



Consolidated Financial Statements  
March 31, 2008  
(unaudited)

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

	Note	March 31, 2008 (unaudited)	December 31, 2007
<b>Assets</b>			
Income properties	3	\$ 299,003,448	\$ 314,128,715
Deferred charges	4	14,534,917	15,137,436
Intangible assets	5	16,110,291	17,117,794
Mortgages receivable	6	10,431,451	-
		<b>340,080,107</b>	<b>346,383,945</b>
Other assets	7	6,352,147	4,496,522
Cash		177,648	4,152,370
Future income tax asset	18	70,000	140,000
		<b>\$ 346,679,902</b>	<b>\$ 355,172,837</b>
<b>Liabilities and Equity</b>			
Mortgages payable and facilities	8	\$ 216,865,905	\$ 224,598,967
Convertible debentures	9	42,188,096	43,507,560
Accounts payable and accrued liabilities	10	13,589,870	12,204,780
		<b>272,643,871</b>	<b>280,311,307</b>
Unitholders' Equity		<b>74,036,031</b>	<b>74,861,530</b>
		<b>\$ 346,679,902</b>	<b>\$ 355,172,837</b>

*See accompanying notes to the consolidated financial statements*

Approved by the Board of Trustees:

*"Jason Underwood"*  
Trustee

*"Paul Simcox"*  
Trustee

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

(unaudited)	Note	Three months ended March 31,	
		2008	2007
<b>Revenue</b>			
Income property rentals	14	\$ 12,810,249	\$ 11,874,581
Interest income		198,699	91,437
		<b>13,008,948</b>	<b>11,966,018</b>
<b>Expenses</b>			
Property operating costs		5,137,123	4,806,929
Interest	15	4,090,057	4,258,175
General and administrative expenses	16	378,843	610,020
Amortization	17	2,963,337	2,827,996
		<b>12,569,360</b>	<b>12,503,120</b>
Income (loss) before the undernoted		<b>439,588</b>	(537,102)
Future income taxes	18	<b>(70,000)</b>	-
<b>Income (loss) from continuing operations</b>		<b>369,588</b>	(537,102)
Income (loss) from discontinued operations	19	<b>(55,546)</b>	312,545
Gain on disposition of property	19	<b>44,819</b>	-
<b>Net income (loss) and comprehensive income</b>		<b>\$ 358,861</b>	<b>\$ (224,557)</b>
<b>Basic net income (loss) per unit</b>			
	20		
Continuing operations		\$ 0.04	\$ (0.05)
Discontinued operations		\$ -	\$ 0.03
Net income per unit		\$ 0.03	\$ (0.02)
<b>Diluted net income (loss) per unit</b>			
	20		
Continuing operations		\$ 0.04	\$ (0.05)
Discontinued operations		\$ -	\$ 0.03
Net income per unit		\$ 0.03	\$ (0.02)

See accompanying notes to the consolidated financial statements

**WHITEROCK REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY**

(unaudited)	Note	Three months ended March 31,	
		2008	2007
<b>Units</b>	11		
Balance, beginning of period		\$ 99,571,778	\$ 94,226,033
Issuance of units		1,910,842	912,686
Value associated with warrants exercised		-	5,220
Unit issue costs		(92,006)	(21,090)
Balance, end of period		101,390,614	95,122,849
<b>Unit Options</b>	12		
Balance, beginning of period		756,212	840,738
Value associated with unit options vested		16,933	20,901
Balance, end of period		773,145	861,639
<b>Warrants</b>	13		
Balance, beginning of period		314,800	320,020
Value associated with warrants exercised		-	(5,220)
Balance, end of period		314,800	314,800
<b>Equity Component of Convertible Debentures</b>	9		
Balance, beginning of period		2,132,625	2,335,991
Equity component of convertible debentures converted		(86,367)	(12,592)
Balance, end of period		2,046,258	2,323,399
<b>Cumulative Earnings and Accumulated Comprehensive Earnings</b>			
Balance, beginning of period		(6,629,571)	(7,509,446)
Transition amount - adoption of financial instruments		-	65,150
Net income (loss)		358,861	(224,557)
Balance, end of period		(6,270,710)	(7,668,853)
<b>Cumulative Distributions to Unitholders</b>			
Balance, beginning of period		(21,284,314)	(9,960,897)
Distributions to unitholders (cash and units)		(2,933,762)	(2,804,887)
Balance, end of period		(24,218,076)	(12,765,784)
<b>Total Unitholders' Equity</b>		\$ 74,036,031	\$ 78,188,050
<b>Units Issued and Outstanding</b>	11	10,569,906	9,945,026

See accompanying notes to the consolidated financial statements

**WHITEROCK REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)	Note	Three months ended March 31,	
		2008	2007
<b>Cash provided by (used in) operating activities</b>			
Income (loss) from continuing operations		\$ 369,588	\$ (537,102)
Items not affecting cash			
Amortization	17	2,963,337	2,827,996
Deferred finance cost amortization			
- mortgages payable		51,515	52,507
- acquisition and operating facilities		75,058	106,052
- convertible debentures		127,770	128,331
- operating line of credit		1,236	-
Implicit interest rate in excess of coupon rate - convertible debentures		98,185	100,686
Non-cash compensation expense	16	41,100	20,901
Deferred revenue		3,714	1,711
Future income taxes	18	70,000	-
Accrued rental revenue recognized on a straight line basis		(295,432)	(386,064)
Above and below market lease amortization		(385,470)	(331,759)
		3,120,601	1,983,259
Changes in non-cash operating items		794,990	126,413
		3,915,591	2,109,672
<b>Cash provided by (used in) financing activities</b>			
Mortgage principal instalment payments		(716,426)	(669,949)
Draw on operating facility (net of transaction costs)		356,791	-
Issuance of units	11	-	30,375
Unit issue costs		(10,122)	(4,010)
Distributions to unitholders		(2,736,590)	(2,696,701)
		(3,106,347)	(3,340,285)
<b>Cash provided by (used in) investing activities</b>			
Income properties acquired	3	-	(1,913,462)
Issuance of mortgages receivable		(10,425,000)	-
Leasing costs and capital expenditures		(557,821)	(218,424)
Furniture and equipment		(10,154)	-
		(10,992,975)	(2,131,886)
Change in cash - Continuing operations		(10,183,731)	(3,362,499)
Change in cash - Discontinued operations	19	6,209,009	(458,727)
Cash, beginning of period		4,152,370	9,298,240
<b>Cash, end of period</b>		<b>\$ 177,648</b>	<b>\$ 5,477,014</b>
<b>Supplementary cash flow information</b>			
Cash interest paid	15	\$ 3,388,169	\$ 3,907,336

*See accompanying notes to the consolidated financial statements*

**WHITEROCK REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2008 and 2007 (unaudited)**

**1. Organization and Basis of Presentation**

Whiterock Real Estate Investment Trust (“Whiterock” or “the Trust”) is an open-ended real estate investment trust which was created under a Declaration of Trust on May 17, 2005.

**2. Significant Accounting Policies**

**(a) Basis of Accounting**

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, 2007 and 2006 annual consolidated financial statements, except as noted below. 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, 2007 and 2006 annual consolidated financial statements.

**(b) Changes to Significant Accounting Policies**

The Canadian Institute of Chartered Accountants (“CICA”) issued three new accounting standards that are effective for the Trust’s fiscal year commencing January 1, 2008: CICA Handbook Section 1535, Capital Disclosures; CICA Handbook Section 3862 – Financial Instruments – Disclosures; and Section 3863 – Financial Instruments – Presentation.

Section 1535 includes required disclosures of an entity’s objectives, policies and processes for managing capital, and quantitative data about the entity’s various sources of capital (Note 22).

Sections 3862 and 3863 replace the existing Section 3861, Financial Instruments – Disclosure and Presentation. These new Sections revise and enhance disclosure requirements and carry forward unchanged existing presentation requirements. The new sections require disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks (Note 23).

The new standards have no impact on the classification and measurement of the Trust’s financial instruments.

**(c) Future Changes to Significant Accounting Policies**

The CICA has issued a new accounting standard, CICA Handbook Section 3064, Goodwill and Intangible Assets, effective for the Trust’s 2009 fiscal year, which clarifies that costs can be capitalized only when they relate to an item that meets the definition of an asset. CICA Handbook Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. The Trust is in the process of evaluating the impact of these Standards on its 2009 consolidated financial statements.

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

**3. Income Properties**

	<b>March 31, 2008</b>	December 31, 2007
Land	<b>\$ 46,060,937</b>	\$ 46,060,937
Buildings and improvements	<b>265,924,568</b>	265,399,455
	<b>311,985,505</b>	311,460,392
Accumulated amortization	<b>(12,982,057)</b>	(11,288,859)
	<b>299,003,448</b>	300,171,533
Discontinued operations (Note 19)	-	13,957,182
	<b>\$ 299,003,448</b>	\$ 314,128,715

During the three months ended March 31, 2008, the Trust disposed of its interest in one industrial property for gross proceeds of \$14.0 million (Note 19), less mortgages assumed by the purchaser of \$7.5 million.

During the three months ended March 31, 2007, the Trust acquired an interest in a retail centre for \$6.6 million including closing costs, which was financed in part by a \$4.2 million draw on the Trust's acquisition facility, with the balance paid in cash.

The 2007 net assets acquired (continuing operations) and consideration provided at the time of acquisition were as follows:

	Three months ended March 31,	
	<b>2008</b>	2007
Income properties		
- Land	\$ -	\$ 888,000
- Building and improvements	-	4,587,320
Deferred charges		
- Tenant inducements	-	587,835
Intangible assets		
- Lease origination costs	-	349,826
- Tenant relationships	-	204,019
	<b>\$ -</b>	<b>\$ 6,617,000</b>
Consideration provided:		
Purchase price holdback	-	\$ 503,538
Cash and acquisition facilities	-	6,113,462
	<b>\$ -</b>	<b>\$ 6,617,000</b>

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

**4. Deferred Charges**

	<b>March 31, 2008</b>	December 31, 2007
Tenant inducements on acquisitions	<b>\$ 13,719,782</b>	\$ 13,727,056
Leasing costs	<b>4,805,346</b>	4,772,968
	<b>18,525,128</b>	18,500,024
Accumulated amortization		
Tenant inducements on acquisitions	<b>(3,437,347)</b>	(2,989,796)
Leasing costs	<b>(552,864)</b>	(457,739)
	<b>(3,990,211)</b>	(3,447,535)
	<b>14,534,917</b>	15,052,489
Discontinued operations (Note 19)	-	84,947
	<b>\$ 14,534,917</b>	\$ 15,137,436

**5. Intangible Assets**

	<b>March 31, 2008</b>	December 31, 2007
Lease origination costs	<b>\$ 12,533,079</b>	\$ 12,547,480
Tenant relationships	<b>7,808,787</b>	7,808,787
Above market rents on acquisitions	<b>1,565,218</b>	1,565,218
	<b>21,907,084</b>	21,921,485
Accumulated amortization		
Lease origination costs	<b>(3,075,079)</b>	(2,656,798)
Tenant relationships	<b>(1,947,695)</b>	(1,679,611)
Above market rents on acquisitions	<b>(774,019)</b>	(688,969)
	<b>(5,796,793)</b>	(5,025,378)
	<b>16,110,291</b>	16,896,107
Discontinued operations (Note 19)	-	221,687
	<b>\$ 16,110,291</b>	\$ 17,117,794

**6. Mortgages Receivable**

	<b>March 31, 2008</b>	December 31, 2007
Mortgages receivable	<b>\$ 10,425,000</b>	\$ -
Deferred financing costs	<b>7,687</b>	-
Accumulated amortization	<b>(1,236)</b>	-
Mortgages receivable - including deferred financing costs	<b>\$ 10,431,451</b>	\$ -

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

In conjunction with the disposition of an industrial property in Regina, Saskatchewan, the Trust provided a \$7.25 million second mortgage at a 10% interest rate in priority to the additional equity capital provided by the purchaser. The Trust has the right to acquire the property at market once substantially leased. As a condition of financing, the Trust continues to guarantee the \$7.5 million first mortgage financing on the property.

During the three months ended March 31, 2008, the Trust provided first mortgage financing on a property in Dartmouth, Nova Scotia. The total amount funded was \$3.2 million at an interest rate of 8.5%. The Trust has an option to acquire the property at market.

**7. Other Assets**

	<b>March 31, 2008</b>	December 31, 2007
Prepaid expenses and other assets	<b>\$ 3,098,817</b>	\$ 1,756,584
Properties under option	<b>78,359</b>	10,787
Trade amounts receivable	<b>718,539</b>	624,637
Interest receivable	<b>82,906</b>	23,648
Straight line rent receivable	<b>2,373,526</b>	2,078,750
	<b>6,352,147</b>	4,494,406
Discontinued operations (Note 19)	-	2,116
	<b>\$ 6,352,147</b>	\$ 4,496,522

Trade amounts receivable are net of an allowance for doubtful accounts of \$157,000 at March 31, 2008 and \$109,000 at December 31, 2007 with the difference being charged against property operating costs. An allowance is established when there is objective evidence that the Trust will not be able to collect the amount due. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. As at March 31, 2008, trade amounts receivable of approximately \$17,000 were three months past due but not considered impaired.

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

**8. Mortgages Payable and Facilities**

Mortgages payable and facilities are secured by income properties.

	<b>March 31, 2008</b>	December 31, 2007
Mortgage liability - continuing	<b>\$ 218,116,556</b>	\$ 218,832,982
Mortgage liability - discontinued	-	7,500,000
Mortgage deferred financing fees	<b>(1,885,866)</b>	(2,016,987)
Accumulated amortization	<b>316,221</b>	398,254
<b>Mortgage liability - net of deferred financing costs</b>	<b>216,546,911</b>	224,714,249
Acquisition and operating facilities	<b>360,000</b>	-
Acquisition and operating facilities deferred financing fees	<b>(861,548)</b>	(860,766)
Accumulated amortization	<b>820,542</b>	745,484
<b>Acquisition and operating facilities - net of deferred financing fees</b>	<b>318,994</b>	(115,282)
	<b>\$ 216,865,905</b>	\$ 224,598,967

The fixed and floating components of the mortgages are as follows:

	<b>March 31, 2008</b>	December 31, 2007
Fixed rate	<b>\$ 218,116,556</b>	\$ 218,832,982
Floating rate	-	-
	<b>218,116,556</b>	218,832,982
Discontinued operations - floating rate	-	7,500,000
	<b>\$ 218,116,556</b>	\$ 226,332,982

Fixed rate financing bears interest at a weighted average fixed rate of 5.4% (2007 – 5.4%), excluding mortgages relating to discontinued operations. Floating rate financing bears interest at rates determined by reference to the prime rate plus 25 basis points at December 31, 2007.

Principal repayments of mortgages payable outstanding as of March 31, 2008 are as follows:

	Scheduled Amortization	Balloon Payments	<b>Total</b>
2008	\$ 2,226,296	\$ 4,500,000	<b>\$ 6,726,296</b>
2009	3,115,890	-	<b>3,115,890</b>
2010	3,337,414	12,716,598	<b>16,054,012</b>
2011	3,910,109	-	<b>3,910,109</b>
2012	4,853,331	12,045,982	<b>16,899,313</b>
2013	4,746,109	2,930,702	<b>7,676,811</b>
Thereafter	23,187,212	140,546,913	<b>163,734,125</b>
	<b>\$ 45,376,361</b>	<b>\$ 172,740,195</b>	<b>\$ 218,116,556</b>

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

**Acquisition Facility**

On April 28, 2006, Whiterock entered into an 8.5% revolving \$23.5 million acquisition facility with a third party provider, maturing in May 2008. Effective July 31, 2006, the maximum amount available to be drawn under the facility was increased to \$45 million. As consideration for the facility, as amended, Whiterock issued 125,000 warrants with a \$13.76 exercise price and 90,500 warrants with a \$14.20 exercise price (Note 13), with a term of 5 years. At March 31, 2008, all warrants are exercisable.

In addition, Whiterock issued at the time of the initial draw under the facility, as additional compensation, 9,811 units to the lender, and issued an additional 9,811 units when cumulative draws under the facility totaled \$15 million.

The Trust has guaranteed that the gross proceeds received by the lender from the units and warrants will at least equal \$450,000 in certain circumstances, including upon disposition of the units and warrants and on termination of the agreement. The total gross proceeds receivable by the lender from the units based on the March 31, 2008 closing unit price of \$9.60 is \$188,371, resulting in a possible additional guarantee payment of \$261,629, in return for which the warrants would be cancelled. As at March 31, 2008, the value of the warrants, which was recorded as a deferred finance cost at the inception of the acquisition facility, has been fully expensed.

As at March 31, 2008, no amount was outstanding under the acquisition facility (December 31, 2007 – nil). The Trust is in negotiations for a similar facility with a Canadian financial institution.

**Operating Facility**

On December 18, 2007, the Trust entered into a \$5 million revolving line of credit at a floating rate determined by reference to the prime rate plus 50 basis points. As at March 31, 2008, \$360,000 was outstanding under the credit facility (December 31, 2007 – nil).

**9. Convertible Debentures**

As at March 31, 2008, the Trust has four series of convertible debentures outstanding.

	Principal (\$)	Interest rate	Conversion Price	Interest Payable	Maturity Date
Series A	7,638,000	8.0%	\$10.20 per unit	semi-annually	June 28, 2010
Series C	2,677,000	9.0%	\$12.00 per unit	quarterly	December 21, 2010
Series D	10,000,000	7.5%	\$15.00 per unit	semi-annually	July 31, 2011
Series E	25,000,000	6.3%	\$13.75 per unit	semi-annually	December 31, 2011

The convertible debentures were allocated into their liability and equity components on the date of issuance as follows:

	Series A	Series B	Series C	Series D	Series E	Total
Liability	\$ 12,328,078	\$ 8,769,115	\$ 2,883,060	\$ 9,564,256	\$ 23,888,615	\$ 57,433,124
Equity	671,922	230,885	116,940	435,744	1,111,385	2,566,876
Principal on issuance	13,000,000	9,000,000	3,000,000	10,000,000	25,000,000	60,000,000
Conversion of debentures	(3,691,000)	(900,000)	(323,000)	-	-	(4,914,000)
Redemption of debentures	-	(8,100,000)	-	-	-	(8,100,000)
Principal -						
December 31, 2007	9,309,000	-	2,677,000	10,000,000	25,000,000	46,986,000
Conversion of debentures	(1,671,000)	-	-	-	-	(1,671,000)
<b>Principal -</b>						
<b>March 31, 2008</b>	<b>\$ 7,638,000</b>	<b>\$ -</b>	<b>\$ 2,677,000</b>	<b>\$ 10,000,000</b>	<b>\$ 25,000,000</b>	<b>\$ 45,315,000</b>

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

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	Series D	Series E	Total
Liability -						
December 31, 2006	12,498,617	-	2,902,070	9,591,719	23,901,349	48,893,755
Implicit interest rate in						
excess of coupon rate	115,190		18,945	75,692	189,140	398,967
Conversion of debentures	(3,569,771)	-	(312,456)	-	-	(3,882,227)
Liability -						
December 31, 2007	9,044,036	-	2,608,559	9,667,411	24,090,489	45,410,495
Implicit interest rate in						
excess of coupon rate	23,299	-	4,976	19,996	49,914	98,185
Conversion of debentures	(1,627,303)	-	-	-	-	(1,627,303)
Liability -						
March 31, 2008	7,440,032	-	2,613,535	9,687,407	24,140,403	43,881,377
Deferred financing fees	(962,892)	-	(185,065)	(240,458)	(1,338,461)	(2,726,876)
Deferred financing fees -						
Accumulated amortization	590,920	-	69,343	68,786	304,546	1,033,595
<b>Balance -</b>						
<b>March 31, 2008</b>	<b>\$ 7,068,060</b>	<b>\$ -</b>	<b>\$ 2,497,813</b>	<b>\$ 9,515,735</b>	<b>\$ 23,106,488</b>	<b>\$ 42,188,096</b>

**Series A**

On June 28, 2005, the Trust issued 8% redeemable subordinated unsecured convertible debentures in the original principal 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 \$10.20.

The debentures are redeemable at the option of the Trust at the principal amount, subject to certain terms and conditions, from June 29, 2007 and until June 28, 2009, providing that the 20-day weighted average trading price of the units is at least \$15.30 and, after June 28, 2009, providing that the 20-day weighted average trading price is at least \$12.75.

In the three months ended March 31, 2008, \$1,671,000 of Series A debentures were converted into 163,822 units. Subsequent to March 31, 2008, \$840,000 of Series A debentures were converted into 82,352 units (Note 25).

**Series C**

On December 21, 2005, the Trust issued 9% redeemable subordinated unsecured convertible debentures in the original principal amount of \$3,000,000 with interest payable quarterly 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 \$12.00.

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 20-day weighted average trading price of the units is at least \$13.00 and, after June 21, 2008, providing that the 20-day weighted average trading price is at least \$14.00.

Subsequent to March 31, 2008, \$465,000 of Series C debentures were converted into 38,750 units (Note 25). In the three months ended March 31, 2007, \$323,000 of Series C debentures were converted into 26,914 units.

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

**Series D**

On August 14, 2006, the Trust issued 7.5% redeemable subordinated unsecured convertible debentures in the original principal amount of \$10,000,000 with interest payable semi-annually and which mature on July 31, 2011. The debentures are convertible at the request of the holder after July 31, 2007, subject to certain terms and conditions at a conversion price per unit of \$15.00.

The debentures are redeemable at the option of the Trust at the principal amount, subject to certain terms and conditions, from July 31, 2009 and until July 14, 2010, providing that the 20-day weighted average trading price of the units is at least \$18.75 and, after July 14, 2010, at their principal amount.

**Series E**

On December 8, 2006, the Trust issued 6.3% redeemable subordinated unsecured convertible debentures in the original principal amount of \$25,000,000 with interest payable semi-annually and which mature on December 31, 2011. The debentures are convertible at the request of the holder, subject to certain terms and conditions at a conversion price per unit of \$13.75.

The debentures are redeemable at the option of the Trust at the principal amount, subject to certain terms and conditions, from December 31, 2009 and prior to December 31, 2010, providing that the 20-day weighted average trading price of the units is at least \$17.19 and, after December 30, 2010, at their principal amount.

**10. Accounts Payable and Accrued Liabilities**

	March 31, 2008	December 31, 2007
Below market rents on acquisitions	\$ 10,320,399	\$ 10,329,358
Accrued mortgage, acquisition facility, and debenture interest	1,617,122	1,224,830
Security deposits	383,820	389,652
Distributions payable	988,286	-
Other accounts payable and accrued liabilities	4,324,411	3,297,351
	<b>17,634,038</b>	<b>15,241,191</b>
Accumulated Amortization		
Below market rents on acquisitions	<b>(4,044,168)</b>	<b>(3,582,607)</b>
	<b>13,589,870</b>	<b>11,658,584</b>
Discontinued operations (Note 19)	-	546,196
	<b>\$ 13,589,870</b>	<b>\$ 12,204,780</b>

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

**11. Units**

	Note	2008		2007	
		Units	\$	Units	\$
Issued and outstanding, January 1		<b>10,385,274</b>	<b>\$ 99,571,778</b>	9,869,877	\$ 94,226,033
Units Issued					
Settlement of accrued management services fees		-	-	34,708	449,077
Conversion of Series A Debentures		<b>163,822</b>	<b>1,713,670</b>	-	-
Conversion of Series C Debentures		-	-	26,914	325,048
Exercise of warrants	13	-	-	5,625	30,375
Distribution reinvestment plan		<b>20,810</b>	<b>197,172</b>	7,902	108,186
Value associated with warrants exercised			-		5,220
Unit issue costs			<b>(92,006)</b>		(21,090)
<b>Issued and outstanding, March 31</b>		<b>10,569,906</b>	<b>\$ 101,390,614</b>	9,945,026	\$ 95,122,849

Units issued and outstanding at January 1, 2007 in the table above include 205,354 LP Class B units issued in 2006 by Whiterock Limited Partnership, a subsidiary of Whiterock. The LP Class B units, together with their accompanying Special Trust Units, had economic and voting rights equivalent in all material respects to the Trust units and could only be converted into Trust units. During the three months ended March 31, 2007, all of the remaining 205,354 LP Class B units were converted to units of the Trust.

On January 3, 2007, the Trust issued 34,708 units valued at \$449,077 and paid \$238,705 cash to two officers and Trustees of the Trust to settle the remaining outstanding fees accrued as of December 31, 2006 in accordance with the original terms of their management services agreements.

**Distribution Reinvestment and Unit Purchase Plan**

In April 2006, the Trust established a Distribution Reinvestment Plan ("DRIP") which allows unitholders, subject to certain terms and conditions, to elect to have cash distributions from the Trust reinvested in additional units. Units purchased through reinvestment of distributions are purchased at 96% of the weighted average market price of the units for the 10 trading days preceding the distribution payment date.

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

**12. Unit Options**

The Trust may grant unit options to the Trustees, senior officers, investor relations consultants and technical consultants to the Trust. The maximum number of units reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding units. The Trustees set the exercise price at the time that a unit 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 unit options have a maximum term of five years from the date of grant and vest over a period of up to two years.

	2008		2007	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, January 1,	576,875	\$10.62	645,250	\$10.68
Granted	55,000	\$9.83	-	-
Expired	(3,125)	\$12.16	-	-
Outstanding, March 31	628,750	\$10.55	645,250	\$10.68
Options vested, end of period	603,125	\$10.55	576,500	\$10.66
Weighted average remaining life (years)	3.1		3.8	

The fair value associated with the unit options issued during the three months ended March 31, 2008 and 2007 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 20% (2007 – 25%) on the underlying units, the term to expiry of 5 years, an annual dividend of \$1.12, and the five year weighted average risk free interest rate (the five year Canada bond rate at the date of grant).

Subsequent to March 31, 2008, 170,000 unit options were granted with a five year term at an exercise price of \$9.80.

**13. Warrants**

	2008		2007	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, January 1,	215,500	\$13.94	221,125	\$13.73
Exercised	-	-	(5,625)	\$5.40
Outstanding, March 31	215,500	\$13.94	215,500	\$13.94
Warrants exercisable, end of period	215,500	\$13.94	215,500	\$13.94
Weighted average remaining life (years)	3.2		4.2	

No warrants were issued during the three months ended March 31, 2008 (2007 – nil).

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

**14. Income Property Rentals**

	Three months ended March 31,	
	2008	2007
Revenue from tenant leases	\$ 12,129,347	\$ 11,156,758
Accrued rental revenue recognized on a straight-line basis	295,432	386,064
Above and below market lease amortization	385,470	331,759
	<b>\$ 12,810,249</b>	<b>\$ 11,874,581</b>

**15. Interest**

	Three months ended March 31,	
	2008	2007
Mortgage interest expense	\$ 2,968,310	\$ 2,941,240
Acquisition and operating facilities interest expense	75,144	183,460
Debenture interest expense	1,044,121	1,133,475
Other interest expense	2,482	-
<b>Interest expense - continuing operations</b>	<b>4,090,057</b>	<b>4,258,175</b>
Interest expense		
- discontinued operations (Note 19)	42,932	476,797
Deferred finance cost amortization:		
mortgages payable	(51,515)	(52,507)
mortgages payable		
- discontinued operations (Note 19)	-	(6,244)
acquisition and operating facilities	(75,058)	(106,052)
convertible debentures	(127,770)	(128,331)
Implicit interest rate in excess of coupon rate - convertible debentures	(98,185)	(100,686)
Change in accrued interest	(392,292)	(433,816)
<b>Cash interest paid</b>	<b>\$ 3,388,169</b>	<b>\$ 3,907,336</b>

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

**16. General and Administrative Expenses**

	Three months ended March 31,	
	2008	2007
Salaries and wages	\$ 232,163	\$ 346,198
Non-cash compensation expense	41,100	20,901
Trustee fees	14,853	41,596
Legal, audit and regulatory	49,233	31,330
Office rent	-	20,645
Insurance	14,216	15,116
Other general and administrative	27,278	30,963
	<b>378,843</b>	506,749
Costs related to properties not acquired	-	103,271
	<b>\$ 378,843</b>	<b>\$ 610,020</b>

**17. Amortization**

	Three months ended March 31,	
	2008	2007
Building and improvements	\$ 1,693,198	\$ 1,630,844
Deferred charges		
- tenant inducements on acquisition	454,825	441,031
- leasing costs	91,741	64,981
Intangible assets		
- lease origination	432,682	414,861
- tenant relationships	268,084	262,915
Furniture and fixtures	22,807	13,364
Amortization expense	<b>\$ 2,963,337</b>	<b>\$ 2,827,996</b>

**18. Income Taxes**

The Trust currently qualifies as a Mutual Fund Trust for Canadian income tax purposes. Prior to new legislation relating to the federal income taxation of publicly-listed or traded trusts, as discussed below, income earned by the Trust and distributed annually to unitholders was not, and would not be, subject to taxation in the Trust, but was taxed at the individual unitholder level. For financial statement reporting purposes, the tax deductibility of the Trust's distributions was treated as an exemption from taxation as the Trust distributed and was committed to continue distributing all of its taxable income to its unitholders. Accordingly, the Trust did not previously record a provision for income taxes, or future income tax assets or liabilities, in respect of the Trust or its wholly owned subsidiary trust.

On June 22, 2007, legislation relating to the federal income taxation of a "specified investment flow-through" trust or partnership (a "SIFT"), received royal assent (the "SIFT Rules"). A SIFT includes a publicly-listed or traded partnership and trust, such as an income trust and real estate investment trusts which do not meet certain conditions. The Trust is currently a SIFT, as discussed below.

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

Under the SIFT Rules, following a transition period for qualifying SIFTs, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income, and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to the tax. In fiscal 2006 and 2007, all of the Trust's distributions were classed as returns of capital for tax purposes.

A SIFT that was publicly listed before November 1, 2006 (an "Existing Trust") will become subject to the tax on certain distributions commencing with the 2011 taxation year end. However, an Existing Trust may become subject to this tax prior to the 2011 taxation year end if its equity capital increases beyond certain limits measured against the market capitalization of the Existing Trust at the close of trading on October 31, 2006. The Trust has not exceeded such limits.

Under the SIFT Rules, the new taxation regime will not apply to a trust that meets prescribed conditions relating to the nature of its income and investments (the "REIT Conditions"). As currently structured, the Trust does not meet the REIT Conditions and, therefore is a SIFT. Accordingly, without further action, commencing in 2011 the Trust will become subject to tax on distributions of certain income. The Trust intends to take the necessary steps to qualify for the REIT conditions prior to 2011.

Due to the SIFT Rules, on June 30, 2007 the Trust commenced recognizing future income tax assets and liabilities with respect to the temporary differences between the carrying amounts and tax basis of its assets and liabilities, including those of its subsidiary trust, that are expected to reverse in or after 2011. Future income tax assets and liabilities are recorded using substantively enacted tax rates and laws expected to apply when the temporary differences are expected to reverse. The SIFT Rules resulted in the Trust including a future income tax asset of \$70,000 in the consolidated balance sheet at March 31, 2008, with a corresponding future income tax recovery of \$70,000 reflected in consolidated income.

The October 30, 2007, Canadian Federal Economic Statement announced several general corporate income tax rate reductions. Legislation for such rate reductions, which apply to the computation of SIFT tax, received Royal Assent on December 14, 2007. Consequently, in accounting for the Trust's future income taxes, the impact of these tax rate reductions from 31.5% to 29.5% for 2011 and 28.0% for 2012 and later have been applied in the periods that such temporary differences are expected to reverse.

The tax effect of temporary differences that give rise to significant portions of the future income tax assets are as follows:

	Three months ended March 31,	
	2008	2007
Future income tax asset:		
Income producing property	\$ 581,338	\$ -
Straight line rent receivable	(664,588)	-
Other assets and receivables	153,250	-
Net future income tax asset	\$ 70,000	\$ -

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

**19. Discontinued Operations**

Effective January 28, 2008, the Trust sold its interest in an industrial property in Regina, Saskatchewan for gross proceeds totaling \$14.0 million, which approximates the Trust's gross book value. In conjunction with the sale, the Trust has provided a \$7.25 million second mortgage (Note 6) at a 10% interest rate in priority to the additional equity capital provided by the purchaser. The Trust has the right to acquire the property at market once substantially leased. As a condition of financing, the Trust continues to guarantee the \$7.5 million first mortgage financing on the property.

On April 10, 2007, Whiterock completed a sale to the existing co-owners through the exercise of buy-sell provisions in its co-ownership agreement, which were initiated by Whiterock, of its 50% undivided, non-managed interest in three Quebec City office properties, being 410 Charest, 750 Charest, and 880-930 Ste-Foy. The sale, for \$51.8 million, less mortgages assumed of \$31.6 million resulted in a gain on disposition of \$3.5 million. These properties were acquired in May 2006.

The operating results for these properties have been reclassified as discontinued operations to comply with the disclosure requirements of the CICA Handbook Section 3475:

	Three months ended March 31,	
	2008	2007
<b>Revenue</b>		
Income property rentals	\$ 115,894	\$ 1,966,215
Interest income	271	17,563
	<b>116,165</b>	<b>1,983,778</b>
<b>Expenses</b>		
Property operating costs	97,901	985,868
Interest	42,932	476,797
Amortization	30,878	208,568
	<b>171,711</b>	<b>1,671,233</b>
Income (loss) before the undernoted	<b>(55,546)</b>	312,545
Gain on disposition of properties	<b>44,819</b>	-
<b>Income (loss) and gain from discontinued operations</b>	<b>\$ (10,727)</b>	<b>\$ 312,545</b>

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

Cash flow from discontinued operations for the three months ended March 31, 2008 and 2007 are as follows:

	Three months ended March 31,	
	2008	2007
<b>Cash provided by (used in) operating activities</b>		
Income (loss) and gain from discontinued operations	\$ (10,727)	\$ 312,545
Items not affecting cash		
Amortization	30,878	208,568
Deferred finance cost amortization - mortgages payable	-	6,244
Accrued rental revenue recognized on a straight-line basis	-	(28,911)
Above and below market lease amortization	(8,831)	(74,725)
Gain on disposition of properties	(44,819)	-
	<b>(33,499)</b>	423,721
Changes in non-cash operating items	<b>(189,070)</b>	(726,253)
	<b>(222,569)</b>	(302,532)
<b>Cash used in financing activities</b>		
Mortgage principal repayments	-	(151,802)
Mortgage financing costs	-	(4,005)
	-	(155,807)
<b>Cash used in investing activities</b>		
Proceeds from disposition of properties	6,431,578	-
Leasing costs and capital expenditures	-	(388)
	<b>6,431,578</b>	(388)
<b>Change in cash - Discontinued operations</b>	<b>\$ 6,209,009</b>	<b>\$ (458,727)</b>

**20. 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 from continuing operations, discontinued operations and net income per unit calculations are based on the following:

	Three months ended March 31,	
	2008	2007
Weighted average number of Units		
Basic	10,412,841	9,924,803
Diluted - Continuing Operations	10,437,680	9,924,803
Diluted - Discontinued Operations	10,412,841	10,089,118
Diluted - Net Income	10,437,680	9,924,803

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

The following securities were not included in the diluted net income per unit calculation as the effect would have been anti-dilutive:

	Exercise / Conversion Price	Number of Units if Converted or Exercised at March 31, 2008
Unit options		
	\$ 10.00	131,250
	\$ 10.04	12,500
	\$ 10.88	65,000
	\$ 11.60	18,750
	\$ 12.16	6,250
	\$ 13.08	166,250
Warrants		
	\$ 13.76	125,000
	\$ 14.20	90,500
Convertible Debentures		
Series A (8.0%)	\$ 10.20	748,824
Series C (9.0%)	\$ 12.00	223,083
Series D (7.5%)	\$ 15.00	666,667
Series E (6.3%)	\$ 13.75	1,818,182
		<b>4,072,256</b>

**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 (excluding discontinued operations) and income properties by segment for the three months ended March 31, 2008 and 2007 are summarized as follows:

	Three months ended March 31, 2008			
	Office	Retail	Industrial	Total
<b>Income property rentals</b>	\$ 9,619,371	\$ 1,583,628	\$ 1,607,250	\$ 12,810,249
<b>Property operating costs</b>	4,124,416	490,134	522,573	5,137,123
<b>Property operating income</b>	\$ 5,494,955	\$ 1,093,494	\$ 1,084,677	\$ 7,673,126
<b>Income properties - continuing</b>	\$ 220,246,184	\$ 39,555,843	\$ 39,201,421	\$ 299,003,448

	Three months ended March 31, 2007			
	Office	Retail	Industrial	Total
Income property rentals	\$ 9,053,004	\$ 1,309,969	\$ 1,511,608	\$ 11,874,581
Property operating costs	3,948,148	406,591	452,190	4,806,929
Property operating income	\$ 5,104,856	\$ 903,378	\$ 1,059,418	\$ 7,067,652
Income properties - continuing	\$ 214,142,817	\$ 40,456,559	\$ 40,111,405	\$ 294,710,781

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

For the period ended March 31, 2008, there is one tenant that accounts for more than 10% of the Trusts' total revenue. SIQ (Quebec government agency) comprised approximately 19% (March 31, 2007 – 21%) of the Trust's total revenue.

**22. Capital Management**

The Trust defines capital that it manages as the aggregate of unitholders' equity and interest bearing debt. Whiterock's objectives when managing capital are to safeguard and build long term unitholder value, fund its ongoing long term business strategies and provide reasonable returns to Unitholders taking into account levels of risk.

The Trust manages its capital structure and makes adjustments to it taking into account changes in economic conditions, availability of capital and the risk characteristics of its underlying assets.

The total managed capital for the Trust is summarized below:

	<b>March 31, 2008</b>	December 31, 2007
Mortgages payable and facilities	<b>\$ 216,865,905</b>	\$ 224,598,967
Convertible debentures	<b>42,188,096</b>	43,507,560
	<b>259,054,001</b>	268,106,527
Unitholders' Equity	<b>74,036,031</b>	74,861,530
	<b>\$ 333,090,032</b>	\$ 342,968,057

The Trust monitors capital from time-to-time using a variety of measures. The Trust's Declaration of Trust contains provisions that have the effect of limiting capital expended by the Trust for, among other items, the following:

Whiterock's Declaration of Trust provides that total indebtedness, which excludes convertible debentures and short term credit facilities, may not exceed 75% of gross book value of the Trust's total assets ("GBV"). Whiterock continues to be in compliance with this ratio. At March 31, 2008, according to the calculation as defined in the Declaration of Trust, this ratio was 59.0% (December 31, 2007 – 60.3%). It is management's intention to reduce Whiterock's leverage ratio over time. A special resolution was passed at Whiterock's annual and special meeting of unitholders that this limitation on total indebtedness (which term shall be amended to include the aggregate principal amount of all convertible subordinated debentures of the Trust) be reduced to 65% of GBV. The reduction shall take effect at such time as the total assets of the Trust, as reflected on its audited annual consolidated financial statements for its most recently completed fiscal year, exceeds \$750 million.

Monitoring procedures are typically performed as a part of the overall management of Whiterock's operations. The Trust's strategy during the year, which was unchanged from the prior year, was to maintain its ability to secure access to financing at a reasonable cost. The requirements and terms of sources of capital cannot be predicted and change in ways the Trust cannot predict.

# WHITEROCK REAL ESTATE INVESTMENT TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

### 23. Financial Instruments and Risk Management

#### **Fair values**

For purposes of disclosure, the Trust calculates the fair value of certain assets and liabilities. The fair values of the Trust's financial assets and liabilities which represent net working capital, and the Trust's acquisition facility, approximate their recorded values at March 31, 2008 and December 31, 2007, due to their short term nature.

The fair value of the Trust's mortgages payable approximates carrying value. The fair value of mortgages payable has been estimated based on current market rates for mortgages with similar terms and conditions.

The fair value of the Trust's convertible debentures liability component approximates carrying value. The fair value of convertible debenture liability component has been estimated based on current market rates for debentures with similar terms and conditions. Such fair value estimates are not necessarily indicative of the amounts the Trust might pay or receive in actual market transactions.

At March 31, 2008 and December 31, 2007, the Trust did not have any cash flow or interest rate hedges in place.

#### **Risk management**

The main risks that arise from the Trust's financial instruments are credit, interest and liquidity risk. The Trust's approach to managing these risks, is summarized below:

Management's risk management policies are typically performed as a part of the overall management of the Trust's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Trust is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. The Trust has not designated transactions as hedging transactions to manage risk. As a part of the overall operation of the Trust, management considers the avoidance of undue concentrations of risk. These risks include, and the actions taken to manage them, are as follows:

#### Liquidity risk

Liquidity risk is the risk that the Trust may not have sufficient debt and equity capital available to fund its growth program and refinance its debts as they mature. As discussed in Note 22, The Trust's Declaration of Trust provides that total indebtedness, which excludes convertible debentures and short term credit facilities, may not exceed 75% of gross book value of the Trust's total assets. As at March 31, 2008, the Trust's \$5 million operating facility was undrawn and the Trust was in negotiations to replace the Trust's \$45 million undrawn acquisition facility. The Trust also endeavors to stagger its debt maturities. Of the Trust's \$218.1 million of mortgage debt, \$4.5 million is scheduled to mature in 2008. None of the Trust's convertible debentures are scheduled to mature in 2008.

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows associated with some financial instruments, known as interest rate cash flow risk, or on the fair value of other financial instruments, known as interest rate price risk. Obtaining long-term mortgages with fixed interest rates minimizes cash flow risk. All of the Trust's outstanding mortgages and convertible debentures are fixed rate. Of the Trust's \$218.1 million of mortgage debt, \$4.5 million is scheduled to mature in 2008. None of the Trust's convertible debentures are scheduled to mature in 2008.

## **WHITEROCK REAL ESTATE INVESTMENT TRUST**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued***

#### Credit risk

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 and that the tenant mix is comprised of tenants with credit worthy covenants, by staggered lease maturities and by an appropriate geographic mix of tenants.

#### **24. Review of Strategic Alternatives in 2007**

On January 16, 2007, Whiterock announced that it had commenced a process to review its strategic alternatives and to solicit proposals to acquire or merge with Whiterock (the "Process"), in an effort to continue to enhance its unit value.

The Board of Trustees of Whiterock established a Special Committee of Independent Trustees to advise the Board. Whiterock also retained Canaccord Adams and BMO Capital Markets to act as co-financial advisors to manage the process.

On January 29, 2007, Whiterock announced that, in connection with its previously announced Sale Process, its Board of Trustees had adopted a unitholder rights plan (the "Plan"), which was effective immediately, and on June 28, 2007 unitholders ratified the Plan.

The Plan operates to prevent an attempt to acquire control of Whiterock other than by means of an offer made to all unitholders that is a "Permitted Bid" as defined in the Plan. Under the Plan, those bids that meet certain requirements intended to protect the interests of unitholders are considered to be "Permitted Bids." A Permitted Bid must be made by way of a take-over bid circular prepared in compliance with applicable securities laws, remain open for 60 days, be made to all unitholders, and satisfy certain other conditions.

On July 18, 2007, Whiterock announced that it had completed the Process, and determined that having management continue to operate the business is the best means to build and deliver value to unitholders. As a result, the Special Committee of Trustees was disbanded. Whiterock expensed \$2.2 million of costs, primarily for legal, special committee and due diligence costs relating to the process, in the year ended December 31, 2007.

#### **25. Subsequent Events**

##### **Conversion of Series A Debentures**

Subsequent to March 31, 2008, \$840,000 of Whiterock's Series A (8.0%) debentures were converted by debentureholders into 82,352 units and \$465,000 of Whiterock's Series C (9.0%) debentures were converted into 38,750 units.

#### **26. Comparative Amounts**

Certain comparative amounts have been reclassified to conform to the current period's presentation.