitions	(605,408)	(252,677)
	\$ 12,932,104	\$ 11,108,505

9. Convertible Debentures

As at March 31, 2006, 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	quarterly	December 21, 2010

The convertible debentures were allocated into their liability and equity components on the date of issuance 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, December 31, 2005	\$ 12,383,116	\$ 8,772,416	\$ 2,883,612	\$ 24,039,144
Implicit interest rate in excess of coupon rate	28,027	16,737	4,578	49,342
Liability, March 31, 2006	\$ 12,411,143	\$ 8,789,153	\$ 2,888,190	\$ 24,088,486

Subsequent to March 31, 2006, \$900,000 of the Series B debentures were converted into 300,000 units.

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

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. In the three months ended March 31, 2006, \$103,336 (2005 - \$nil) was accrued in general and administrative expenses under these agreements and \$293,436 (2005 - \$nil) was accrued in the acquisition cost of income properties.

11. Units

	Units	\$
Issued and outstanding at December 31, 2005	20,657,889	\$ 39,401,889
Units Issued		
Exercise of warrants	109,000	147,150
Exercise of options	450	450
Value associated with unit option grants exercised		126
Value associated with warrants exercised		25,288
Unit issue costs		(6,398)
Issued and outstanding at March 31, 2006	20,767,339	\$ 39,568,505

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 5 day weighted average market price of the units as determined under the policies of the Exchange. The options have a maximum term of five years from the date of grant and vest over a period of up to two years.

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

	Three months ended March 31, 2006		Three months ended March 31, 2005	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,692,950	\$2.22	-	-
Granted	200,000	\$2.90	170,000	\$1.00
Exercised	(450)	\$1.00	-	-
Outstanding, end of period	1,892,500	\$2.30	170,000	\$1.00
Options vested, end of period	1,442,500	\$2.24	170,000	\$1.00
Weighted average remaining life (years)	4.4		4.8	

The fair value associated with the options issued during the three months ended March 31, 2006 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 25% on the underlying units, the term to expiry of 5 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

At March 31, 2006, there were 216,000 outstanding warrants (December 31, 2005 – 325,000) exercisable at \$1.35 per Unit up to March 9, 2007. During the three months ended March 31, 2006, 109,000 warrants were exercised at \$1.35 per unit, generating net proceeds of \$147,150. The equity component of the warrants exercised totaling \$25,288, was transferred to unit capital.

14. Income Property Rentals

Three months ended March 31,	2006	2005
Revenue from tenant leases	\$ 4,575,290	\$ -
Accrued rental revenue recognized on a straight-line basis	73,920	-
Below market lease amortization	352,731	-
	\$ 5,001,941	\$ -

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

15. Interest

Three months ended March 31,	2006	2005
Mortgage interest expense	\$ 1,426,949	\$ -
Debenture interest expense	696,457	-
Interest expense	2,123,406	-
Deferred finance cost amortization - mortgages payable	(45,140)	-
Deferred finance cost amortization - convertible debentures	(124,376)	-
Implicit interest rate in excess of coupon rate - convertible debentures	(49,342)	-
Change in accrued interest	(373,628)	-
Cash interest paid	\$ 1,530,920	\$ -

16. General and Administrative Expenses

Three months ended March 31,	2006	2005
Salaries and wages	\$ 260,690	\$ -
Non-cash compensation expense	69,048	-
Legal and regulatory	9,329	-
Accrued services and asset management agreement fees (Note 10)	103,336	-
Recruiting costs	5,925	-
Costs related to properties not acquired	3,302	-
Other general and administrative	88,331	24,695
	\$ 539,961	\$ 24,695

17. Amortization

Three months ended March 31,	2006	2005
Building and improvements	\$ 736,817	\$ -
Deferred charges		
- tenant inducements on acquisition	187,685	-
- tenant inducements	1,348	-
- leasing costs	2,813	-
Intangible assets		
- lease origination	132,738	-
- tenant relationships	82,992	-
Furniture and fixtures	5,367	-
	\$ 1,149,760	\$ -

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

18. 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.

Income per unit calculations are based on the following:

Three months ended March 31,	2006	2005
Weighted average number of units -		
Basic	20,713,443	1,277,222
Diluted	21,332,722	1,277,222

The following securities were not included in the diluted share count for the three month periods ended March 31, 2006 and 2005 as the effect would have been anti-dilutive:

	Exercise Price	Number of shares if converted March 31, 2006	March 31, 2005
Convertible Debentures - Series A (8.0%)	\$ 2.55	5,098,039	-
Convertible Debentures - Series B (9.0%)	\$ 3.00	3,000,000	-
Convertible Debentures - Series C (9.0%)	\$ 3.00	1,000,000	-

19. 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 three months ended March 31, 2006 (2005 - \$nil) is summarized as follows:

	Office	Retail	Industrial
Income property rentals	\$ 3,702,975	\$ 702,611	\$ 596,355
Property operating costs	1,465,780	210,109	189,099
Property operating income	\$ 2,237,195	\$ 492,502	\$ 407,256

At March 31, 2006, there are two tenants whom each account individually for more than 10% of the Trusts' total revenue. SIQ (Quebec government agency) comprises approximately 34% (December 31, 2005 - 48%) and ING comprises approximately 14% (December 31, 2005 - nil) of the Trusts' total revenue.

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

20. Subsequent Events

On May 1, 2006, the Trust announced that it had entered into a \$23.5 million revolving debt facility to fund future acquisitions (the "Acquisition Facility"), with an affiliate of Kimco Realty Corporation ("Kimco"). The Acquisition Facility has a two year term and can be drawn by Whiterock to fund new acquisitions at a fixed 8.5% interest rate. As additional consideration, Whiterock will issue 250,000 warrants with a term of five years at \$3.44 and 39,244 trust units to Kimco upon the initial draw of the facility. A further 250,000 warrants at \$3.44 and 39,244 trust units will be issued to Kimco should Whiterock draw above \$15 million of cumulative proceeds.

On May 8, 2006, the Trust announced a distribution reinvestment plan in which Unitholders can elect to reinvest cash distributions into additional units at a 4% discount to the weighted average trading price of the units for the ten consecutive trading days preceding the distribution payment date.

The Trust has entered into binding 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. These acquisitions are scheduled to close on May 17, 2006, following the registration and indexing of the related mortgage debt instruments that were executed on May 11, 2006. New and assumed mortgages in connection with these acquisitions totaled \$32.1 million with an average interest rate of 5.8%.

On May 11, 2006, the Trust announced that it had entered into non-binding agreements to acquire nine properties totaling approximately 520,000 square feet from seven different vendors for approximately \$50 million, including closing costs. The properties are located in New Brunswick (4), Nova Scotia, Ontario, and Saskatchewan (3). In connection with these acquisitions, \$18.1 million in mortgage financing will be assumed on three of the properties with an average interest rate of 5.7%.

On May 11, 2006, the Trust announced that it had engaged RBC Capital Markets in connection with a proposed private placement offering of up to \$35 million in trust units. The pricing of the units will be determined in the context of the market, and the offering is expected to close in June, 2006.