



Consolidated Financial Statements
September 30, 2006
(unaudited)

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

(unaudited)	Note	September 30, 2006	December 31, 2005
Assets			
Income properties	3	\$ 247,689,806	\$ 112,605,225
Deferred charges	4	16,032,233	5,364,180
Intangible assets	5	18,530,154	5,074,327
		282,252,193	123,043,732
Other assets	6	10,431,536	5,233,534
Cash		5,734,167	29,281,723
		\$ 298,417,896	\$ 157,558,989
Liabilities and Equity			
Mortgages payable	7	\$ 177,641,405	\$ 84,193,305
Acquisition facility	8	12,000,000	-
Accounts payable and accrued liabilities	9	19,626,394	11,108,505
Convertible debentures	10	24,936,687	24,039,144
		234,204,486	119,340,954
Unitholders' Equity		64,213,410	38,218,035
		\$ 298,417,896	\$ 157,558,989

Approved by the Board of Trustees

"Jason Underwood"

Trustee

"Paul Simcox"

Trustee

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

(unaudited)	Note	Three months ended		Nine months ended	
		September 30,		September 30,	
		2006	2005	2006	2005
Revenue					
Income property rentals	15	\$ 8,995,758	\$ 345,725	\$ 20,862,874	\$ 349,143
Interest income		155,301	177,260	516,751	187,899
		9,151,059	522,985	21,379,625	537,042
Expenses					
Property operating costs		3,319,089	117,344	7,628,175	118,375
Interest	16	3,467,129	385,509	8,460,173	400,492
General and administrative expenses	17	643,934	244,876	1,848,652	345,738
Loss on debenture redemption	18	-	-	690,838	-
Amortization	19	2,158,967	75,280	4,980,473	75,942
		9,589,119	823,009	23,608,311	940,547
Income (loss)		\$ (438,060)	\$ (300,024)	\$ (2,228,686)	\$ (403,505)
Income (loss) per unit					
Basic and diluted	20	\$ (0.06)	\$ (0.09)	\$ (0.35)	\$ (0.27)

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(unaudited)	Note	Three months ended September 30		Nine months ended September 30,	
		2006	2005	2006	2005
Trust Units					
	12				
Balance, beginning of period		\$ 72,491,048	\$ 24,784,627	\$ 39,401,889	\$ 350,000
Issuance of trust units		355,958	-	35,528,748	26,650,200
Value associated with unit options exercised		7,000	-	57,131	-
Value associated with warrants exercised		33,292	-	70,180	-
Unit issue costs		(34,255)	(27,501)	(2,204,905)	(2,243,074)
Balance, end of period		72,853,043	24,757,126	72,853,043	24,757,126
Unit Options					
	13				
Balance, beginning of period		831,975	-	499,299	-
Value associated with unit options vested		12,020	8,164	394,827	8,164
Value associated with unit options exercised		(7,000)	-	(57,131)	-
Balance, end of period		836,995	8,164	836,995	8,164
Warrants					
	14				
Balance, beginning of period		123,512	-	75,400	-
Value associated with warrants issued and exercisable		-	-	85,000	-
Value associated with warrants exercised		(33,292)	-	(70,180)	-
Balance, end of period		90,220	-	90,220	-
Equity Component of Convertible Debentures					
	10				
Balance, beginning of period		1,005,941	671,922	1,019,747	-
Equity component of convertible debentures issued		435,744	-	435,744	671,922
Equity component of convertible debentures converted		-	-	(13,806)	-
Equity component of convertible debentures redeemed		(217,079)	-	(217,079)	-
Balance, end of period		1,224,606	671,922	1,224,606	671,922
Cumulative Earnings					
Balance, beginning of period		(2,828,804)	(103,481)	(660,953)	-
Redemption of convertible debentures	18	-	-	(377,225)	-
Income (loss)		(438,060)	(300,024)	(2,228,686)	(403,505)
Balance, end of period		(3,266,864)	(403,505)	(3,266,864)	(403,505)
Cumulative Distributions to Unitholders					
Balance, beginning of period		(5,295,126)	-	(2,117,347)	-
Distributions to unitholders		(2,229,464)	(978,460)	(5,407,243)	(978,460)
Balance, end of period		(7,524,590)	(978,460)	(7,524,590)	(978,460)
Total Unitholders' Equity		\$ 64,213,410	\$ 24,055,247	\$ 64,213,410	\$ 24,055,247
Units Issued and Outstanding	12	7,967,654	3,494,500	7,967,654	3,494,500

WHITEROCK REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)	Three months ended		Nine months ended	
	September 30		September 30,	
	2006	2005	2006	2005
Cash provided by (used in) operating activities				
Income (loss)	\$ (438,060)	\$ (300,024)	\$ (2,228,686)	\$ (403,505)
Items not affecting cash				
Amortization (Note 19)	2,158,967	75,280	4,980,473	75,942
Deferred finance cost amortization				
- mortgages payable	58,344	-	155,647	-
Deferred finance cost amortization				
- acquisition facility	55,557	-	81,703	-
Deferred finance cost amortization				
- convertible debentures	111,633	-	356,243	2,065
Implicit interest rate in excess of coupon				
rate - convertible debentures	50,690	26,676	147,516	27,556
Provision for loss on debenture				
redemption	-	-	690,838	-
Non-cash compensation expense	12,020	8,164	139,077	8,164
Accrued rental revenue recognized				
on a straight-line basis	(222,843)	(1,074)	(394,511)	(1,074)
Above and below market				
lease amortization	(332,945)	(14,584)	(1,077,441)	(14,584)
	1,453,363	(205,562)	2,850,859	(305,436)
Changes in non-cash operating items	(939,643)	(5,936,311)	159,616	(5,932,251)
	513,720	(6,141,873)	3,010,475	(6,237,687)
Cash provided by (used in) financing activities				
Mortgage principal repayments	(631,299)	-	(1,260,949)	-
Proceeds of mortgage financing	3,600,000	-	3,600,000	-
Proceeds of convertible debentures				
financing	10,000,000	-	10,000,000	13,000,000
Redemption of convertible debentures	(8,775,000)	-	(8,775,000)	-
Issue of units (Note 12)	218,725	-	34,317,937	26,650,200
Mortgage financing costs	(57,917)	-	(906,135)	-
Acquisition facility financing costs	(45,742)	-	(244,072)	-
Convertible debentures issue costs	(247,880)	-	(262,944)	(1,235,176)
Unit issue costs	(34,255)	(27,501)	(1,894,314)	(2,202,275)
Distributions to unitholders	(2,092,231)	-	(5,233,768)	-
	1,934,401	(27,501)	29,340,755	36,212,749
Cash provided by (used in) investing activities				
Income properties acquired (Note 3)	(18,621,743)	(18,647,947)	(51,591,359)	(19,428,080)
Leasing costs and capital				
expenditures (Note 4)	(3,684,116)	-	(4,065,698)	-
Furniture and equipment	(144,667)	(9,430)	(241,729)	(20,091)
	(22,450,526)	(18,657,377)	(55,898,786)	(19,448,171)
Change in cash	(20,002,405)	(24,826,751)	(23,547,556)	10,526,891
Cash, beginning of period	25,736,572	35,703,642	29,281,723	350,000
Cash, end of period	\$ 5,734,167	\$ 10,876,891	\$ 5,734,167	\$ 10,876,891
Supplementary cash flow information				
Cash Interest Paid (Note 16)	\$ 2,802,167	\$ 296,013	\$ 7,021,620	\$ 308,051

WHITEROCK REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2006 and 2005 (unaudited)

1. Organization and Basis of Presentation

Whiterock Real Estate Investment Trust (“Whiterock” or “the Trust”) is an open-ended real estate investment trust which was created under a Declaration of Trust on May 17, 2005. CPII Inc. was incorporated under the Canada Business Corporations Act on December 8, 2004. Whiterock acquired all the assets of CPII Inc. on June 28, 2005 in return for its Units pursuant to a Plan of Arrangement approved by CPII Inc. shareholders. Subsequent to the Plan of Arrangement, the shareholders of CPII Inc. controlled Whiterock and so, the Arrangement has been accounted for as a continuity of interests.

2. Significant Accounting Policies

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

Variable Interest Entities

CICA Accounting Guideline 15 Consolidation of Variable Interest Entities requires an assessment of whether control of an entity exists through financial interests other than voting control, and if so, to consolidate the entity in the financial results. Whiterock has reviewed its interests, specifically its co-ownerships, and has determined that they do not qualify as variable interests, and as a result are proportionately consolidated in the financial statements.

Financing Costs

In addition to the accounting policies for mortgage and convertible debenture financing costs disclosed in the December 31, 2005 audited financial statements, financing costs associated with the acquisition facility are amortized into interest expense over the term of the facility.

3. Income Properties

	September 30, 2006	December 31, 2005
Land	\$ 34,430,392	\$ 16,983,629
Buildings and improvements	216,813,106	96,099,302
	251,243,498	113,082,931
Accumulated amortization	(3,553,692)	(477,706)
	\$ 247,689,806	\$ 112,605,225

During the six months ended June 30, 2006, the Trust acquired an interest in six office properties for \$96.8 million including closing costs, financed in part by \$63.7 million of fixed rate mortgages and \$12.0 million drawn on the acquisition facility (Note 8). Two retail centres were also acquired for \$21.3 million including closing costs, and were financed in part by \$16.3 million of fixed rate mortgages. In addition, the Trust acquired three industrial properties for \$10.4 million including closing costs, financed in part by \$3.7 million of fixed rate mortgages.

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

During the three months ended September 30, 2006, the Trust acquired an office building in Ottawa, Ontario for \$5.2 million, including closing costs, financed with cash. Three retail centres were also acquired, one in Saskatoon, Saskatchewan, one in Halifax, Nova Scotia and one in Charlottetown, Prince Edward Island, for \$17.1 million, including closing costs, and were financed in part by a \$4.7 million fixed rate mortgage. In addition, the Trust acquired one industrial property in Windsor, Ontario for \$6.4 million including closing costs, financed in part by \$2.7 million of fixed rate mortgage financing. There was a hold back of \$2.6 million of the purchase price by the Trust at the time of acquisition, which was subsequently released on November 10, 2006, once the remaining conditions of the acquisition were satisfied.

The net assets acquired and consideration provided were as follows:

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Income properties - Land	\$ 2,862,445	\$ 17,446,763
Income properties - Building and improvements	22,147,928	120,713,804
Deferred charges - Tenant inducements	936,086	7,427,516
Intangible assets - Lease origination costs	1,677,394	8,581,569
Intangible assets - Tenant relationships	1,057,184	5,455,553
Intangible assets - Above market rents	548,493	548,493
Accounts payable and accrued liabilities - Below market rents	(586,369)	(2,898,372)
	\$ 28,643,161	\$ 157,275,326
Consideration provided:		
Mortgage financing	\$ 7,446,500	\$ 91,109,049
Acquisition facility financing	-	12,000,000
Purchase price holdback (Note 9)	2,574,918	2,574,918
Cash	18,621,743	51,591,359
	\$ 28,643,161	\$ 157,275,326

Subsequent to September 30, 2006, the Trust acquired three properties for \$70.6 million before closing and mortgage refinancing costs (Note 22).

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

4. Deferred Charges

	September 30, 2006	December 31, 2005
Tenant inducements on acquisitions	\$ 12,885,160	\$ 5,457,644
Tenant inducements	195,862	8,431
Leasing costs	3,878,267	-
	16,959,289	5,466,075
Accumulated amortization		
Tenant inducements on acquisitions	(891,273)	(101,753)
Tenant inducements	(15,373)	(142)
Leasing costs	(20,410)	-
	(927,056)	(101,895)
	\$ 16,032,233	\$ 5,364,180

Included in leasing costs are \$3.6 million of leasing fees paid to extend the existing Société Immobilière Québec (a Quebec government agency) ("SIQ"), leases for a term of an additional 15 years at 200 Chemin Ste-Foy and 900 D'Youville. The maturity dates of these leases are now 2030 and 2026 respectively.

5. Intangible Assets

	September 30, 2006	December 31, 2005
Lease origination costs	\$ 11,834,879	\$ 3,253,310
Tenant relationships	7,380,299	1,924,746
Above market rents on acquisitions	548,493	-
	19,763,671	5,178,056
Accumulated amortization		
Lease origination costs	(709,127)	(64,201)
Tenant relationships	(449,188)	(39,528)
Above market rents on acquisitions	(75,202)	-
	(1,233,517)	(103,729)
	\$ 18,530,154	\$ 5,074,327

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

6. Other Assets

	September 30, 2006	December 31, 2005
Prepaid expenses and other assets	\$ 3,416,169	\$ 529,240
Properties under option	2,962,505	1,863,051
Amounts receivable	456,005	187,773
Straight line rent receivable	436,246	41,735
Deferred financing cost - mortgages payable	1,612,003	705,868
Deferred financing cost - acquisition facility	464,071	-
Deferred financing cost - convertible debentures	1,700,689	2,071,712
	11,047,688	5,399,379
Accumulated amortization		
Deferred financing cost - mortgages payable	(182,379)	(26,732)
Deferred financing cost - acquisition facility	(81,703)	-
Deferred financing cost - convertible debentures	(352,070)	(139,113)
	(616,152)	(165,845)
	\$ 10,431,536	\$ 5,233,534

7. Mortgages Payable

	September 30, 2006	December 31, 2005
Fixed rate	\$ 166,701,155	\$ 73,075,080
Floating rate	10,940,250	11,118,225
	\$ 177,641,405	\$ 84,193,305

Mortgages payable are secured by income properties.

Fixed rate financing bears interest at a weighted average fixed rate of 5.5%. Floating rate financing bears interest at floating rates determined by reference to 30 day Bankers Acceptance rates plus a spread of 225 basis points.

Principal repayments of mortgages payable outstanding as of September 30, 2006 are as follows:

2006	\$ 680,920
2007	13,402,373
2008	7,170,994
2009	2,828,174
2010	15,759,425
2011	3,539,125
Thereafter	134,260,394
Total	\$ 177,641,405

During the three months ended September 30, 2006, the Trust financed a property in Regina, Saskatchewan with \$3.6 million of mortgage debt at a fixed interest rate of 5.56% for a 10 year term.

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

8. Acquisition Facility

On April 28, 2006 Whiterock entered into an 8.5% revolving \$23.5 million acquisition facility with an affiliate of Kimco Realty Corporation, maturing in May 2008. Effective July 31, 2006, the maximum amount available to be drawn under the facility was increased to \$45 million. As consideration for the facility, as amended, Whiterock has issued 215,500 warrants (Note 14) with a term of 5 years, exercisable based on the level of cumulative draws under the facility, as follows:

Cumulative Draws	Exercise Price	Units Exercisable
\$ Nil	\$13.76	62,500
\$15,000,000	\$13.76	62,500
\$23,500,000	\$14.20	45,250
\$32,000,000	\$14.20	45,250
	\$13.94	215,500

In addition, Whiterock issued at the time of the initial draw under the facility, as additional compensation, 9,811 trust Units (Note 12) to the lender and will issue an additional 9,811 trust Units when cumulative draws under the facility total \$15 million.

As at September 30, 2006 \$12.0 million was drawn under the acquisition facility, and on October 30, 2006, an additional \$24.0 million was drawn.

9. Accounts Payable and Accrued Liabilities

	September 30, 2006	December 31, 2005
Below market rents on acquisitions	\$ 10,222,897	\$ 7,324,525
Accrued acquisition and management services fees (Note 11)	1,649,314	382,595
Unitholder distributions payable	744,975	-
Accrued mortgage, acquisition facility, and debenture interest	1,104,357	406,913
Security deposits	481,663	471,080
Purchase price holdback (Note 3)	2,574,918	-
Other accounts payable and accrued liabilities	4,253,590	2,776,069
	21,031,714	11,361,182
Accumulated Amortization		
Below market rents on acquisitions	(1,405,320)	(252,677)
	\$ 19,626,394	\$ 11,108,505

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

10. Convertible Debentures

As at September 30, 2006, the Trust has three series of convertible debentures outstanding.

	Principal (\$)	Interest rate	Conversion Price	Interest Payable	Maturity
Series A	13,000,000	8.0%	\$10.20 per unit	semi-annually	June 28, 2010
Series C	3,000,000	9.0%	\$12.00 per unit	quarterly	December 21, 2010
Series D	10,000,000	7.5%	\$15.00 per unit	semi-annually	July 31, 2011

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

	Series A	Series B	Series C	Series D	Total
Liability	\$ 12,328,078	\$ 8,769,115	\$ 2,883,060	\$ 9,564,256	\$ 33,544,509
Equity	671,922	230,885	116,940	435,744	1,455,491
Principal on issuance	13,000,000	9,000,000	3,000,000	10,000,000	35,000,000
Conversion of debentures	-	(900,000)	-	-	(900,000)
Redemption of debentures	-	(8,100,000)	-	-	(8,100,000)
Principal -					
September 30, 2006	\$ 13,000,000	\$ -	\$ 3,000,000	\$ 10,000,000	\$ 26,000,000

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

In the nine months ended September 30, 2006, \$900,000 principal amount (2005 - \$nil) of the Series B convertible debentures were converted into 75,000 units of the Trust (Note 12).

On August 14, 2006, the Trust issued \$10.0 million of 7.5% Redeemable Subordinated Convertible Debentures, which was primarily used to fund the August 16, 2006 redemption of the \$8.1 million outstanding principal amount of the 9% Redeemable Subordinated Series B Convertible Debentures plus the redemption premium of \$675,000 (Note 18).

	Series A	Series B	Series C	Series D	Total
Liability, December 31, 2005	\$ 12,383,116	\$ 8,772,416	\$ 2,883,612	\$ -	\$ 24,039,144
Issuance of debentures	-	-	-	9,564,256	9,564,256
Implicit interest rate in excess of coupon rate	81,777	41,813	14,510	9,416	147,516
Conversion of debentures	-	(888,531)	-	-	(888,531)
Redemption of debentures	-	(7,925,698)	-	-	(7,925,698)
Liability -					
September 30, 2006	\$ 12,464,893	\$ -	\$ 2,898,122	\$ 9,573,672	\$ 24,936,687

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

11. Related Party Transactions

Services and Asset Management Agreements

In June 2005, the Trust entered into exclusive agreements with Whiterock Real Estate Capital Inc. ("Whiterock Capital") to provide the services of two officers of the Trust. The two officers are Trustees of the Trust and principals of Whiterock Capital. Whiterock Capital earns acquisition fees equal to 0.5% of the cost of property acquired, as defined, and an annual advisory fee, equal to 0.3% of the adjusted cost base, as defined, of Whiterock's assets. The Agreements have a five year term and may be cancelled with two years notice.

For the three months ended September 30, 2006, \$0.2 million (2005 - \$nil) was accrued in general and administrative expenses under these agreements and \$0.1 million (2005 - \$nil) was accrued in the acquisition cost of income properties.

For the nine months ended September 30, 2006, \$0.5 million (2005 - \$nil) was accrued in general and administrative expenses under these agreements and \$0.8 million (2005 - \$nil) was accrued in the acquisition cost of income properties.

Subsequent to September 30, 2006, Whiterock announced an agreement to internalize its Services and Asset Management Agreements (Note 22).

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

12. Units

On August 21, 2006, the Trust consolidated its issued and outstanding Units on the basis of one post-consolidation Unit for every four pre-consolidation Units.

All references to Units, Options, and Warrants in these financial statements, including per Unit values, have been adjusted to a post-consolidation basis.

	Units	\$
Issued and outstanding at December 31, 2005	5,164,472	\$ 39,401,889
Units Issued		
Exercise of warrants	27,250	147,150
Exercise of options	113	450
Value associated with unit option grants exercised		126
Value associated with warrants exercised		25,288
Unit issue costs		(6,398)
Issued and outstanding at March 31, 2006	5,191,835	39,568,505
Units Issued		
Private Placement	2,579,662	33,535,612
Conversion of Series B Debentures (Note 10)	75,000	902,337
Distribution Reinvestment Plan	2,856	36,242
Financing fees paid in units (Note 8)	9,811	134,999
Exercise of warrants	12,500	67,500
Exercise of options	42,875	348,500
Value associated with unit option grants exercised		50,005
Value associated with warrants exercised		11,600
Unit issue costs		(2,164,252)
Issued and outstanding at June 30, 2006	7,914,539	72,491,048
Units Issued		
Distribution Reinvestment Plan	10,990	137,233
Exercise of warrants	35,875	193,725
Exercise of options	6,250	25,000
Value associated with unit option grants exercised		7,000
Value associated with warrants exercised		33,292
Unit issue costs		(34,255)
Issued and outstanding at September 30, 2006	7,967,654	\$ 72,853,043

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

13. Unit Options

The Trust may grant options to the Trustees, senior officers, investor relations consultants and technical consultants to the Trust. The maximum number of units reserved for issuance under all securities compensation arrangements is limited to 10% of the total number of issued and outstanding units. The Trustees set the exercise price at the time that an option is granted under the plan, which exercise price shall not be less than the 5 day weighted average market price of the units as determined under the policies of the Exchange. The options have a maximum term of five years from the date of grant and vest over a period of up to two years.

	2006		2005	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, January 1,	423,238	\$8.88	-	-
Granted	50,000	\$11.60	67,500	\$4.00
Exercised	(113)	\$4.00	-	-
Outstanding, March 31,	473,125	\$9.20	67,500	\$4.00
Granted	218,750	\$13.12	156,250	\$8.60
Exercised	(42,875)	\$8.12	-	-
Outstanding, June 30	649,000	\$10.60	223,750	\$7.21
Granted	-	-	50,000	\$8.60
Exercised	(6,250)	\$4.00	-	-
Cancelled	(9,375)	\$10.00	-	-
Outstanding, September 30	633,375	\$10.66	273,750	\$7.47
Options vested, end of period	562,906	\$10.74	223,750	\$7.21
Weighted average remaining life (years)	4.2		4.4	

The fair value associated with the options issued during the nine months ended September 30, 2006 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 25% on the underlying units, the term to expiry of 5 years, an annual dividend of \$1.12, and the five year weighted average risk free interest rate (typically the five year Canada bond rate at the date of grant).

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

14. Warrants

	2006		2005	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, January 1	81,250	\$5.40	-	-
Issued	-	-	81,250	\$5.40
Exercised	(27,250)	\$5.40	-	-
Outstanding, March 31	54,000	\$5.40	81,250	\$5.40
Issued (Note 8)	125,000	\$13.76	-	-
Exercised	(12,500)	\$5.40	-	-
Outstanding, June 30,	166,500	\$11.68	81,250	\$5.40
Issued (Note 8)	90,500	\$14.20	-	-
Exercised	(35,875)	\$5.40	-	-
Outstanding, September 30	221,125	\$13.73	81,250	\$5.40
Warrants exercisable, end of period	68,125	\$13.07	81,250	\$5.40
Weighted average remaining life (years)	4.4		1.4	

As of September 30, 2006, warrants allowing for the issuance of 62,500 of the 215,500 Units relating to the acquisition facility are eligible to be exercised. The remaining warrants will become exercisable when additional draws are made on the acquisition facility (Note 8)

The fair value associated with the warrants issued during the nine months ended September 30, 2006 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 25% on the underlying units, the term to expiry of 5 years, an annual dividend of \$1.12, and the five year weighted average risk free interest rate (typically the five year Canada bond rate at the date of grant).

15. Income Property Rentals

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Revenue from tenant leases	\$8,439,970	\$330,067	\$19,390,922	\$333,485
Accrued rental revenue recognized on a straight-line basis	222,843	1,074	394,511	1,074
Above and below market lease amortization	332,945	14,584	1,077,441	14,584
	\$8,995,758	\$345,725	\$20,862,874	\$349,143

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

16. Interest

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Mortgage interest expense	\$2,474,667	\$33,876	\$5,925,094	\$37,366
Acquisition facility interest expense	310,138	-	472,936	-
Debenture interest expense	682,324	351,633	2,062,143	363,126
Interest expense	3,467,129	385,509	8,460,173	400,492
Deferred finance cost amortization:				
mortgages payable	(58,344)	-	(155,647)	-
acquisition facility	(55,557)	-	(81,703)	-
convertible debentures	(111,633)	(62,820)	(356,243)	(64,885)
Implicit interest rate in excess of coupon rate - convertible debentures	(50,690)	(26,676)	(147,516)	(27,556)
Change in accrued interest	(388,738)	-	(697,444)	-
Cash interest paid	\$2,802,167	\$296,013	\$7,021,620	\$308,051

Interest expense in the nine months ended September 30, 2006, excludes \$435,840 of convertible debenture financing fees included in the Loss on Debenture Redemption (Note 18).

17. General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Salaries and wages	\$ 250,788	\$ 46,917	\$ 794,608	\$ 46,917
Non-cash compensation expense	12,020	8,164	139,077	8,164
Legal and regulatory	16,448	18,571	46,550	48,014
Accrued Services and Asset Management Agreement Fees (Note 11)	246,302	80	500,576	80
Recruiting costs	9,360	15,310	45,169	23,980
Costs related to properties not acquired	27,628	28,375	40,069	34,646
Other general and administrative	81,388	127,459	282,603	183,937
	\$ 643,934	\$ 244,876	\$ 1,848,652	\$ 345,738

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

18. Loss on Debenture Redemption

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Impairment of convertible debenture deferred financing fees	\$ -	\$ -	\$ 435,840	\$ -
Loss on early redemption of debenture liability	-	-	254,998	-
	\$ -	\$ -	\$ 690,838	\$ -

On August 16, 2006 the Trust redeemed, as previously announced, \$8.1 million outstanding principal amount of its Series B Debentures. The debentures were redeemed at \$0.7 million in excess of their face value. The premium paid on the early redemption of the liability component of the Series B Debentures totaled \$0.3 million, and the premium paid on the early redemption of the equity component of the Series B Debentures totaled \$0.4 million. The premium on the early redemption of the equity component has been reflected as a direct charge to equity on the consolidated statement of Unitholders' equity. The redemption also confirmed the impairment of deferred financing costs incurred at the time of original issuance of the Series B Debentures, in the amount of \$0.4 million. As a result, a total of \$0.7 million has been charged to income as a loss on debenture redemption.

19. Amortization

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Building and improvements	\$ 1,299,626	\$ 55,621	\$ 3,075,986	\$ 56,116
Deferred charges				
- tenant inducements on acquisition	338,058	6,867	789,520	6,936
- tenant inducements	8,305	-	15,231	-
- leasing costs	12,075	-	20,410	-
Intangible assets				
- lease origination	299,027	7,550	644,926	7,612
- tenant relationships	191,841	4,178	409,660	4,194
Furniture and fixtures	10,035	1,064	24,740	1,084
	\$ 2,158,967	\$ 75,280	\$ 4,980,473	\$ 75,942

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

20. Per Unit Calculations

Basic per Unit information is calculated based on the weighted average number of units outstanding for the period. The diluted per Unit information is calculated based on the weighted average diluted number of units outstanding for the period, considering the potential exercise of outstanding unit options and warrants to the extent that the unit options are dilutive and the potential conversion of outstanding convertible debentures to the extent that the debentures are dilutive.

Income per Unit calculations are based on the following:

	Three months ended September 30,		Nine months ended September 30,	
	2006	2005	2006	2005
Weighted average number of units - Basic and Diluted	7,938,777	3,494,500	6,357,510	1,510,678

All options (Note 13) and warrants (Note 14) are excluded from the diluted unit calculation for the three and nine months ended September 30, 2006 and 2005 as they were anti-dilutive.

The following securities were also not included in the diluted unit count for the three month period ended September 30, 2006 and 2005 as the effect would have been anti-dilutive:

	Exercise Price	Number of units if converted	
		September 30, 2006	September 30, 2005
Convertible Debentures			
Series A (8.0%)	\$ 10.20	1,274,510	1,274,510
Series B (9.0%)	\$ 12.00	344,837	-
Series C (9.0%)	\$ 12.00	250,000	-
Series D (7.5%)	\$ 15.00	333,333	-

The following securities were also not included in the diluted unit count for the nine month period ended September 30, 2006 and 2005 as the effect would have been anti-dilutive:

	Exercise Price	Number of units if converted	
		September 30, 2006	September 30, 2005
Convertible Debentures			
Series A (8.0%)	\$ 10.20	1,274,510	1,274,510
Series B (9.0%)	\$ 12.00	563,736	-
Series C (9.0%)	\$ 12.00	250,000	-
Series D (7.5%)	\$ 15.00	112,332	-

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

21. Segmented Financial Information

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

Property operating income by segment for the three months ended September 30, 2006 is summarized as follows:

	Three months ended September 30, 2006			
	Office	Retail	Industrial	Total
Income property rentals	\$ 6,979,472	\$ 972,419	\$ 1,043,867	\$ 8,995,758
Property operating costs	2,719,321	283,952	315,816	\$ 3,319,089
Property operating income	\$ 4,260,151	\$ 688,467	\$ 728,051	\$ 5,676,669

Property operating income by segment for the three months ended September 30, 2005 is summarized as follows:

	Three months ended September 30, 2005			
	Office	Retail	Industrial	Total
Income property rentals	\$ 196,864	\$ 87,994	\$ 60,867	\$ 345,725
Property operating costs	87,395	17,405	12,544	\$ 117,344
Property operating income	\$ 109,469	\$ 70,589	\$ 48,323	\$ 228,381

Property operating income by segment for the nine months ended September 30, 2006 are summarized as follows:

	Nine months ended September 30, 2006			
	Office	Retail	Industrial	Total
Income property rentals	\$ 16,073,229	\$ 2,490,005	\$ 2,299,640	\$ 20,862,874
Property operating costs	6,191,279	719,204	717,692	\$ 7,628,175
Property operating income	\$ 9,881,950	\$ 1,770,801	\$ 1,581,948	\$ 13,234,699

Property operating income by segment for the nine months ended September 30, 2005 is summarized as follows:

	Nine months ended September 30, 2005			
	Office	Retail	Industrial	Total
Income property rentals	\$ 196,864	\$ 91,412	\$ 60,867	\$ 349,143
Property operating costs	87,395	18,436	12,544	\$ 118,375
Property operating income	\$ 109,469	\$ 72,976	\$ 48,323	\$ 230,768

At September 30, 2006, there is one tenant whom accounts for more than 10% of the Trusts' total revenue. SIQ (Quebec government agency) comprises approximately 33% (December 31, 2005 - 48%) of the Trusts' total revenue.

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

22. Subsequent Events

Property Acquisitions

Subsequent to September 30, 2006, Whiterock acquired a 295,413 square foot office building in Toronto, Ontario for \$61.3 million, before closing and mortgage refinancing costs. The acquisition was financed by the assumption of a restructured \$40.6 million ten year 5.23% mortgage at a cost of \$3.3 million and by drawing on the acquisition facility. The mortgage will be interest only for the first five years and thereafter will be amortized over 26.3 years.

In addition, Whiterock acquired two industrial properties in Windsor, Ontario totaling 123,321 square feet. The properties were purchased for \$9.3 million, before closing costs, and were financed by \$6.7 million of ten year mortgage debt with a 5.15% interest rate and a 25 year amortization period.

Mortgage Financings

Subsequent to September 30, 2006, Whiterock financed a property in Saskatoon, Saskatchewan with \$5.8 million of mortgage debt at a fixed interest rate of 5.29% for a 10 year term.

Internalization of Services and Asset Management Agreements

Subsequent to September 30, 2006, Whiterock announced that it had reached an agreement to internalize the asset management and management services fees that were previously paid to third parties for \$3.5 million, with consideration to be settled in units, subject to TSX and Unitholder approval.

23. Comparative Amounts

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