



Management's Discussion and Analysis
June 30, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

This Management's Discussion and Analysis of the results of operations and financial condition ("MD&A") of Whiterock Real Estate Investment Trust ("Whiterock" or the "Trust") should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2007 and 2006. Additional information relating to Whiterock, including its Annual Information Form ("AIF") dated March 20, 2008 and continuous disclosure documents required by the securities regulators, is filed as required on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed electronically at www.sedar.com.

This MD&A is based on information available to management as at August 7, 2008.

CAUTIONARY STATEMENT REGARDING DISCLOSURE

This MD&A contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to financial performance, sale-leaseback opportunities, proposed acquisitions and equity or debt offerings, new markets for growth, financial position, comparable commercial REITs and proposed acquisitions. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Whiterock to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the risks related to the market for Whiterock's securities, the general risks associated with real property ownership and acquisition, that future accretive acquisition opportunities will not be identified and/or completed by Whiterock, lease maturities, risk management, liquidity, debt financing, credit risk, competition, general uninsured losses, interest rate fluctuations, environmental matters, restrictions on redemptions of outstanding Whiterock securities, lack of availability of growth and/or diversification opportunities, reliance on anchor or single tenant properties, potential Unitholder liability, potential conflicts of interest, the availability of sufficient cash flow, fluctuations in cash distributions, fluctuations in the market price of Whiterock's units, the risk of failure to obtain additional financing, dilution, reliance on key personnel, changes in legislation, failure to obtain or maintain mutual fund trust status and delays in obtaining governmental approvals or financing as well as those additional factors discussed in the section entitled "Risk Factors" in Whiterock's Annual Information Form which can be obtained at www.sedar.com. In particular, but without limitation, there is no assurance that Whiterock will be able to increase its FFO or AFFO as anticipated. Except as required by law, Whiterock does not undertake, and specifically disclaims, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

NON-GAAP MEASURES

Funds from operations ("FFO"), adjusted funds from operations ("AFFO") and property operating income are non-GAAP performance measures used by Whiterock to improve the understanding of operating results for the investing public. "GAAP" means the generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is to be made.

FFO, AFFO and property operating income are not measures recognized under GAAP and do not have a standardized meaning prescribed by GAAP. Therefore, FFO, AFFO and property operating income may not be comparable to similar measures presented by other issuers. However, Whiterock presents its FFO in accordance with the Real Property Association of Canada (REALpac) White Paper on Funds from Operations dated November 30, 2004, with revisions February 1, 2007.

Neither FFO, AFFO, or property operating income is intended to represent operating profits for the period or from a property nor should they be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

HIGHLIGHTS – June 30, 2008

- **Record Quarterly FFO** – Recurring FFO increased 32% to \$3.5 million for the three months ended June 30, 2008. Recurring FFO per unit (basic) increased 22% to \$0.33 per unit in the same period. This represents an 85% FFO payout ratio.
- **Record Quarterly AFFO** – Recurring AFFO increased 37% to \$2.9 million for the three months ended June 30, 2008. Recurring AFFO per unit (basic) increased 27% to \$0.27 per unit in the same period.
- **Solid Rental Rate Increases** – Increases on year to date lease renewals averaged approximately 18%.
- **Future Rental Rate Growth, Western Canada** – 58% of lease expirations through 2010 are in Saskatchewan and Alberta. Lease rollover is currently estimated to add \$0.12 per unit of annualized rental rate growth by the end of 2010.
- **Same Property Growth** – Property operating income for the three months ended June 30, 2008 increased approximately 5.4% on a same property basis from the prior year comparative period.
- **New Acquisitions** – Subsequent to June 30, 2008, Whiterock acquired eight commercial properties in Calgary and Edmonton, Alberta totaling 341,631 square feet and one 36,927 square foot office property in Chatham, Ontario for a total of \$85.4 million before closing costs. Whiterock has also agreed to acquire one 27,428 square foot office property in Halifax, Nova Scotia for a total of \$4.5 million before closing costs.
- **Yield** – Distribution yield of 11.2% annualized, based on per unit distributions for the six months ended June 30, 2008 totaling \$0.56, and the August 7, 2008 Unit closing price of \$10.00.
- **Investment Grade Tenants on Long-Term Leases** – 69% of revenues were from government and other investment grade tenants. Average lease term of the portfolio is 8.6 years.
- **Long-Term Fixed Rate Debt** – Average 8.0 year term for mortgage debt at a weighted average interest rate of 5.4% with 100% at fixed rates.
- **Continued Deleveraging** – \$1.3 million of convertible debentures converted to equity in the three months ended June 30, 2008.
- **Geographically Balanced Portfolio** – At June 30, 2008, 21% of the portfolio's property operating income was in Saskatchewan, 28% in Ontario, 36% in Quebec and 15% in Atlantic Canada.

BUSINESS OVERVIEW

Whiterock is a growth-oriented REIT focused on increasing Unitholder value through strategic acquisitions, ownership and management of high quality office, industrial, and retail properties in select markets across Canada which provide high returns while maintaining high tenant credit quality.

From June 28, 2005, when Whiterock began active operations to June 30, 2008, it acquired 37 properties with gross book values ("GBV") totaling approximately \$405.3 million and sold 4 properties for \$65.8 million and a gain of \$3.6 million.

At June 30, 2008, approximately 43% of Whiterock's revenue stream is derived from government leases, and government leases combined with other investment grade tenants supply 69% of the revenue stream. The average remaining lease term of this portfolio was 8.6 years at June 30, 2008.

At June 30, 2008, Whiterock operated in select urban markets as summarized below:

Province	Office		Retail		Industrial	
	Number of Properties	GLA ⁽¹⁾	Number of Properties	GLA ⁽¹⁾	Number of Properties	GLA ⁽¹⁾
Saskatchewan	5	219,776	3	174,865	2	273,437
New Brunswick	1	80,162	-	-	2	134,704
Nova Scotia	1	75,982	1	33,857	1	115,773
Ontario	2	326,774	-	-	4	243,161
Quebec	7	977,501	-	-	1	29,700
Prince Edward Island	-	-	3	69,431	-	-
Total	16	1,680,195	7	278,153	10	796,775

(1) Gross Leasable Area

Subsequent to June 30, 2008, Whiterock acquired 8 commercial properties in Calgary and Edmonton Alberta for \$79.75 million before closing costs. The purchase price was satisfied by a \$22.8 million private placement of new units and new convertible unsecured subordinated debentures to the vendor, with the balance of the funds provided by the assumption of \$23.3 million of mortgages with a weighted average interest rate of 5.9%, \$11.5 million of new mortgages with an interest rate of 5.5%, and the balance of funds from Whiterock's \$40 million credit facility. The vendor received \$11.4 million of new Whiterock units issued at \$11.50 per unit and \$11.4 million of new 6% convertible unsecured subordinated debentures with a 4-year term, and a conversion price of \$13.22 per unit.

Additionally, Whiterock completed the purchase of one office building in Chatham Ontario for \$5.6 million before closing costs, financed by Whiterock's \$40 million credit facility. Whiterock has also waived conditions on an office property in Halifax, Nova Scotia which is to be acquired for \$4.5M excluding closing costs.

Including properties acquired to August 7, 2008, Whiterock's portfolio is summarized as follows:

Province	Office		Retail		Industrial	
	Number of Properties	GLA ⁽¹⁾	Number of Properties	GLA ⁽¹⁾	Number of Properties	GLA ⁽¹⁾
Alberta	4	183,426	1	54,514	3	103,691
Saskatchewan	5	219,776	3	174,865	2	273,437
New Brunswick	1	80,162	-	-	2	134,704
Nova Scotia	1	75,982	1	33,857	1	115,773
Ontario	3	363,701	-	-	4	243,161
Quebec	7	977,501	-	-	1	29,700
Prince Edward Island	-	-	3	69,431	-	-
Total	21	1,900,548	8	332,667	13	900,466

(1) Gross Leasable Area

Management believes that there are significant leasing and operating synergies which can be derived from a critical mass of properties in defined regions. Since its Initial Public Offering in June 2005, management has considered and completed acquisitions in Western Canada, Ontario, Quebec and Atlantic Canada. Whiterock's investment criteria is contained in its declaration of trust, as amended, (the "Declaration of Trust") a copy of which may be obtained at www.sedar.com.

While it has been Whiterock's intention to acquire a geographically diversified mix of office, retail and industrial properties, office buildings have comprised the majority of its acquisitions to date. Management believes this segment has provided the most favourable acquisition opportunities to date.

OVERALL BUSINESS STRATEGY AND OBJECTIVES

During the three months ended June 30, 2008 Whiterock continued to operate a high quality diversified portfolio of office, industrial and retail assets in select markets across Canada that produces an attractive and consistent return to investors. Whiterock has an active acquisition program with an additional focus on internal growth measures. Whiterock focuses on properties that are not the primary focus of larger institutional investors while adhering to Whiterock's real estate investment criteria.

The objectives of Whiterock are to: (i) enhance the value of Whiterock's assets and maximize long-term unit value through the active management of its assets; (ii) generate stable and growing cash distributions on a tax-efficient basis; and (iii) expand Whiterock's asset base and increase its income available for distribution through an accretive acquisition program. Whiterock achieves its objectives by employing the external and internal growth strategies set out below. Whiterock's objective is to acquire well-located real estate with a large proportion of investment grade tenants having long-term leases and matching these acquisitions with fixed-rate debt of similar term.

Management expects that further increases in AFFO per unit in 2008 will result from completed and anticipated new leasing and renewals, acquisitions, in-place rent increases and continued property management and general and administrative improvements.

Growth through Opportunistic and Disciplined Acquisitions

As of June 30, 2008, Whiterock's GBV of real estate was \$342.6 million, up from \$3 million at the time of its initial public offering in June 2005. During this period, the size of Whiterock's real estate portfolio has increased to 2.8 million square feet of Gross Leasable Area (GLA) from 26,000 square feet of GLA. The GBV of the portfolio increased a further \$85.4 million (before closing costs) with the addition of nine more properties with a total GLA of 0.4 million after June 30, 2008.

Whiterock's growth strategy includes acquiring real estate at attractive capitalization rates which are above national averages, while maintaining the high credit quality of its tenants and the physical condition of the assets being acquired. By virtue of Whiterock's relatively small size, each additional acquisition can have a material impact on the REIT's overall performance. Completing acquisitions at capitalization rates that have positive spreads to the asset level financing also serves to enhance the REIT's performance.

Whiterock has developed a national platform of diversified commercial real estate across Canada, with target markets nationwide, including: Calgary, Edmonton, the Greater Toronto Area; Regina; Saskatoon; Southwestern Ontario; Ottawa; Halifax; Quebec City; and Montreal.

Management has utilized a geographically opportunistic growth strategy, allowing the REIT to participate in any Canadian market where an opportunity exists to acquire assets that conform to its investment criteria. As a competitive advantage, Whiterock not only focuses on properties in major market centres in Canada, it also operates in markets that are generally not the primary focus of larger REITs and institutional investors.

Management has an extensive network of real estate contacts across Canada, the necessary experience to source properties directly from vendors or to purchase through traditional channels, as well as the ability to move quickly to acquire high quality, accretive properties.

Whiterock engages in rigorous financial, physical and market due diligence, focusing on the acquisition criteria set out below:

- *Finding superior locations:* Whiterock seeks assets that are well-located in their respective markets.
- *Long-term leases:* Whiterock attempts to secure long-term leases with high quality credit tenants.
- *Limiting deferred capital expenditures:* Whiterock attempts to acquire properties in good condition by focusing on the average age of the building and the length of time since renovation.
- *Acquiring properties below replacement cost:* Management believes this provides a significant advantage in retaining tenants.

Internal Growth through Active Asset and Property Management

Whiterock achieves internal growth by realizing market rate rents as existing below market rate leases expire and by renewing or extending tenant leases, when possible. Renewals, in contrast to tenant replacements, often minimize transaction costs associated with marketing, leasing and tenant improvements, avoid costs of renovations and prevent interruptions in rental income resulting from periods of vacancy. When an existing tenant chooses not to renew its lease, Whiterock attempts to identify, as early as possible, a replacement tenant at the best available market terms and lowest possible transaction costs.

Whiterock currently self-manages eighteen properties. Management believes that selective self management positively contributes to operating results and intends to continue to expand the self-management of its portfolio.

KEY PERFORMANCE MEASURES

Several factors contribute to the successful operation of Whiterock's business. These include rental and renewal rates, occupancy levels, quality of tenant revenue stream, availability of properties that meet Whiterock's acquisition criteria, financing rates and availability. Whiterock's success is also based on its ability to acquire well located real estate with a large proportion of tenants with high credit ratings having long-term leases and matching these acquisitions with fixed rate debt of similar term. In the opinion of management, the key measures of Whiterock's performance are illustrated in the table below together with a prior year comparative:

(For the six months ended)	June 30, 2008	June 30, 2007
FFO (basic) per unit - recurring	\$ 0.65	\$ 0.55
AFFO (basic) per unit - recurring	\$ 0.54	\$ 0.43
Property operating income - continuing	\$ 15,429,532	\$ 14,316,507
Property operating income - same asset	\$ 14,891,856	\$ 14,174,864
Investment in real estate assets - continuing ⁽¹⁾	\$ 349,817,298	\$ 335,284,062
Weighted average mortgage rate	5.39%	5.39%
Weighted average debenture rate	6.97%	7.05%
Interest coverage ratio ⁽²⁾	1.9	1.6
Average lease term (in years) ⁽³⁾	8.6	9.0
Occupancy level ⁽³⁾	98.5%	98.7%
Recurring FFO payout ratio ⁽⁴⁾	86.0%	101.5%

(1) Includes \$7.3 million of mortgages receivable secured by real estate assets.

(2) Interest coverage is calculated based on continuing property operating income less G&A, divided by interest expense (including debentures and financing fee amortization) net of interest income on bank balances.

(3) Reflects executed leases as at the date of this MD&A.

(4) Recurring FFO payout ratio is calculated as distributions divided by FFO for the six months ended June 30, 2008 and 2007.

In the three and six months ended June 30, 2008, Whiterock significantly improved its FFO, AFFO, FFO per unit, AFFO per unit, property operating income and increased its interest coverage ratio while reducing its payout ratio compared to the prior year period.

INVESTMENT ACTIVITIES

Whiterock acquired 37 properties from the time of its initial public offering in September 2005 to June 30, 2008 with a GLA of 3.6 million square feet and a GBV of \$405.3 million. Whiterock completed the acquisition of four properties in 2007; 193 Malpeque, a newly constructed retail centre in Charlottetown PEI; 310 Henderson Drive, a 395,159 square foot industrial facility in Regina, SK, 2208 Scarth Street, a multi-tenant office building in Regina, SK as well as 2445 13th Avenue, an office building also located in Regina, SK. In the year ended December 31, 2007, Whiterock disposed of three Quebec City office properties, being 410 Charest, 750 Charest, and 880-930 Ste-Foy for total proceeds of \$51.8 million and a \$3.5 million gain. In the first quarter of 2008, Whiterock disposed of 310 Henderson Drive for proceeds of \$14.0 million with an option to reacquire at market once substantially leased.

Subsequent to June 30, 2008, Whiterock acquired, in two separate transactions, an additional nine properties with a GLA of 0.4 million square feet, a GBV of \$85.4 million (before closing costs) and an overall occupancy rate of 99%.

Details of Whiterock's 2007 and 2008 acquisitions and dispositions are as follows:

2007 Acquisitions

(in \$000's except as noted)

Property Name	City	Province	Acquired	GLA (Sq. Ft.)	Acquisition Cost ⁽¹⁾	Mortgage Financing ⁽²⁾
193 Malpeque	Charlottetown	PEI	03/30/07	41,738	\$ 6,617	\$ -
310 Henderson Drive	Regina	SK	10/01/07	395,159	13,996	7,500
2208 Scarth Street	Regina	SK	12/14/07	25,310	3,515	2,226
2445 13th Avenue	Regina	SK	12/14/07	16,018	1,695	1,074
				478,225	\$ 25,823	\$ 10,800

(1) Acquisition cost includes land transfer taxes and closing costs.

(2) On acquisition.

193 Malpeque – is a newly constructed 41,738 square foot retail property located at the intersection of Malpeque Road and the Charlottetown Perimeter Highway, within a new non-owned power centre.

310 Henderson Drive – is a high quality 395,159 square foot industrial facility comprised of 24 foot clear height warehouse and distribution space with a small office component. The property is one of the largest of its kind in Regina and is situated on approximately 21 acres of land in close proximity to Regina's Ring Road. Access to the building is provided by 35 dock doors, of which 25 have an enclosed loading area. The property is improved by extensive paved areas to facilitate large transport trailers, employee parking and 4 acres of excess land. The property was 54.4% occupied at December 31, 2007. It was sold January 28, 2008 for gross proceeds of \$14.0 million (see "2008 Disposition").

2208 Scarth Street – is a 25,310 square foot well maintained office building located two blocks south of Regina's core financial district. It overlooks a picturesque city park and also provides superior parking in comparison to its competition. It is 100% occupied by a mix of provincial and federal government agencies, accounting, and professional firms.

2445 13th Avenue – is a 16,018 square foot office building located two blocks southwest of Regina's core financial district. Its superior location, above average parking availability, and efficient layout distinguishes this asset from its competition. Given these characteristics it has high historical occupancy with minimal costs required for new and renewing tenants. It is 100% occupied by a mix of local and regional professional tenants.

2008 Disposition

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 GBV. In conjunction with the sale, the Trust has 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. This transaction has enabled the Trust to have the right to acquire an attractive asset in a desirable market without incurring operating shortfalls or the risk associated with lease-up of the property.

Details of property divestitures by Whiterock in 2008 are as follows:

(in \$000's except as noted)						
Property Name	City	Province	Disposition Date	GLA (Sq. Ft.)	Mortgage Financing	Disposition Price ⁽¹⁾
310 Henderson Drive	Regina	SK	01/28/08	395,159	\$ 7,500	\$ 13,980

(1) Before closing adjustments.

2007 Dispositions

Effective April 10, 2007, Whiterock completed the sale of its 50% undivided, non-managed interest in three Quebec City office properties, being 410 Charest, 750 Charest and 880-930 Ste-Foy, to the existing co-owners through the exercise of buy-sell provisions initiated by Whiterock. The dispositions, for \$51.8 million, generated a \$3.5 million gain, a return of over 20% in 11 months of ownership, reinforcing the strength of Whiterock's acquisition criteria.

Details of property divestitures by Whiterock in 2007 are as follows:

(in \$000's except as noted)						
Property Name	City	Province	Disposition Date	GLA (Sq. Ft.) ⁽¹⁾	Mortgage Financing ⁽¹⁾⁽²⁾	Disposition Price ⁽¹⁾⁽³⁾
410 Charest	Quebec City	QC	04/10/07	84,324	\$ 10,022	\$ 18,625
750 Charest	Quebec City	QC	04/10/07	107,403	7,692	11,500
880 & 930 Ste-Foy	Quebec City	QC	04/10/07	175,947	13,905	21,625
Total				367,674	\$ 31,619	\$ 51,750

(1) Whiterock's interest.

(2) At date of disposition.

(3) Before closing adjustments.

Acquisitions Completed Subsequent to June 30, 2008

(in \$000's except as noted)						
Property Name	City	Province	Acquired	GLA (Sq. Ft.)	Purchase Price ⁽¹⁾	Mortgage Financing ⁽²⁾
8 Alberta properties	Calgary and Edmonton	Alberta	07/16/08	341,631	\$ 79,750	\$ 34,754
180 Keil Drive	Chatham	Ontario	07/28/08	36,927	5,600	-
Total				378,558	\$ 85,350	\$ 34,754

(1) Before closing costs and land transfer taxes.

(2) On acquisition.

9705 Horton Road SW – contains three multi-tenant suburban office buildings and is located in the community of Haysboro in central southwest Calgary. This well located property is situated on 1.7 acres and offers 156 surface parking spots. The property is over 97% occupied by a mix of local and regional tenants.

2816 11th Street NE – is a 33,163 square foot, well maintained three-story office building located in the community of South Airways in northeast Calgary. Situated in a high demand suburban setting, the property has views overlooking Barlow Trail and the Calgary skyline. The 0.9 acre site provides 57 surface parking stalls.

Palisades Shopping Centre - is located on the northwest corner of 137th Avenue and 127th Street within the high growth Pembina neighborhood in northwest Edmonton and is 100% occupied. This recently expanded and updated property shares common access with a new Canada Safeway food store, which

acts as a shadow anchor. The property is located at the start of a new format, big-box retail development anchored by Home Depot and Best Buy.

441 5th Avenue – is a ten-storey , 58,060 square foot, multi-tenant office building, 100% occupied and located on the southeast corner of 4th Street and 5th Avenue SW, in the heart of Calgary’s downtown commercial core. The property is occupied by a mix of regional professional and energy service firms.

4609 Manitoba Road SE – is a single-tenanted industrial property located on the west side of Manitoba Road SE, in the industrial district of South Manchester in central Calgary. Situated on 1.24 acres of land, this building is fully leased to Arcticor Structures, a private company that has been in operation for over 40 years. This company builds and services remote shelter needs for modular office units, workforce camps, and custom designed projects.

4021 9th Street – is a single-tenanted industrial building located in the well established industrial district of Highfield in central Calgary. The district is in close proximity to the downtown core creating more retail frontages and increasing rents and land values. The tenant, Fratello Coffee Company, a family—owned specialty coffee manufacturer, uses the building for showroom, office and warehouse to sell and distribute its products on a commercial basis.

2721 Hopewell Place – is located on a 1.89 acre site, within 10 minutes of the Calgary airport and with direct access to major roadways. This newly constructed building, with equal components of office and warehouse space, is fully leased to Net Safety Monitoring Inc., a privately-held Canadian corporation. Net Safety has grown to become a global leader in their industry, designing and manufacturing fixed flame and gas detection equipment and safety-related accessories.

1514 8th Street – is well located in the high demand area of Nisku, immediately south of Edmonton, near the Edmonton International Airport on 10.2 acres. This industrial building is fully leased, on a long-term basis to Arcticor Structures, a private company in operation for over 40 years. Arcticor builds and services remote shelter needs for modular office units, workforce camps, and custom designed projects.

180 Keil Drive – this office property is located at the high traffic intersection of Keil Drive and Richmond Street (Hwy 2) in the heart of Chatham’s south end and is visible immediately on entering the downtown. The Property has excellent access, sightlines and exposure, newly constructed, best-of-class finishes with an abundance of on-site parking. The property is 100% leased on a long-term, fully net basis to Minacs Worldwide Inc., a wholly owned subsidiary of Aditya Birla Group, a multi-national organization.

Subsequent Agreement to Acquire Properties

Whiterock enters into conditional agreements to acquire properties in the normal course of business. As of June 30, 2008, Whiterock has one property under agreement as follows:

(in \$000's except as noted)				
Property Name	City	Province	GLA (Sq. Ft.)	Purchase Price ⁽¹⁾
111 Ilsley Avenue	Halifax	Nova Scotia	27,428	\$ 4,500

(1) Before closing costs and land transfer taxes.

111 Ilsley Avenue – this 3-story office property is very well located at the corner of Ilsley and Burnside Drive, a high visibility, elevated site on a high traffic corner. The 1.56 acre property has 124 surface parking spots surrounding the building on all sides and is 100% occupied with Bank of Montreal and PCL Construction occupying 66% of the space.

SUMMARY OF QUARTERLY RESULTS

Whiterock was created through a predecessor entity on December 8, 2004. It began active operations on June 28, 2005 in conjunction with an Initial Public Offering.

(in \$000's except per unit information)	2008		2007				2006	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total revenue								
- continuing operations	12,861	13,009	12,944	12,005	11,938	11,966	10,339	7,339
- discontinued operations	-	116	-	-	204	1,984	1,846	1,812
Property operating income								
- continuing operations	7,756	7,673	7,696	7,257	7,249	7,068	6,518	4,684
- discontinued operations	-	18	-	-	79	980	1,021	993
Income (loss)	620	359	(704)	(235)	1,978	(225)	(4,243)	(438)
Income (loss) adjusted ⁽¹⁾	620	359	(44)	(147)	(195)	(225)	(540)	(438)
Income (loss) per unit								
- basic	0.06	0.03	(0.07)	(0.02)	0.20	(0.02)	(0.50)	(0.06)
- diluted	0.06	0.03	(0.07)	(0.02)	0.20	(0.02)	(0.50)	(0.06)
- basic adjusted ⁽¹⁾	0.06	0.03	-	(0.01)	(0.02)	(0.02)	(0.06)	(0.06)
- diluted adjusted ⁽¹⁾	0.06	0.03	-	(0.01)	(0.02)	(0.02)	(0.06)	(0.05)
Funds from operations (FFO)	3,535	3,355	2,985	2,649	541	2,799	(1,297)	1,711
FFO (recurring) ⁽²⁾	3,535	3,355	2,985	2,737	2,682	2,799	2,406	1,711
FFO per unit								
- basic	0.33	0.32	0.29	0.26	0.05	0.28	(0.15)	0.22
- diluted	0.32	0.31	0.29	0.26	0.05	0.28	(0.15)	0.21
- basic (recurring) ⁽²⁾	0.33	0.32	0.29	0.27	0.27	0.28	0.28	0.22
- diluted (recurring) ⁽²⁾	0.32	0.31	0.29	0.27	0.27	0.28	0.28	0.21
Adjusted funds from operations (AFFO)	2,923	2,784	2,578	2,146	(8)	2,173	1,683	1,605
AFFO (recurring) ⁽³⁾	2,923	2,784	2,578	2,234	2,133	2,173	1,886	1,605
AFFO per unit								
- basic	0.27	0.27	0.25	0.21	(0.00)	0.22	0.20	0.20
- diluted	0.26	0.26	0.24	0.21	(0.00)	0.21	0.20	0.20
- basic (recurring) ⁽³⁾	0.27	0.27	0.25	0.22	0.21	0.22	0.22	0.20
- diluted (recurring) ⁽³⁾	0.26	0.26	0.24	0.21	0.21	0.21	0.22	0.20
Cash distribution per unit	0.28	0.28	0.28	0.28	0.28	0.28	0.28	0.28

(1) Income (loss) (adjusted) excludes the future income tax expense of \$660,000 in the fourth quarter of 2007, the effect of the costs associated with reviewing strategic alternatives for the REIT of \$87,623 in the third quarter of 2007 and \$2,141,667 in the second quarter of 2007, the gain on disposition of properties of \$3,514,785 and the future income tax recovery of \$800,000 in the second quarter of 2007, and costs relating to the internalization of management of \$3,703,112 in the fourth quarter of 2006.

(2) FFO per unit (recurring) excludes the effect of the costs associated with reviewing strategic alternatives for the REIT of \$87,623 in the third quarter of 2007 and \$2,141,667 in the second quarter of 2007, as well as the costs relating to the internalization of management of \$3,703,112 in the fourth quarter of 2006.

(3) AFFO per unit (recurring) excludes the effect of the costs associated with reviewing strategic alternatives for the REIT of \$87,623 in the third quarter of 2007 and \$2,141,667 in the second quarter of 2007, as well as costs relating to the internalization of management of \$203,112 in the fourth quarter of 2006.

Whiterock's operations, and therefore its quarterly results, are generally not subject to seasonal influences, but they are impacted by economic events and cycles of a local, national and international nature which may impact the demand for space and the level of interest rates. Whiterock's leases generally have provisions which allow for increases in rents to offset the effects of inflation on operating costs.

RESULTS OF OPERATIONS

Statement of income

Summarized financial results for the three and six months ended June 30, 2008 and 2007 are as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Property operating income	\$ 7,756,406	\$ 7,248,855	\$ 15,429,532	\$ 14,316,507
Interest income	256,682	180,179	455,381	271,616
Interest expense	(4,005,675)	(4,204,851)	(8,095,732)	(8,463,026)
General and administrative expenses	(448,020)	(558,217)	(826,863)	(1,168,237)
Amortization	(2,939,689)	(2,890,045)	(5,903,026)	(5,718,041)
Income (loss) before the undernoted	619,704	(224,079)	1,059,292	(761,181)
Strategic alternatives costs	-	(2,141,667)	-	(2,141,667)
Future income taxes	-	800,000	(70,000)	800,000
Income (loss) from continuing operations	619,704	(1,565,746)	989,292	(2,102,848)
Income from discontinued operations	-	29,263	(55,546)	341,808
Gain on disposition of properties	-	3,514,785	44,819	3,514,785
Net income (loss)	\$ 619,704	\$ 1,978,302	\$ 978,565	\$ 1,753,745
Basic net income (loss) per unit				
Continuing operations	\$ 0.06	\$ (0.16)	\$ 0.09	\$ (0.21)
Discontinued operations	\$ -	\$ 0.36	\$ -	\$ 0.39
Net income per unit	\$ 0.06	\$ 0.20	\$ 0.09	\$ 0.18
Diluted net income (loss) per unit				
Continuing operations	\$ 0.06	\$ (0.16)	\$ 0.09	\$ (0.21)
Discontinued operations	\$ -	\$ 0.33	\$ -	\$ 0.38
Net income per unit	\$ 0.06	\$ 0.20	\$ 0.09	\$ 0.17

Whiterock's net income for the three and six months ended June 30, 2008 was \$0.6 million and \$1.0 million respectively (three and six months ended June 30, 2007 net income of \$2.0 million and \$1.8 million respectively).

Following is a discussion of individual income components:

Property operating income

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Income property rentals				
Same Property				
Rental income	\$ 11,679,986	\$ 11,063,673	\$ 23,240,932	\$ 22,049,683
Straight-line rent	317,359	361,060	607,538	744,460
Above and below market lease amortization	381,535	333,437	752,574	665,195
	12,378,880	11,758,170	24,601,044	23,459,338
Acquisitions ⁽¹⁾				
Rental income	210,893	-	779,294	170,750
Straight-line rent	29	-	5,282	2,663
Above and below market lease amortization	14,060	-	28,491	-
Income property rentals	12,603,862	11,758,170	25,414,111	23,632,751
Property operating costs				
Same property	4,740,553	4,509,315	9,709,188	9,284,474
Acquisitions ⁽¹⁾	106,903	-	275,391	31,770
Property operating costs	4,847,456	4,509,315	9,984,579	9,316,244
Property operating income				
Same property	7,638,327	7,248,855	14,891,856	14,174,864
Acquisitions ⁽¹⁾	118,079	-	537,676	141,643
Total property operating income	\$ 7,756,406	\$ 7,248,855	\$ 15,429,532	\$ 14,316,507

(1) Acquisition values exclude the results for one property classified as discontinued operations in 2008 and the three properties classified as discontinued operations in 2007. (See "2007 Dispositions" and "2008 Dispositions".)

Property operating income represents non-GAAP information and may not be comparable to measures used by other issuers. Property operating income should not be construed as an alternative to net income or cash flow from operating activities determined in accordance with GAAP.

Same Property Growth

On a same property basis, property operating income for the three months ended June 30, 2008 increased \$0.4 million or 5.4% compared to the three months ended June 30, 2007, and for the six months ended June 30, 2008 increased \$0.7 million or 5.1% over the same period in 2007.

Income property rentals from same properties (31 properties owned for the three months ended June 30, 2008 and 2007 and 30 properties owned for the six months ended June 30, 2008 and 2007) increased \$0.6 million, or 5.3% for the three months ended June 30, 2008, and \$1.1 million or 4.9% for the six months ended June 30, 2008, as compared to 2007, primarily as a result of higher occupancy levels and contractual rent increases. Same property operating costs have increased \$0.2 million in the three months ended June 30, 2008, and \$0.4 million in the six months ended June 30, 2008 compared to the same periods in the prior year. Same property operating income for the three and six months ended June 30, 2008 includes \$0.3 million and \$0.6 respectively, from leases with contractual rent increases recognized on a straight-line basis, compared to \$0.4 million and \$0.7 in the comparable prior year period. In addition, income from same property rentals for the three and six months ended June 30, 2008 includes \$0.4 million and \$0.8 million respectively of amortization of above and below market lease adjustments, compared to \$0.3 and \$0.7 million for the same period in 2007.

Margins on same property net operating income were consistent at 62% in the second quarter of 2008 and 2007.

Growth due to Acquisitions

Income property rentals for the three months and six months ended June 30, 2008 includes \$0.2 million and \$0.8 million respectively, from continuing properties acquired throughout 2007, compared to nil and \$0.2 million for the same periods in 2007. Property operating costs increased due to acquisitions by \$0.1 million in the three months ended June 30, 2008 and by \$0.2 million for the six months ended June 30, 2008 compared to the same periods in 2007.

As at June 30, 2008, the gross value of above and below market leases on acquisition for continuing operations was \$8.8 million. Management intends to capture the value of the below market leases over time in the form of higher rental rates as tenants' leases are renewed.

Leasing Performance

The Trust continues to experience high occupancy levels in its properties. Occupancy levels were 98.5% at June 30, 2008 compared to 98.7% at June 30, 2007.

Segmented Performance

Property operating income (excluding discontinued operations) and income properties by segment for the three months ended June 30, 2008 and 2007 were as follows:

	Three months ended June 30, 2008			
	Office	Retail	Industrial	Total
Income property rentals	\$ 9,540,196	\$ 1,501,696	\$ 1,561,970	\$ 12,603,862
Property operating costs	3,949,375	422,969	475,112	4,847,456
Property operating income	\$ 5,590,821	\$ 1,078,727	\$ 1,086,858	\$ 7,756,406

	Three months ended June 30, 2007			
	Office	Retail	Industrial	Total
Income property rentals	\$ 8,920,980	\$ 1,377,924	\$ 1,459,266	\$ 11,758,170
Property operating costs	3,759,853	323,943	425,519	4,509,315
Property operating income	\$ 5,161,127	\$ 1,053,981	\$ 1,033,747	\$ 7,248,855

Property operating income from office properties provided 72% of total property operating income for the three months ended June 30, 2008 compared to 71% for the same period in 2007.

Property operating income (excluding discontinued operations) and income properties by segment for the six months ended June 30, 2008 and 2007 were as follows:

	Six months ended June 30, 2008			
	Office	Retail	Industrial	Total
Income property rentals	\$ 19,159,568	\$ 3,085,323	\$ 3,169,220	\$ 25,414,111
Property operating costs	8,073,791	913,102	997,686	9,984,579
Property operating income	\$ 11,085,777	\$ 2,172,221	\$ 2,171,534	\$ 15,429,532
Income properties - continuing	\$ 219,400,570	\$ 39,330,664	\$ 38,973,925	\$ 297,705,159

	Six months ended June 30, 2007			
	Office	Retail	Industrial	Total
Income property rentals	\$ 17,973,984	\$ 2,687,893	\$ 2,970,874	\$ 23,632,751
Property operating costs	7,708,001	730,534	877,709	9,316,244
Property operating income	\$ 10,265,983	\$ 1,957,359	\$ 2,093,165	\$ 14,316,507
Income properties - continuing	\$ 217,593,778	\$ 40,231,379	\$ 39,883,909	\$ 297,709,066

Property operating income from office properties provided 72% of total property operating income for both the six months ended June 30, 2008 and six months ended 2007.

At June 30, 2008, Whiterock has achieved a geographic balance of revenue from its portfolio across Canada, with approximately 21% of the portfolios property operating income generated from Saskatchewan, 28% from Ontario, 36% from Quebec and 15% from Atlantic Canada. With the acquisition of nine additional properties after June 30, 2008, Whiterock has further improved its geographic balance of revenue from its portfolio across Canada, with approximately 14% of the portfolio's property operating income expected to be generated from Alberta, 17% from Saskatchewan, 25% from Ontario, 31% from Quebec and 13% from Atlantic Canada.

Interest income

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Interest income	\$ 256,682	\$ 180,179	\$ 455,381	\$ 271,616

Interest income for the three and six months ended June 30, 2008 totaled \$0.3 million and \$0.5 million respectively and was derived primarily from interest on mortgages receivable and cash generated from property operations.

Interest expense

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Mortgage interest expense	\$ 2,905,814	\$ 2,880,280	\$ 5,822,609	\$ 5,769,013
Facilities and other interest expense	33,641	22,776	36,209	100,184
Debenture interest	774,484	901,446	1,592,650	1,805,904
Deferred finance cost				
- mortgages	50,429	57,318	101,944	109,825
- acquisition and operating facilities	35,630	108,321	110,688	214,373
- convertible debentures	113,154	133,878	240,924	262,209
Implicit interest rate in excess of coupon				
- convertible debentures	92,523	100,832	190,708	201,518
Interest expense	\$ 4,005,675	\$ 4,204,851	\$ 8,095,732	\$ 8,463,026

Interest for the three and six months ended June 30, 2008 results from mortgages on properties acquired, convertible debentures issued, and from the acquisition facilities. The decrease of \$0.2 million for the three months, and \$0.4 million for the six months ended June 30, 2008 compared to the prior year results from the conversion of debentures into units in 2008 and 2007 and the repayment of the Trust's acquisition facility in 2007.

General and administrative expenses

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Salaries and wages	\$ 159,359	\$ 359,038	\$ 391,522	\$ 705,236
Non-cash compensation expense	84,262	16,435	125,362	37,336
Trustee fees paid in cash	7,853	43,750	22,706	85,346
Legal, audit and regulatory	100,238	58,716	149,471	90,046
Office rent	-	21,335	-	41,980
Insurance	14,216	15,117	28,432	30,233
Other general and administrative	39,012	43,826	66,290	74,789
	404,940	558,217	783,783	1,064,966
Costs related to properties not acquired	-	-	-	103,271
Office relocation costs				
Recruiting costs	43,080	-	43,080	-
General and administrative expenses	\$ 448,020	\$ 558,217	\$ 826,863	\$ 1,168,237

For the three and six months ended June 30, 2008, general and administrative expenses totaled \$0.4 million and \$0.8 million respectively compared to \$0.6 million and \$1.2 million respectively for the comparable periods in 2007. Salaries and wages were reduced in the three and six months ended June 30, 2008 compared to the prior year periods due to management efficiencies. Non-cash compensation expense in 2008 included the value of options issued to management and equity rights issued to the independent trustees of Whiterock. In addition, the six months ended June 30, 2007, included \$0.1 million in non-recurring costs related to properties not acquired.

In the third quarter of 2007, Whiterock relocated its head office to 655 Bay Street, a building it owns, resulting in the elimination of office rent.

Strategic alternatives costs

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Strategic alternatives costs	\$ -	\$ (2,141,667)	\$ -	\$ (2,141,667)

On January 16, 2007, Whiterock announced that its Trustees (the "Board") had approved a process to consider strategic alternatives, including sale or merger alternatives, in an effort to continue to enhance its unit value.

A Special Committee of Independent Trustees (the "Special Committee") was established to advise the Board. Whiterock also retained third party investment advisors to act as co-financial advisors to manage the process. The Special Committee sought interest from a wide variety of parties and received multiple expressions of interest and non-binding offers. Whiterock had been in discussions with a potential bidder regarding the possible acquisition of substantially all of the assets of Whiterock. The Trustees reviewed the terms of this conditional proposal and determined that it did not offer a sufficient combination of a premium value to Unitholders and certainty of execution to justify proceeding further.

The due diligence process confirmed the quality of Whiterock's revenue stream and the absence of any material due diligence issues. At the same time, Whiterock's existing portfolio of high credit, long term leased assets has provided solid results, above management's expectations at the start of the process.

As a result of completing its review of sale or merger alternatives, and in light of the portfolio's strong performance and increased outlook, the Board unanimously determined that having management continue to operate the business was the best means to build and deliver value to Unitholders. As a result, the Special Committee was disbanded.

Whiterock expensed \$2.1 million of costs, primarily for legal, special committee and due diligence costs related to the process, in the three months ended June 30, 2007.

Future 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.

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, in 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 June 30, 2008, with a corresponding future income tax recovery of \$70,000 reflected in consolidated income for the six months ended June 30, 2008.

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.

Amortization

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Building and improvements	\$ 1,706,853	\$ 1,661,385	\$ 3,400,051	\$ 3,292,229
Deferred charges				
- tenants inducements on acquisition	436,342	455,610	891,167	896,641
- leasing costs	93,207	68,777	184,948	133,758
Intangible assets				
- lease origination	415,467	423,537	848,149	838,398
- tenant relationships	263,025	267,975	531,109	530,890
Furniture and fixtures	24,795	12,761	47,602	26,125
Amortization	\$ 2,939,689	\$ 2,890,045	\$ 5,903,026	\$ 5,718,041

Amortization on properties acquired, including related amortization of lease origination costs, costs related to tenant relationships and tenant inducements, totaled \$2.9 million for the three months ended June 30, 2008 and June 30, 2007. For the six months ended June 30, 2008 compared with June 30, 2007, amortization increased slightly by \$0.2 million primarily due to higher building and improvement amortization.

Discontinued operations

On January 28, 2008, the Trust sold its interest in an industrial property in Regina, Saskatchewan for gross proceeds totaling \$14.0 million, which approximated the Trust's GBV. In conjunction with the sale, 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. This transaction enabled the Trust to have the right to acquire an attractive asset in a desirable market without incurring operating shortfalls or the risk associated with lease-up of the property.

On April 10, 2007, Whiterock sold to the existing co-owners through the exercise of buy-sell provisions in its co-ownership agreements, which were initiated by Whiterock, its 50% undivided, non-managed interest in three Quebec City properties (the "Quebec City Properties"), being 410 Charest, 750 Charest, and 880-930 Ste-Foy. The dispositions, for \$51.8 million, generated a \$3.5 million gain, a return of over 20% in 11 months of ownership, reinforcing the strength of Whiterock's acquisition criteria.

The operating results for these properties and the gain on disposition of the properties have been classified as discontinued operations to comply with the disclosure requirements of CICA Handbook Section 3475.

Discontinued operating results for the above noted properties are as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Income property rentals				
Rental income	\$ -	\$ 185,787	\$ 107,063	\$ 2,048,366
Straight-line rent	-	9,559	-	38,470
Above and below market lease amortization	-	8,302	8,831	83,027
Income property rentals	-	203,648	115,894	2,169,863
Property operating costs	-	(124,729)	(97,901)	(1,110,597)
Property operating income	\$ -	\$ 78,919	\$ 17,993	\$ 1,059,266
Interest income	-	-	271	17,563
Interest expense				
Mortgage interest expense	-	(47,956)	(42,932)	(518,509)
Deferred finance cost	-	(1,700)	-	(7,944)
Interest expense	-	(49,656)	(42,932)	(526,453)
Amortization				
Building and improvements	-	-	(21,458)	(119,364)
Deferred charges				
- tenant inducements on acquisition	-	-	(2,610)	(32,811)
Intangible assets				
- lease origination	-	-	(4,035)	(34,088)
- tenant relationships	-	-	(2,775)	(22,305)
Amortization	-	-	(30,878)	(208,568)
Income (loss) from discontinued operations	\$ -	\$ 29,263	\$ (55,546)	\$ 341,808

The gain on disposal for the above noted properties is as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Gain on disposition of property	\$ -	\$ 3,514,785	\$ 44,819	\$ 3,514,785

Cash flow from operating activities

Cash outflow from continuing operating activities for the three months ended June 30, 2008 was \$0.2 million compared to cash flow of \$0.7 million in the comparative prior year period. The three month period in 2008 was negatively impacted by the issuance of \$1.8 million of deposits for properties that were acquired after the completion of the quarter and \$0.5 million relating to the timing of realty tax payments.

Cash flow from continuing operating activities for the six months ended June 30, 2008 was \$3.7 million compared to \$2.8 million in the comparative prior year period. Cash flow from continuing operations in 2008 was impacted by the higher leasing levels in 2008 and interest on new mortgages receivable in the

2008 period, offset by the deposits made on properties subsequently acquired. The 2007 period was negatively impacted by the payment of strategic alternative costs.

Cash flow from discontinued operating activities was nil for the three months ended June 30, 2008 and \$0.1 million for the same period in the prior year. In the three months ended June 30, 2007 the disposition of three Quebec properties generated \$20.1 million of cash proceeds.

For the six months ended June 30, 2008 and 2007 the cash outflow from discontinued operating activities was \$0.2 million and \$0.2 million respectively. The disposition of an industrial property in Regina, Saskatchewan in the six months ended June 30, 2008 and three Quebec properties in the six months ended June 30, 2007 generated cash proceeds of \$6.4 million and \$20.1 million respectively.

Funds from Operations and Adjusted Funds from Operations

FFO and AFFO are non-GAAP performance measures used by Whiterock to improve the understanding of operating results for the investing public. "GAAP" means the generally accepted accounting principles described and promulgated by the Canadian Institute of Chartered Accountants which are applicable as at the date on which any calculation using GAAP is to be made.

FFO for the three and six months ended June 30, 2008 and 2007 is calculated in accordance with guidance issued by the Real Property Association of Canada (REALpac) White Paper on Funds from Operations dated November 30, 2004, with revisions February 1, 2007, as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Income (loss) for the period	\$ 619,704	\$ 1,978,302	\$ 978,565	\$ 1,753,745
Add back amortization:				
Building and improvements	1,706,853	1,661,385	3,400,051	3,292,229
Tenant inducements on acquisition	436,342	455,610	891,167	896,641
Leasing costs	93,207	68,777	184,948	133,758
Lease origination costs	415,467	423,537	848,149	838,398
Tenant relationships	263,025	267,975	531,109	530,890
Discontinued operations	-	-	30,878	208,568
Add back:				
Future income taxes	-	(800,000)	70,000	(800,000)
Less:				
Gain on disposition of property	-	(3,514,785)	(44,819)	(3,514,785)
Funds from Operations (FFO)	\$ 3,534,598	\$ 540,801	\$ 6,890,048	\$ 3,339,444

AFFO for the three and six months ended June 30, 2008 and 2007 is calculated as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Funds from Operations (FFO)	\$ 3,534,598	\$ 540,801	\$ 6,890,048	\$ 3,339,444
Amortization of deferred finance costs				
Continuing operations	199,213	299,517	453,556	586,407
Discontinued operations	-	1,700	-	7,944
Convertible debentures implicit interest rate in excess of coupon rate	92,523	100,832	190,708	201,518
Loss on debenture redemption	-	-	-	-
Non cash compensation expense	84,262	16,435	125,362	37,336
Accrued straight line rental revenue				
Continuing operations	(317,388)	(361,060)	(612,820)	(747,124)
Discontinued operations	-	(9,559)	-	(38,470)
Above and below market lease amortization				
Continuing operations	(395,595)	(333,437)	(781,065)	(665,196)
Discontinued operations	-	(8,302)	(8,831)	(83,027)
Normalized revenue sustaining capital expenditures and leasing costs				
Continuing operations	(275,000)	(227,589)	(550,000)	(446,013)
Discontinued operations	-	(27,629)	-	(28,017)
Adjusted Funds from Operations (AFFO)	\$ 2,922,613	\$ (8,291)	\$ 5,706,958	\$ 2,164,802

FFO and AFFO for the three and six months ended June 30, 2007 are negatively impacted by a non-recurring charge. For the three and six months ended June 30, 2007, the costs associated with the review of strategic alternatives for the REIT negatively impacted FFO and AFFO by \$2.1 million.

Excluding the impact of the non-recurring charges, recurring FFO and AFFO are calculated as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
FFO Adjustments				
Funds from Operations	\$ 3,534,598	\$ 540,801	\$ 6,890,048	\$ 3,339,444
Add back:				
- Strategic alternatives costs	-	2,141,667	-	2,141,667
Recurring FFO	\$ 3,534,598	\$ 2,682,468	\$ 6,890,048	\$ 5,481,111
AFFO Adjustments				
Adjusted Funds from Operations from Operations (AFFO)	\$ 2,922,613	\$ (8,291)	\$ 5,706,958	\$ 2,164,802
Add back:				
- Strategic alternatives costs	-	2,141,667	-	2,141,667
Recurring AFFO	\$ 2,922,613	\$ 2,133,376	\$ 5,706,958	\$ 4,306,469

Recurring FFO for the three months ended June 30, 2008 is \$3.5 million compared to \$2.7 million in 2007. For the six month period ended June 30 2008 and 2007, recurring FFO is \$6.9 million compared to \$5.5 million respectively. This increase is primarily as a result of increased net operating income from the impact of lease-up and rent steps, a full period of operations for the properties acquired in 2007, reduced general and administrative expenses and additional interest income on 2008 mortgages receivable.

Recurring AFFO for the three months ended June 30, 2008 is \$2.9 million compared to \$2.1 million for the same period in 2007. For the six months ended June 30, 2008, recurring AFFO increased to \$5.7 million from \$4.3 million for the same six month period in 2007. Leasing costs and capital expenditures incurred in the three and six months ended June 30, 2008 considered to be revenue sustaining in nature totaled \$0.1 million and \$0.2 million respectively. Costs undertaken to upgrade the existing HVAC system at 900 D'Youville in Quebec City in the three and six months ended June 30, 2008 totaled \$0.4 million and \$0.9 million. These costs are revenue enhancing rather than revenue sustaining and excluded from the calculation of AFFO. Normalized revenue sustaining capital expenditures and leasing costs are \$275,000 and \$550,000 in the three and six months ended June 30, 2008, respectively.

Weighted average units outstanding and basic and diluted FFO and AFFO are as follows:

	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Weighted average units outstanding				
Basic	10,711,045	9,952,508	10,561,943	9,938,732
Diluted - FFO	13,230,258	10,083,862	11,370,583	10,088,782
Diluted - Recurring FFO	13,230,258	10,083,862	13,230,258	10,088,782
Diluted - AFFO	13,230,258	9,952,508	11,370,583	10,088,782
Diluted - Recurring AFFO	13,230,258	11,358,398	11,370,583	11,363,291
FFO per unit - basic	\$ 0.33	\$ 0.05	\$ 0.65	\$ 0.34
FFO per unit - diluted	\$ 0.32	\$ 0.05	\$ 0.64	\$ 0.33
Recurring FFO per unit - basic	\$ 0.33	\$ 0.27	\$ 0.65	\$ 0.55
Recurring FFO per unit - diluted	\$ 0.32	\$ 0.27	\$ 0.64	\$ 0.54
AFFO per unit - basic	\$ 0.27	\$ (0.00)	\$ 0.54	\$ 0.22
AFFO per unit - diluted	\$ 0.26	\$ (0.00)	\$ 0.53	\$ 0.21
Recurring AFFO per unit - basic	\$ 0.27	\$ 0.21	\$ 0.54	\$ 0.43
Recurring AFFO per unit - diluted	\$ 0.26	\$ 0.21	\$ 0.53	\$ 0.42

Recurring FFO per unit (basic) increased by \$0.06 or 22% for the three months ended June 30, 2008 and \$0.10 or 18% for the six months ended June 30, 2008, compared to the previous year comparable period. The increase is as a result of the additional FFO generated in 2008 as described above, partly offset by the additional units issued in 2008 and 2007. Basic FFO per unit of \$0.33 for the three months ended June 30, 2008 represents a payout ratio of 85% on Whiterock's distributions in the quarter.

Recurring AFFO per unit (basic) increased \$0.06 per unit or 27% for the three and \$0.11 per unit or 25% for the six months ended June 30, 2008 compared to the same period in 2007. Recurring AFFO per unit (diluted) increased \$0.05 per unit for the three and \$0.11 for the six months ended June 30, 2008, compared to the same period in 2007.

FINANCIAL POSITION

Selected balance sheet information follows:

	June 30, 2008	December 31, 2007
Investment in real estate ⁽¹⁾		
- continuing operations	\$ 349,817,298	\$ 341,552,543
- discontinued operations	\$ -	\$ 13,996,000
Total assets	\$ 343,140,283	\$ 355,172,837
Mortgages payable and facilities		
- continuing operations	\$ 216,857,065	\$ 217,098,967
- discontinued operations	\$ -	\$ 7,500,000
Convertible debentures	\$ 41,178,881	\$ 43,507,560
Cash	\$ 142,491	\$ 4,152,370
Unitholders' Equity	\$ 73,574,727	\$ 74,861,530

(1) Includes \$7.3 million in mortgages receivable secured by real estate assets.

The major changes to the balance sheet accounts at June 30, 2008 result from the sale of an industrial property in Regina, SK, new mortgages receivable totaling \$7.3 million and the conversion of \$3.0 million of convertible debentures. Further detail for mortgages payable, facilities, convertible debentures and Unitholders' equity follows.

MORTGAGES PAYABLE AND FACILITIES

Whiterock strives to match the mortgage term on its acquisitions to the average lease term of its properties, where practicable. At June 30, 2008, Whiterock's mortgages payable have a weighted average remaining term of 8.0 years and a weighted average interest rate of 5.4 % with 100% at fixed rates.

Whiterock's fixed and floating rate mortgage debt and acquisition and operating facilities payable as at June 30, 2008 and as at December 31, 2007 are as follows:

	June 30, 2008		December 31, 2007	
	Total	%	Total	%
Mortgages payable				
Fixed rate	\$ 217,384,695	100.0%	\$ 218,832,982	96.7%
Floating rate	-	-	-	-
	217,384,695	100.0%	218,832,982	96.7%
Discontinued operations (floating rate)	-	-	7,500,000	3.3%
Mortgage liability	217,384,695	100.0%	226,332,982	100.0%
Deferred financing fees	(1,885,866)		(2,016,987)	
Deferred financing fees - Accumulated amortization	366,650		398,254	
Mortgages payable - net of deferred financing fees	215,865,479		224,714,249	
Acquisition and operating facilities				
Acquisition and operating facilities liability	1,070,000		-	
Deferred financing fees	(93,152)		(860,766)	
Deferred financing fees - Accumulated amortization	14,738		745,484	
Acquisition and operating facilities - Deferred financing fees (net)	(78,414)		(115,282)	
Mortgages payable and facilities	\$ 216,857,065		\$ 224,598,967	

The following table summarizes Whiterock's mortgage maturity schedule as at June 30, 2008:

Year of Maturity	Scheduled Amortization	Balloon Payments	Total	Weighted Average Interest Rate
2008	\$ 1,494,435	\$ 4,500,000	\$ 5,994,435	7.13%
2009	3,115,890	-	3,115,890	5.40%
2010	3,337,414	12,716,598	16,054,012	5.22%
2011	3,910,109	-	3,910,109	5.40%
2012	4,853,331	12,045,982	16,899,313	5.74%
2013	4,746,109	2,930,702	7,676,811	5.30%
2014	5,005,358	-	5,005,358	5.35%
2015	5,142,233	46,290,081	51,432,314	5.27%
2016	2,915,170	87,690,977	90,606,147	5.29%
2017	1,250,635	-	1,250,635	5.63%
Thereafter	8,873,816	6,565,855	15,439,671	5.55%
Total continuing operations	\$ 44,644,500	\$ 172,740,195	\$ 217,384,695	5.39%

Acquisition and Operating Facilities

On June 19, 2008, Whiterock entered into a revolving credit facility of up to \$40 million with a major Canadian financial institution. The facility is secured by mortgages on new and existing property and can be used for acquisitions, operations and general corporate purposes. The facility bears interest at floating rates determined, at Whiterock's option, by reference to the prime rate plus 150 basis points or Bankers Acceptance rates plus 250 basis points. As at June 30, 2008, no amount was outstanding under the 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 June 30, 2008, \$1.1 million was outstanding under this facility (December 31, 2007 – nil). This facility is used primarily to efficiently fund Whiterock's short-term cash requirements, thus reducing the need to keep larger cash balances on hand and improving Whiterock's return on capital.

On April 28, 2006, Whiterock entered into an 8.5% revolving \$23.5 million acquisition facility with a third party provider which was amended on July 31, 2006, so that the maximum amount available to be drawn was increased to \$45 million. As consideration for the amendment, Whiterock issued 125,000 warrants with a \$13.76 exercise price and 90,500 warrants with a \$14.20 exercise price, with a term of 5 years. 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. This facility expired in May 2008 and was replaced by the new \$40 million revolving credit facility described above.

Total Indebtedness to Gross Book Value

Whiterock's Declaration of Trust provides that total indebtedness may not exceed 75% of GBV (all as defined in the Declaration of Trust). Whiterock continues to be in compliance with this ratio. At June 30, 2008, according to the calculation as defined in the Declaration of Trust, this ratio was 58.9% (December 31, 2007 – 60.3%) as per the table below. 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.

The Total Indebtedness to GBV calculation, in accordance with the Declaration of Trust, is as follows as at June 30, 2008 and December 31, 2007:

	<u>June 30, 2008</u>	<u>December 31, 2007</u>
Total Indebtedness		
Mortgages payable		
- continuing operations	\$ 217,384,695	\$ 218,832,982
- discontinued operations	-	7,500,000
Total Indebtedness	217,384,695	226,332,982
Gross Book Value		
Total GBV of real estate assets		
- continuing operations	360,137,697	351,881,901
- discontinued operations	-	14,366,374
Other assets	8,763,343	8,788,892
Total Gross Book Value	\$ 368,901,040	\$ 375,037,167
Total Indebtedness to Gross Book Value	58.9%	60.3%

CONVERTIBLE DEBENTURES

Whiterock had \$44.0 million (principal amount) of redeemable subordinated convertible debentures outstanding at June 30, 2008 (December 31, 2007 - \$47.0 million) as follows:

	Series A	Series C	Series D	Series E	Total
Liability	\$ 12,328,078	\$ 2,883,060	\$ 9,564,256	\$ 23,888,615	\$ 48,664,009
Equity	671,922	116,940	435,744	1,111,385	2,335,991
Principal on issuance	13,000,000	3,000,000	10,000,000	25,000,000	51,000,000
Conversion of debentures	(3,691,000)	(323,000)	-	-	(4,014,000)
Principal - December 31, 2007	9,309,000	2,677,000	10,000,000	25,000,000	46,986,000
Conversion of debentures	(2,511,300)	(465,000)	-	-	(2,976,300)
Principal - June 30, 2008	\$ 6,797,700	\$ 2,212,000	\$ 10,000,000	\$ 25,000,000	\$ 44,009,700

A continuity of the liability component of the convertible debentures is as follows:

	Series A	Series C	Series D	Series E	Total
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	41,361	9,249	40,270	99,828	\$ 190,708
Conversion of debentures	(2,447,831)	(454,823)	-	-	\$ (2,902,654)
Liability, June 30, 2008	6,637,566	2,162,985	9,707,681	24,190,317	42,698,549
Deferred financing fees	(922,431)	(165,067)	(240,458)	(1,338,461)	\$ (2,666,417)
Deferred financing fees - Accumulated amortization	624,869	76,788	80,048	365,044	\$ 1,146,749
Balance - June 30, 2008	\$ 6,340,004	\$ 2,074,706	\$ 9,547,271	\$ 23,216,900	\$ 41,178,881

Series A Convertible Debentures

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.

On the date of issue, the debentures were allocated into a \$12.3 million liability component and a \$0.7 million equity component.

In the six months ending June 30, 2008, \$2.5 million of Series A debentures were converted into 246,203 units of Whiterock.

Series C Convertible Debentures

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.

On the date of issue, the debentures were allocated into a \$2.9 million liability component and \$0.1 million equity component.

During the six months ended June 30, 2007, \$323,000 of the Series C debentures were converted into 26,914 units of the Trust. During the six months ended June 30, 2008, \$465,000 of debentures were converted into 38,750 units of Whiterock.

Series D Convertible Debentures

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 the principal amount.

Series E Convertible Debentures

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.

Series F Convertible Debentures

Subsequent to June 30, 2008, the Trust issued 6.0% redeemable subordinated unsecured convertible debentures in the original principal amount of \$11,400,000 with interest payable quarterly and which mature on July 15, 2012. The debentures are convertible at the request of the holder after July 15, 2009, subject to certain terms and conditions at a conversion price of \$13.22.

The debentures are redeemable at the option of the Trust at 115% of the principal amount subject to certain terms and conditions.

UNITHOLDERS' EQUITY

Unitholders' equity at June 30, 2008 and December 31, 2007 consists of the following:

	June 30, 2008	December 31, 2007
Units	\$ 103,329,802	\$ 99,571,778
Unit options	826,480	756,212
Warrants	314,800	314,800
Equity component of convertible debentures	1,984,700	2,132,625
Cumulative earnings and accumulated comprehensive earnings	(5,651,006)	(6,629,571)
Cumulative distributions to unitholders	(27,230,049)	(21,284,314)
	\$ 73,574,727	\$ 74,861,530

Distributions per unit totaled \$0.56 for the six months ended June 30, 2008 and \$1.12 per unit for the year ended December 31, 2007.

Units

During the six months ending June 30, 2008, \$2.5 million of Series A debentures were converted into 246,203 units of Whiterock, and \$0.5 million of Series C debentures were converted into 38,750 units (June 30, 2007 – 26,914) of Whiterock.

During the six months ended June 30, 2008, 77,453 (June 30, 2007 – 23,477) units were issued under Whiterock's Distribution Reinvestment Plan ("DRIP"). The DRIP allows Unitholders to purchase additional units using their distributions, without brokerage fees, at 96% of the volume weighted average trading price for the ten days immediately preceding a distribution payment date and conserves cash for the Trust.

During the six months ended June 30, 2008, 11,398 units were issued upon the exercise of options and equity rights (June 30, 2007 – 5,625 units issued on exercise of warrants).

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.

A summary of units issued in the six months ended June 30, 2008 follows:

	Units	\$
Issued and outstanding at December 31, 2007	10,385,274	\$ 99,571,778
Units Issued		
Conversion of Series A Debentures	163,822	1,713,670
Distribution Reinvestment Plan	20,810	197,172
Unit issue costs		(92,006)
Issued and outstanding at March 31, 2008	10,569,906	\$ 101,390,614
Units Issued		
Conversion of Series A Debentures	82,381	863,960
Conversion of Series C Debentures	38,750	472,949
Exercise of Options	6,250	53,750
Exercise of Equity Rights	5,148	50,416
Distribution Reinvestment Plan	56,643	576,526
Value Associated with Options Exercised		4,677
Unit issue costs		(83,090)
Issued and outstanding at June 30, 2008	10,759,078	\$ 103,329,802

Unitholder Rights Plan

On January 29, 2007, in connection with its review of strategic alternatives (see "Strategic Alternatives Costs") for the Trust, the Board adopted a Unitholder rights plan (the "Plan"), which was effective immediately. On June 28, 2007, Unitholders ratified the Plan. The Unitholder Rights Plan has a term of three years and will expire in 2010, unless reconfirmed by the Unitholders or otherwise terminated in accordance with the terms of 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.

Unit Options

Whiterock may grant options to the Trustees, senior officers, investor relations consultants and technical consultants to Whiterock. The maximum number of units reserved for issuance under all securities based 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 an option is granted under the plan, which exercise price shall not be less than the volume weighted average price of the units on the five trading days prior to the date of grant. The options have a maximum term of five years from the date of grant.

Unit options with a Black-Scholes calculated value of \$0.8 million were outstanding at June 30, 2008 (June 30, 2007 – \$0.9 million). The fair value associated with the unit options issued during the six months ended June 30, 2008 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 22% (June 30, 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 (typically the five year Canada bond rate at the date of grant).

Details of unit options granted and exercised for the three months ended June 30, 2008 and 2007 follow:

	Three months ended June 30, 2008		Three months ended June 30, 2007	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	628,750	\$10.55	645,250	\$10.68
Granted	170,000	9.80	-	-
Exercised	(6,250)	8.60	-	-
Cancelled	(9,062)	11.10	-	-
Outstanding, end of period	783,438	\$10.39	645,250	\$10.68
Options vested, end of period	763,594	\$9.85	592,125	\$10.67
Weighted average remaining life (years)	3.3		3.5	

Details of unit options granted and exercised for the six months ended June 30, 2008 and 2007 follow:

	Six months ended June 30, 2008		Six months ended June 30, 2007	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	576,875	\$10.44	645,250	\$10.68
Granted	225,000	9.81	-	-
Exercised	(6,250)	8.60	-	-
Expired	(3,125)	12.16	-	-
Cancelled	(9,062)	11.10	-	-
Outstanding, end of period	783,438	\$10.39	645,250	\$10.68
Options vested, end of period	763,594	\$9.85	592,125	\$10.67
Weighted average remaining life (years)	3.3		3.5	

The objective of granting options is to encourage the holder to acquire an ownership interest over a period of time which acts as a financial incentive for the holder to consider the long-term interests of Whiterock and its unitholders.

Warrants

Details of warrants issued and exercised for the three months ended June 30, 2008 and 2007 follow:

	Three months ended June 30, 2008		Three months ended June 30, 2007	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	215,500	\$13.94	215,500	\$13.94
Exercised	-	-	-	-
Outstanding, end of period	215,500	\$13.94	215,500	\$13.94
Exercisable, end of period	215,500	\$13.94	215,500	\$13.94
Weighted average remaining life (years)	3.0		4.0	

Details of warrants issued and exercised for the six months ended June 30, 2008 and 2007 follow:

	Six months ended June 30, 2008		Six months ended June 30, 2007	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	215,500	\$13.94	221,125	\$13.73
Exercised	-	-	(5,625)	\$5.40
Outstanding, end of period	215,500	\$13.94	215,500	\$13.94
Exercisable, end of period	215,500	\$13.94	215,500	\$13.94
Weighted average remaining life (years)	3.0		4.0	

The Black-Scholes calculated value of the warrants outstanding at June 30, 2008 was \$0.3 million (June 30, 2007 – \$0.3 million).

CAPITAL STRUCTURE ON CONVERSION OF SECURITIES

The following table lists all convertible securities of the Trust at June 30, 2008 and 2007 and the number of units resulting if they were converted or exercised:

(as at)	Exercise / Conversion Price	June 30, 2008	December 31, 2007
Units outstanding		10,759,078	10,385,274
Unit options			
	\$ 8.60	180,000	186,250
	\$ 9.74	30,000	-
	\$ 9.80	170,000	-
	\$ 9.85	12,500	-
	\$ 10.00	131,250	131,250
	\$ 10.04	12,500	-
	\$ 10.88	57,500	65,000
	\$ 11.60	18,750	18,750
	\$ 12.16	4,688	9,375
	\$ 13.08	166,250	166,250
Warrants			
	\$ 13.76	125,000	125,000
	\$ 14.20	90,500	90,500
Convertible debentures			
Series A (8.0%)	\$ 10.20	666,441	912,647
Series C (9.0%)	\$ 12.00	184,333	223,083
Series E (6.3%)	\$ 13.75	1,818,182	1,818,182
Series D (7.5%)	\$ 15.00	666,667	666,667
		15,093,639	14,798,228

Subsequent to June 30, 2008 in connection with the purchase of eight Alberta properties, 991,304 units were issued at \$11.50 per unit and \$11,400,000 new Series F convertible debentures were issued as partial consideration to the vendor for the purchase. The debentures are convertible at \$13.22 under certain terms and conditions into a potential additional 862,329 units.

Lease Maturities Risk Management

Whiterock's lease maturities are spread on a property-by-property basis, which helps to generate a more stable cash flow and mitigate risks related to changing market conditions. Lease expirations in each of the next five years range from 0.9% to 16.7% of the annualized tenant revenue in Whiterock's portfolio.

Whiterock's lease maturity profile at June 30, 2008 is as follows:

Date	Square Feet	% of Total Square Feet	% of Annualized Tenant Revenue ⁽¹⁾
2008 ⁽¹⁾	35,130	1.3%	0.9%
2009 ⁽²⁾	325,918	11.8%	8.8%
2010 ⁽³⁾	219,397	7.9%	7.5%
2011	371,828	13.5%	16.7%
2012	100,609	3.6%	4.6%
2013	290,143	10.5%	14.0%
2014	18,039	0.7%	1.1%
2015	233,329	8.5%	5.5%
2016	126,295	4.6%	5.2%
2017	100,680	3.7%	5.5%
Thereafter	891,922	32.4%	30.2%
Occupied	2,713,290	98.5%	100.0%
Vacant	41,833	1.5%	
Total	2,755,123	100.0%	100.0%

(1) Reflects executed leases as at the date of this MD&A.

(2) 2009 expiring leases are approximately 25% below market

(3) 2010 expiring leases are approximately 21% below market

Credit

The following table summarizes Whiterock's top ten tenants at June 30, 2008, which together represents 53.3% of Whiterock's annualized revenues from its income property portfolio as at June 30, 2008:

Tenant	Rank	Square Feet	% of Annualized Tenant Revenue ⁽¹⁾⁽²⁾
SIQ (Quebec Gov't Agency)	1	507,770	17.6%
ING Canada	2	231,500	6.9%
Federal Government	3	72,303	6.1%
Province of Ontario	4	74,277	4.9%
Province of Nova Scotia	5	63,717	3.6%
SPMC (Saskatchewan Gov't Agency)	6	80,857	3.3%
Province of New Brunswick	7	80,162	3.0%
Teranet	8	35,694	2.7%
Crown Investment Corp.(2)	9	70,112	2.7%
Sobeys	10	55,795	2.5%
Total: Top 10 Tenants		1,272,187	53.3%

(1) Tenant revenue comprises income property rentals excluding straight line rents and market rent adjustments.

(2) Includes executed leases as at the date of this MD&A.

(3) Holding company for Government of Saskatchewan utility companies.

CASH DISTRIBUTIONS

The Trust makes distributions on the units equal to or greater than the amounts under the Declaration of Trust. As per the Declaration of Trust, the Trust shall distribute in each taxation year an amount equal to the greater of: (i) 85% of its Distributable Income for such taxation year; and (ii) an amount of net income and net realized capital gains of the Trust for such taxation year as is necessary to ensure that the Trust will not be subject to tax on its net income and net capital gains under Part I of the Tax Act. 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.

100% of the distributions made in 2007 were considered to be a return of capital for tax purposes.

CAPITAL RESOURCES AND LIQUIDITY

Cash flow from continuing operating activities for the six months ended June 30, 2008 was \$3.7 million compared to \$2.8 million in the comparative prior year period. Cash flow from continuing operations in 2008 was impacted by the higher leasing levels in 2008 and interest on new mortgages receivable in the 2008 period, offset by the deposits made on properties subsequently acquired. The 2007 period was negatively impacted by the payment of strategic alternative costs.

On June 19, 2008, Whiterock entered into a revolving credit facility of up to \$40 million with a major Canadian financial institution. The facility is secured by mortgages on new and existing property and can be used for acquisitions, operations and general corporate purposes. The facility bears interest at floating rates determined, at Whiterock's option, by reference to the prime rate plus 150 basis points or Bankers Acceptance rates plus 250 basis points. As at June 30, 2008, no amount was outstanding under the 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 June 30, 2008, \$1.1 million was outstanding under the credit facility.

The main sources of acquisition funds for Whiterock are its revolving credit facilities (see "Mortgages Payable and Facilities"), proceeds from convertible debentures (see "Convertible Debentures") unit offerings (see "Units") and cash flows (see "Cash flow from operating activities") from the operations of its acquired properties. Mortgage financings reduce the equity component of new property acquisitions (see "Mortgages Payable and Facilities").

The actual level of future borrowings and equity offerings will be determined based on prevailing interest rates, debt and equity market conditions and management's general view of the required leverage in the business.

Whiterock expects to continue to meet all of its existing obligations.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

Whiterock's significant accounting policies are described in Note 2 to its December 31, 2007 audited consolidated financial statements and in Note 2 to its June 30, 2008 unaudited consolidated financial statements. Management's discussion and analysis for the year ended December 31, 2007 outlines the policies that management believes are most subject to estimation and management's judgment.

CHANGES TO SIGNIFICANT ACCOUNTING POLICIES

Management monitors issued accounting pronouncements from the Canadian Institute of Chartered Accountants ("CICA") and assesses the applicability and impact, if any, of these pronouncements on Whiterock's consolidated financial statements.

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.

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.

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

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.

The Canadian Institute of Chartered Accountants has confirmed that the adoption of International Financial Reporting Standards ("IFRS") will be required for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. Comparative IFRS information for the previous fiscal years will also need to be reported. These new standards will be effective for Whiterock in the first quarter of 2011. Management is reviewing the new standards to determine the potential impact on the consolidated financial statements.

CONTROLS AND PROCEDURES

As at December 31, 2007, the Chief Executive Officer, the Chief Financial Officer and other members of management, have evaluated the design and effectiveness of the Trust's disclosure controls and procedures, as defined in Multilateral Instrument 52-109. They have concluded that the disclosure controls and procedures were adequate and effective to provide reasonable assurance that material information relating to the Trust and its consolidated subsidiary entities for the year ended December 31, 2007 would have been made known to them.

In addition, for the year ended December 31, 2007, the Chief Executive Officer and the Chief Financial Officer, together with other members of management, have evaluated the design of the Trust's internal controls over financial reporting. The internal controls were designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian generally accepted accounting principles. They have concluded that the design of the internal controls over financial reporting were adequate and effective to provide reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

The Trust did not make any significant changes to the design of the internal controls over financial reporting during the six months ended June 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Note, however that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

RISKS AND UNCERTAINTIES

Whiterock and its properties are subject to the normal risks common to real property ownership and operation. Income properties are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The major categories of risk Whiterock encounters in conducting its business and the manner in which it takes actions to minimize their impact are disclosed in management's discussion and analysis of Whiterock for the year ended December 31, 2007 and in Whiterock's Annual Information Form dated March 20, 2008, filed on SEDAR.