



Management's Discussion and Analysis
September 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 November 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 – September 30, 2008

- **Record Quarterly FFO** – Recurring FFO increased 48% to \$4.0 million for the three months ended September 30, 2008. Recurring FFO per unit (basic) increased 29% to \$0.35 per unit in the same period. This represents an 81% FFO payout ratio.
- **Record Quarterly AFFO** – Recurring AFFO increased 49% to \$3.3 million for the three months ended September 30, 2008. Recurring AFFO per unit (basic) increased 30% to \$0.29 per unit in the same period.
- **Solid Rental Rate Increases** – Increases on year to date lease renewals averaged approximately 21%.
- **Same Property Growth** – Property operating income for the three months ended September 30, 2008 increased approximately 6.5% on a same property basis from the prior year comparative period.
- **Investment Grade Tenants on Long-Term Leases** – 59% of revenues were from government and other investment grade tenants. Average lease term of the portfolio is 8.0 years, providing strong cash flow stability.
- **New Acquisitions** – Acquired eight commercial properties in Calgary and Edmonton, Alberta and two office properties in Chatham, Ontario and Dartmouth, Nova Scotia totaling 406,000 square feet in the third quarter.
- **Yield** – Distribution yield of 15.8% annualized, based on per unit distributions for the nine months ended September 30, 2008 totaling \$0.84, and the November 7, 2008 unit closing price of \$7.10.
- **Long-Term Fixed Rate Debt** – Average 7.4 year term for mortgage debt at a weighted average interest rate of 5.5%, all at fixed rates.
- **Geographically Balanced Portfolio** – At September 30, 2008, 17% of the portfolio's property operating income was in Alberta, 17% in Saskatchewan, 24% in Ontario, 29% in Quebec and 13% 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 September 30, 2008, it acquired 47 properties with gross book values ("GBV") totaling approximately \$500 million and sold 4 properties for \$66 million and a gain of \$3.6 million.

At September 30, 2008, approximately 37% of Whiterock's revenue stream is derived from government leases, and government leases combined with other investment grade tenants supply 59% of the revenue stream. The average remaining lease term of the portfolio was 8.0 years at September 30, 2008.

At September 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⁾
Alberta	4	183,438	1	54,516	3	103,691
Saskatchewan	5	219,776	3	174,865	2	273,437
New Brunswick	1	80,162	-	-	2	134,704
Nova Scotia	2	103,410	1	33,857	1	115,773
Ontario	3	363,701	0	-	4	243,161
Quebec	7	977,042	-	-	1	29,700
Prince Edward Island	-	-	3	69,431	-	-
Total	22	1,927,529	8	332,669	13	900,466

(1) Gross Leasable Area

In the third quarter, Whiterock acquired 4 office and 3 industrial properties in Calgary, Alberta and a retail centre in 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 two office buildings located in Chatham, Ontario and Halifax, Nova Scotia for \$10.1 million before closing costs and financed by Whiterock's \$40 million credit facility and \$2.6 million of new 5 year mortgage debt. The property in Chatham, Ontario was subsequently refinanced with \$3.4 million of 10 year mortgage debt.

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 nine months ended September 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 opportunistic 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.

The internal growth potential from below market leases, combined with the security provided by existing long term high credit tenants, continue to help maintain the stability of results in turbulent times. Given the current difficult economic conditions, Whiterock remains intensely focused on its existing tenants and properties to continue to drive internal growth.

Growth through Opportunistic and Disciplined Acquisitions

As of September 30, 2008, Whiterock's GBV of real estate was \$437 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 3.2 million square feet of Gross Leasable Area (GLA) from 26,000 square feet of GLA.

Whiterock's growth strategy includes acquiring real estate at attractive capitalization rates while maintaining the high credit quality of its tenants and the physical condition of the assets being acquired. Whiterock focuses on assets with visible, growing cash flow streams and draws on management's experience in leasing, operations and financing to enhance value. Completing acquisitions at capitalization rates that have positive spreads to the asset level financing 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 nine months ended)	September 30, 2008	September 30, 2007
FFO (basic) per unit - recurring	\$ 1.00	\$ 0.82
AFFO (basic) per unit - recurring	\$ 0.83	\$ 0.65
Property operating income - continuing	\$ 24,798,356	\$ 21,573,673
Property operating income - same asset	\$ 22,468,022	\$ 21,289,523
Investment in real estate assets - continuing ⁽¹⁾	\$ 444,140,319	\$ 335,794,287
Weighted average mortgage rate	5.45%	5.45%
Weighted average debenture rate	6.77%	7.07%
Interest coverage ratio ⁽²⁾	1.9	1.6
Average lease term (in years) ⁽³⁾	8.0	8.9
Occupancy level ⁽³⁾	98.3%	98.8%
Recurring FFO payout ratio ⁽⁴⁾	84.0%	102.6%

(1) As at period end. September 30, 2008 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 recurring FFO for the nine months ended September 30, 2008 and 2007.

In the three and nine months ended September 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 47 properties from the time of its initial public offering in June 2005 to September 30, 2008 with a GLA of 3.9 million square feet and a GBV of \$500 million. Whiterock completed the acquisition of ten new properties in the three months ended September 30, 2008 for \$92.7 million and four properties in 2007 for \$25.8 million. 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. 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.

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

2008 Acquisitions

(in \$000's except as noted)

Property Name	City	Province	Acquired	GLA (Sq. Ft.)	Acquisition Cost ⁽¹⁾	Mortgage Financing ⁽²⁾
441 5th Avenue	Calgary	AB	07/16/08	58,061	\$ 24,648	\$ -
12804 137th Avenue	Edmonton	AB	07/16/08	54,516	18,994	11,500
9705 Horton Road SW	Calgary	AB	07/16/08	54,517	10,968	5,860
2721 Hopewell Place NE	Calgary	AB	07/16/08	37,690	7,492	4,247
1512-1514 8th Street	Nisku	AB	07/16/08	46,500	7,076	4,512
2816 11th Street NE	Calgary	AB	07/16/08	33,170	6,121	3,940
4021 9th Street SW	Calgary	AB	07/16/08	44,491	5,354	3,752
4609 Manitoba Road SE	Calgary	AB	07/16/08	12,700	1,482	943
180 Keil Drive	Chatham	ON	07/28/08	36,927	5,800	-
111 Ilsley Avenue	Dartmouth	NS	08/27/08	27,428	4,800	2,600
				406,000	\$ 92,735	\$ 37,354

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

(2) On acquisition.

441 5th Avenue – is a ten-storey, 58,061 square foot, multi-tenant office building 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.

12804 137th Avenue (Palisades Shopping Centre) - is located on the northwest corner of 137th Avenue and 127th Street within the high growth Pembina neighborhood in northwest Edmonton. 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.

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 occupied by a mix of local and regional tenants.

2721 Hopewell Place NE – 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.

1512-1514 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.

2816 11th Street NE – is a 33,170 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.

4021 9th Street SW – 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.

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.

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 leased on a long-term, fully net basis to Minacs Worldwide Inc., a wholly owned subsidiary of Aditya Birla Group, a multi-national organization.

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 at the entrance to Burnside Industrial Park. The 1.56 acre property has 124 surface parking spots surrounding the building on all sides and is occupied by Bank of Montreal and PCL Construction.

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 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 occupied by a mix of local and regional professional tenants.

2008 Disposition

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.

Effective 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 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.

2007 Dispositions

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.

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.

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	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue								
- continuing operations	14,804	12,861	13,009	12,944	12,005	11,938	11,966	10,339
- discontinued operations	-	-	116	-	-	204	1,984	1,846
Property operating income								
- continuing operations	9,369	7,756	7,673	7,696	7,257	7,249	7,068	6,518
- discontinued operations	-	-	18	-	-	79	980	1,021
Income (loss)	377	620	359	(704)	(235)	1,978	(225)	(4,243)
Income (loss) adjusted ⁽¹⁾	377	620	359	(44)	(147)	(195)	(225)	(540)
Income (loss) per unit								
- basic	0.03	0.06	0.03	(0.07)	(0.02)	0.20	(0.02)	(0.50)
- diluted	0.03	0.06	0.03	(0.07)	(0.02)	0.20	(0.02)	(0.50)
- basic adjusted ⁽¹⁾	0.03	0.06	0.03	-	(0.01)	(0.02)	(0.02)	(0.06)
- diluted adjusted ⁽¹⁾	0.03	0.06	0.03	-	(0.01)	(0.02)	(0.02)	(0.06)
Funds from operations (FFO)	4,036	3,535	3,355	2,985	2,649	541	2,799	(1,297)
FFO (recurring) ⁽²⁾	4,036	3,535	3,355	2,985	2,737	2,682	2,799	2,406
FFO per unit								
- basic	0.35	0.33	0.32	0.29	0.26	0.05	0.28	(0.15)
- diluted	0.33	0.32	0.31	0.29	0.26	0.05	0.28	(0.15)
- basic (recurring) ⁽²⁾	0.35	0.33	0.32	0.29	0.27	0.27	0.28	0.28
- diluted (recurring) ⁽²⁾	0.33	0.32	0.31	0.29	0.27	0.27	0.28	0.28
Adjusted funds from operations (AFFO)	3,324	2,923	2,784	2,578	2,146	(8)	2,173	1,683
AFFO (recurring) ⁽³⁾	3,324	2,923	2,784	2,578	2,234	2,133	2,173	1,886
AFFO per unit								
- basic	0.29	0.27	0.27	0.25	0.21	(0.00)	0.22	0.20
- diluted	0.27	0.26	0.26	0.24	0.21	(0.00)	0.21	0.20
- basic (recurring) ⁽³⁾	0.29	0.27	0.27	0.25	0.22	0.21	0.22	0.22
- diluted (recurring) ⁽³⁾	0.27	0.26	0.26	0.24	0.21	0.21	0.21	0.22
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 nine months ended September 30, 2008 and 2007 are as follows:

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Property operating income	\$ 9,368,824	\$ 7,257,166	\$ 24,798,356	\$ 21,573,673
Interest income	195,159	132,220	650,540	403,836
Interest expense	(5,008,174)	(4,113,196)	(13,103,906)	(12,576,222)
General and administrative expenses	(494,555)	(527,270)	(1,321,418)	(1,695,507)
Amortization	(3,683,895)	(2,895,916)	(9,586,921)	(8,613,957)
Income (loss) before the undernoted	377,359	(146,996)	1,436,651	(908,177)
Strategic alternatives costs	-	(87,623)	-	(2,229,290)
Future income taxes	-	-	(70,000)	800,000
Income (loss) from continuing operations	377,359	(234,619)	1,366,651	(2,337,467)
Income from discontinued operations	-	-	(55,546)	341,808
Gain on disposition of properties	-	-	44,819	3,514,785
Net income (loss)	\$ 377,359	\$ (234,619)	\$ 1,355,924	\$ 1,519,126
Basic net income (loss) per unit				
Continuing operations	\$ 0.03	\$ (0.02)	\$ 0.13	\$ (0.23)
Discontinued operations	\$ -	\$ -	\$ -	\$ 0.39
Net income per unit	\$ 0.03	\$ (0.02)	\$ 0.12	\$ 0.15
Diluted net income (loss) per unit				
Continuing operations	\$ 0.03	\$ (0.02)	\$ 0.12	\$ (0.23)
Discontinued operations	\$ -	\$ -	\$ -	\$ 0.38
Net income per unit	\$ 0.03	\$ (0.02)	\$ 0.12	\$ 0.15

Whiterock's net income for the three and nine months ended September 30, 2008 was \$0.4 million and \$1.4 million respectively (three and nine months ended September 30, 2007 net income (loss) of (\$0.2) million and \$1.5 million respectively).

Following is a discussion of individual income components:

Property operating income

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Income property rentals				
Same Property				
Rental income	\$ 11,701,967	\$ 11,190,667	\$ 34,760,554	\$ 33,069,584
Straight-line rent	291,718	361,730	896,643	1,103,579
Above and below market lease amortization	373,421	320,621	1,125,995	985,817
	12,367,106	11,873,018	36,783,192	35,158,980
Acquisitions ⁽¹⁾				
Rental income	2,053,303	-	3,014,942	341,514
Straight-line rent	27,761	-	35,656	5,275
Above and below market lease amortization	161,139	-	189,630	-
	14,609,309	11,873,018	40,023,420	35,505,769
Property operating costs				
Same property	4,639,395	4,615,852	14,315,170	13,869,457
Acquisitions ⁽¹⁾	601,090	-	909,894	62,639
	5,240,485	4,615,852	15,225,064	13,932,096
Property operating income				
Same property	7,727,711	7,257,166	22,468,022	21,289,523
Acquisitions ⁽¹⁾	1,641,113	-	2,330,334	284,150
	\$ 9,368,824	\$ 7,257,166	\$ 24,798,356	\$ 21,573,673

(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 "2008 Dispositions" and "2007 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 September 30, 2008 increased \$0.5 million or 6.5% compared to the three months ended September 30, 2007, and for the nine months ended September 30, 2008 increased \$1.2 million or 5.5% over the same period in 2007.

Income property rentals from same properties (31 properties owned for the three months ended September 30, 2008 and 2007 and 30 properties owned for the nine months ended September 30, 2008 and 2007) increased \$0.5 million, or 4.2% for the three months ended September 30, 2008, and \$1.6 million or 4.6% for the nine months ended September 30, 2008, as compared to 2007, primarily as a result of contractual rent increases. Same property operating costs are unchanged in the three months ended September 30, 2008, and increased \$0.5 million in the nine months ended September 30, 2008 compared to the same periods in the prior year. Same property operating income for the three and nine months ended September 30, 2008 includes \$0.3 million and \$0.9 respectively, from leases with contractual rent increases recognized on a straight-line basis, compared to \$0.4 million and \$1.1 in the comparable prior year periods. In addition, income from same property rentals for the three and nine months ended September 30, 2008 includes \$0.4 million and \$1.1 million respectively of amortization of above and below market lease adjustments, compared to \$0.3 and \$1.0 million for the same period in 2007.

Margins on same property net operating income in the third quarter of 2008 and 2007 are 62% and 61% respectively.

Growth due to Acquisitions

Income property rentals for the three months and nine months ended September 30, 2008 includes \$2.1 million and \$3.0 million respectively, from continuing properties acquired throughout 2007 and 2008, compared to nil and \$0.3 million for the same periods in 2007. Property operating costs increased due to acquisitions by \$0.6 million in the three months ended September 30, 2008 and by \$0.8 million for the nine months ended September 30, 2008 compared to the same periods in 2007.

As at September 30, 2008, the gross value of above and below market leases on acquisition for continuing operations was \$11.3 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 98.3% at September 30, 2008 compared to 98.8% at September 30, 2007.

Segmented Performance

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

	Three months ended September 30, 2008			
	Office	Retail	Industrial	Total
Income property rentals	\$ 10,810,823	\$ 1,868,291	\$ 1,930,195	\$ 14,609,309
Property operating costs	4,109,001	495,956	635,528	5,240,485
Property operating income	\$ 6,701,822	\$ 1,372,335	\$ 1,294,667	\$ 9,368,824

	Three months ended September 30, 2007			
	Office	Retail	Industrial	Total
Income property rentals	\$ 8,872,993	\$ 1,455,068	\$ 1,544,957	\$ 11,873,018
Property operating costs	3,746,073	399,870	469,909	4,615,852
Property operating income	\$ 5,126,920	\$ 1,055,198	\$ 1,075,048	\$ 7,257,166

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

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

	Nine months ended September 30, 2008			
	Office	Retail	Industrial	Total
Income property rentals	\$ 29,970,390	\$ 4,953,615	\$ 5,099,415	\$ 40,023,420
Property operating costs	12,182,792	1,409,058	1,633,214	15,225,064
Property operating income	\$ 17,787,598	\$ 3,544,557	\$ 3,466,201	\$ 24,798,356

Income properties - continuing	\$ 275,459,910	\$ 56,188,206	\$ 50,829,683	\$ 382,477,799
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	Nine months ended September 30, 2007			
	Office	Retail	Industrial	Total
Income property rentals	\$ 26,846,977	\$ 4,142,961	\$ 4,515,831	\$ 35,505,769
Property operating costs	11,454,074	1,130,404	1,347,618	13,932,096
Property operating income	\$ 15,392,903	\$ 3,012,557	\$ 3,168,213	\$ 21,573,673
Income properties - continuing	\$ 216,609,976	\$ 40,006,201	\$ 39,656,414	\$ 296,272,591

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

At September 30, 2008, Whiterock has achieved a geographic balance of revenue from its portfolio across Canada, with approximately 17% of the portfolio's property operating income generated from Alberta, 17% from Saskatchewan, 24% from Ontario, 29% from Quebec and 13% from Atlantic Canada.

Interest income

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Interest income	\$ 195,159	\$ 132,220	\$ 650,540	\$ 403,836

Interest income for the three and nine months ended September 30, 2008 totaled \$0.2 million and \$0.7 million respectively and was derived primarily from interest on mortgages receivable and cash generated from property operations.

Interest expense

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Mortgage interest expense	\$ 3,319,453	\$ 2,879,032	\$ 9,142,062	\$ 8,648,045
Facilities and other interest expense	394,550	-	430,759	100,184
Debenture interest	901,102	835,687	2,493,752	2,641,591
Deferred finance cost				
- mortgages	63,238	58,250	165,182	168,075
- acquisition and operating facilities	96,392	110,639	207,080	325,012
- convertible debentures	119,278	130,541	360,202	392,750
Implicit interest rate in excess of coupon				
- convertible debentures	114,161	99,047	304,869	300,565
Interest expense	\$ 5,008,174	\$ 4,113,196	\$ 13,103,906	\$ 12,576,222

Interest for the three and nine months ended September 30, 2008 results from mortgages on properties acquired, convertible debentures issued, and from the acquisition and operating facilities. The increase of \$0.9 million for the three months, and \$0.5 million for the nine months ended September 30, 2008 compared to the prior year results from mortgages on properties acquired, convertible debentures issued, and from the acquisition facility offset by reductions 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		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Salaries and wages	\$ 235,412	\$ 259,366	\$ 626,934	\$ 964,602
Trustee fees paid in cash	1,500	28,500	24,206	113,846
Non-cash compensation - trustees and officers	48,589	34,408	173,951	71,744
Legal, audit and regulatory	110,751	95,971	260,222	186,017
Office rent	-	21,004	-	62,984
Insurance	12,435	17,229	40,867	47,462
Other general and administrative	16,227	8,718	82,517	83,507
	424,914	465,196	1,208,697	1,530,162
Costs related to properties not acquired	40,841	3,211	40,841	106,482
Office relocation costs	-	38,543	-	38,543
Recruiting costs	28,800	20,320	71,880	20,320
General and administrative expenses	\$ 494,555	\$ 527,270	\$ 1,321,418	\$ 1,695,507

For the three and nine months ended September 30, 2008, general and administrative expenses totaled \$0.5 million and \$1.3 million respectively compared to \$0.5 million and \$1.7 million respectively for the comparable periods in 2007. Salaries and wages were reduced in the three and nine months ended September 30, 2008 compared to the prior year periods due to management efficiencies. Non-cash compensation expense includes the value of options issued to management and the trustees of Whiterock. Costs related to properties considered for acquisition but not acquired totaled \$0.04 million in the three and nine months ended September 30, 2008 compared to \$0.003 million and \$0.1 million in the comparable prior year periods.

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		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Strategic alternatives costs	\$ -	\$ (87,623)	\$ -	\$ (2,229,290)

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 \$2.2 million of costs, primarily for legal, special committee and due diligence costs related to the process, in the nine months ended September 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 September 30, 2008, and a future income tax expense of \$70,000 reflected in consolidated income for the nine months ended September 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		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Building and improvements	\$ 2,054,753	\$ 1,662,476	\$ 5,454,804	\$ 4,954,705
Deferred charges				
- tenants inducements on acquisition	516,741	455,609	1,407,908	1,352,250
- leasing costs	131,771	74,006	316,719	207,764
Intangible assets				
- lease origination	582,231	423,537	1,430,380	1,261,935
- tenant relationships	373,641	267,974	904,750	798,864
Furniture and fixtures	24,758	12,314	72,360	38,439
Amortization	\$ 3,683,895	\$ 2,895,916	\$ 9,586,921	\$ 8,613,957

Amortization on properties acquired, including related amortization of lease origination costs, costs related to tenant relationships and tenant inducements, totaled \$3.7 million for the three months ended September 30, 2008, and \$9.6 million for the nine months ended September 30, 2008, compared with \$2.9 million and \$8.6 million for the comparable prior year periods. The increases in the current year primarily reflect the impact of property additions in 2008.

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		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Income property rentals				
Rental income	\$ -	\$ -	\$ 107,063	\$ 2,048,366
Straight-line rent	-	-	-	38,470
Above and below market lease amortization	-	-	8,831	83,027
Income property rentals	-	-	115,894	2,169,863
Property operating costs	-	-	(97,901)	(1,110,597)
Property operating income	-	-	17,993	1,059,266
Interest income	-	-	271	17,563
Interest expense				
Mortgage interest expense	-	-	(42,932)	(518,509)
Deferred finance cost	-	-	-	(7,944)
Interest expense	-	-	(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	\$ -	\$ -	\$ (55,546)	\$ 341,808

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

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

Cash flow from operating activities

Cash flow from continuing operating activities for the three and nine months ended September 30, 2008 was \$8.6 million and \$12.3 million respectively, compared to cash outflow of \$0.8 million and inflow of \$2.0 million in the comparative prior year period. Cash flow from continuing operations in 2008 was impacted by higher contractual rents, synergies of the larger operating platform in 2008 and interest on new mortgages receivable in the 2008 period. The 2007 period was negatively impacted by the payment of strategic alternative costs.

There were no discontinued operating activities in the three months ended September 30, 2008 and September 30, 2007.

For the nine months ended September 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 2008 and three Quebec properties in 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 nine months ended September 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		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Income (loss) for the period	\$ 377,359	\$ (234,619)	\$ 1,355,924	\$ 1,519,126
Add back amortization:				
Building and improvements	2,054,753	1,662,476	5,454,804	4,954,705
Tenant inducements on acquisition	516,741	455,609	1,407,908	1,352,250
Leasing costs	131,771	74,006	316,719	207,764
Lease origination costs	582,231	423,537	1,430,380	1,261,935
Tenant relationships	373,641	267,974	904,750	798,864
Discontinued operations	-	-	30,878	208,568
Add back:				
Future income tax expense (recovery)	-	-	70,000	(800,000)
Less:				
Gain on disposition of property	-	-	(44,819)	(3,514,785)
Funds from Operations (FFO)	\$ 4,036,496	\$ 2,648,983	\$ 10,926,544	\$ 5,988,427

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

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Funds from Operations (FFO)	\$ 4,036,496	\$ 2,648,983	\$ 10,926,544	\$ 5,988,427
Amortization of deferred finance costs				
Continuing operations	278,908	299,430	732,464	885,837
Discontinued operations	-	-	-	7,944
Convertible debentures implicit interest rate in excess of coupon rate	114,161	99,047	304,869	300,565
Non cash compensation expense	48,589	34,408	173,951	71,744
Accrued straight line rental revenue				
Continuing operations	(319,479)	(361,730)	(932,299)	(1,108,854)
Discontinued operations	-	-	-	(38,470)
Above and below market lease amortization				
Continuing operations	(534,560)	(320,621)	(1,315,625)	(985,817)
Discontinued operations	-	-	(8,831)	(83,027)
Normalized revenue sustaining capital expenditures and leasing costs				
Continuing operations	(300,000)	(253,187)	(850,000)	(699,200)
Discontinued operations	-	-	-	(28,017)
Adjusted Funds from Operations (AFFO)	\$ 3,324,115	\$ 2,146,330	\$ 9,031,073	\$ 4,311,132

For the nine months ended September 30, 2007, non-recurring costs associated with the review of strategic alternatives for the REIT negatively impacted FFO and AFFO by \$2.2 million.

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

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
FFO Adjustments				
Funds from Operations	\$ 4,036,496	\$ 2,648,983	\$ 10,926,544	\$ 5,988,427
Add back:				
- Strategic alternatives costs	-	87,623	-	2,229,290
Recurring FFO	\$ 4,036,496	\$ 2,736,606	\$ 10,926,544	\$ 8,217,717
AFFO Adjustments				
Adjusted Funds from Operations from Operations (AFFO)	\$ 3,324,115	\$ 2,146,330	\$ 9,031,073	\$ 4,311,132
Add back:				
- Strategic alternatives costs	-	87,623	-	2,229,290
Recurring AFFO	\$ 3,324,115	\$ 2,233,953	\$ 9,031,073	\$ 6,540,422

Recurring FFO for the three months ended September 30, 2008 is \$4.0 million compared to \$2.7 million in 2007. For the nine month period ended September 30 2008 and 2007, recurring FFO is \$10.9 million compared to \$8.2 million respectively. This increase is primarily as a result of increased net operating income from the impact of new leases and rent steps, the period of operation for the properties acquired in 2007 and 2008, reduced general and administrative expenses and additional interest income on 2008 mortgages receivable.

Recurring AFFO for the three months ended September 30, 2008 is \$3.3 million compared to \$2.2 million for the same period in 2007. For the nine months ended September 30, 2008, recurring AFFO increased to \$9.0 million from \$6.5 million for the same nine month period in 2007. Leasing costs and capital expenditures incurred in the three and nine months ended September 30, 2008 considered to be revenue sustaining in nature totaled \$0.6 million and \$0.7 million respectively. Costs undertaken to upgrade the existing HVAC system at 900 D'Youville in Quebec City in the three and nine months ended September 30, 2008 totaled nil 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 \$0.3 million and \$0.9 million in the three and nine months ended September 30, 2008, respectively.

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

	Three months ended		Nine months ended	
	Sept. 30, 2008	Sept. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Weighted average units outstanding				
Basic	11,606,437	10,164,402	10,912,649	10,014,782
Diluted - FFO	14,846,995	10,238,723	13,743,818	10,133,984
Diluted - Recurring FFO	14,846,995	12,056,905	13,743,818	11,952,166
Diluted - AFFO	14,846,995	13,137,924	13,743,818	10,133,984
Diluted - Recurring AFFO	14,846,995	13,137,924	13,743,818	13,161,470
FFO per unit - basic	\$ 0.35	\$ 0.26	\$ 1.00	\$ 0.60
FFO per unit - diluted	\$ 0.33	\$ 0.26	\$ 0.96	\$ 0.59
Recurring FFO per unit - basic	\$ 0.35	\$ 0.27	\$ 1.00	\$ 0.82
Recurring FFO per unit - diluted	\$ 0.33	\$ 0.27	\$ 0.96	\$ 0.81
AFFO per unit - basic	\$ 0.29	\$ 0.21	\$ 0.83	\$ 0.43
AFFO per unit - diluted	\$ 0.27	\$ 0.21	\$ 0.79	\$ 0.43
Recurring AFFO per unit - basic	\$ 0.29	\$ 0.22	\$ 0.83	\$ 0.65
Recurring AFFO per unit - diluted	\$ 0.27	\$ 0.21	\$ 0.79	\$ 0.64

Recurring FFO per unit (basic) increased by \$0.08 or 29.2% for the three months ended September 30, 2008 and \$0.18 or 22.0% for the nine months ended September 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 \$0.35 for the three months ended September 30, 2008 represents a payout ratio of 81% on Whiterock's distributions in the quarter.

Recurring AFFO per unit (basic) increased \$0.07 per unit or 30.3% for the three months ended September 30, 2008 and \$0.18 per unit or 26.7% for the nine months ended September 30, 2008 compared to the same period in 2007. Recurring AFFO per unit (diluted) increased \$0.06 per unit for the three months and \$0.15 for the nine months ended September 30, 2008, compared to the same period in 2007.

FINANCIAL POSITION

Selected balance sheet information follows:

	September 30, 2008	December 31, 2007
Investment in real estate ⁽¹⁾		
- continuing operations	\$ 444,140,319	\$ 341,552,543
- discontinued operations	\$ -	\$ 13,996,000
Total assets	\$ 435,544,223	\$ 355,172,837
Mortgages payable and facilities		
- continuing operations	\$ 282,839,299	\$ 217,098,967
- discontinued operations	\$ -	\$ 7,500,000
Convertible debentures	\$ 52,291,016	\$ 43,507,560
Cash	\$ 127,175	\$ 4,152,370
Unitholders' Equity	\$ 82,911,905	\$ 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 September 30, 2008 result from the acquisition of ten properties for \$92.7 million in Alberta, Nova Scotia and Ontario, 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. At September 30, 2008, Whiterock's mortgages payable have a weighted average remaining term of 7.4 years and a weighted average interest rate of 5.5% with 100% at fixed rates.

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

	September 30, 2008		December 31, 2007	
	Total	%	Total	%
Mortgages payable				
Fixed rate	\$ 256,445,686	100.0%	\$ 218,832,982	96.7%
Floating rate	-	-	-	-
	256,445,686	100.0%	218,832,982	96.7%
Discontinued operations (floating rate)	-	-	7,500,000	3.3%
Mortgage liability	256,445,686	100.0%	226,332,982	100.0%
Deferred financing fees	(2,386,737)		(2,016,987)	
Deferred financing fees - Accumulated amortization	429,888		398,254	
Mortgages payable - net of deferred financing fees	254,488,837		224,714,249	
Acquisition and operating facilities				
Acquisition and operating facilities liability	28,640,000		-	
Deferred financing fees	(398,740)		(860,766)	
Deferred financing fees - Accumulated amortization	109,202		745,484	
Acquisition and operating facilities - Deferred financing fees (net)	(289,538)		(115,282)	
Mortgages payable and facilities	\$ 282,839,299		\$ 224,598,967	

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

Year of Maturity	Scheduled Amortization	Balloon Payments	Total	Weighted Average Interest Rate
2008	\$ 948,594	\$ -	\$ 948,594	5.48%
2009	3,947,418	4,500,000	8,447,418	6.67%
2010	4,217,951	12,716,598	16,934,549	5.25%
2011	4,842,556	-	4,842,556	5.47%
2012	5,693,642	20,250,892	25,944,534	5.83%
2013	5,263,344	23,593,756	28,857,100	5.55%
2014	5,199,258	-	5,199,258	5.37%
2015	5,347,780	46,290,081	51,637,861	5.27%
2016	3,133,068	87,690,977	90,824,045	5.29%
2017	1,470,148	3,251,950	4,722,098	5.74%
Thereafter	8,950,352	9,137,321	18,087,673	5.64%
Total continuing operations	\$ 49,014,111	\$ 207,431,575	\$ 256,445,686	5.45%

Acquisition and Operating Facilities

On June 19, 2008, Whiterock entered into a revolving credit facility of up to \$40 million, subject to renewal on an annual basis, 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. At September 30, 2008, \$26.7 million was outstanding under this facility.

On December 18, 2007, the Trust entered into a one year, renewable \$5 million revolving line of credit, secured by mortgages on existing property, at a floating rate determined by reference to the prime rate plus 50 basis points. At September 30, 2008, \$1.9 million was outstanding under this facility (December 31, 2007 – nil). The Trust has completed 2008's renewal of the facility. 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. 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 September 30, 2008, according to the calculation as defined in the Declaration of Trust, this ratio was 55.1% (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 September 30, 2008 and December 31, 2007:

	<u>September 30, 2008</u>	<u>December 31, 2007</u>
Total Indebtedness		
Mortgages payable		
- continuing operations	\$ 256,445,686	\$ 218,832,982
- discontinued operations	-	7,500,000
Total Indebtedness	256,445,686	226,332,982
Gross Book Value		
Total GBV of real estate assets		
- continuing operations	457,910,295	351,881,901
- discontinued operations	-	14,366,374
Other assets	7,152,762	8,788,892
Total Gross Book Value	\$ 465,063,057	\$ 375,037,167
Total Indebtedness to Gross Book Value	55.1%	60.3%

CONVERTIBLE DEBENTURES

Whiterock had \$55.4 million (principal amount) of redeemable subordinated convertible debentures outstanding at September 30, 2008 (December 31, 2007 - \$47.0 million) as follows:

	Series A	Series C	Series D	Series E	Series F	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)
Redemption of debentures	-	-	-	-	-	-
Principal - December 31, 2007	9,309,000	2,677,000	10,000,000	25,000,000	-	46,986,000
Issuance of debentures - liability	-	-	-	-	10,987,454	10,987,454
Issuance of debentures - equity	-	-	-	-	412,546	412,546
Conversion of debentures	(2,511,300)	(465,000)	-	-	-	(2,976,300)
Principal - September 30, 2008	\$ 6,797,700	\$ 2,212,000	\$ 10,000,000	\$ 25,000,000	\$ 11,400,000	\$ 55,409,700

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

	Series A	Series C	Series D	Series E	Series F	Total
Liability - December 31, 2007	\$ 9,044,036	\$ 2,608,559	\$ 9,667,411	\$ 24,090,489	\$ -	\$ 45,410,495
Issuance of debentures	-	-	-	-	10,987,454	10,987,454
Implicit interest rate in excess of coupon rate	60,010	13,570	61,125	151,580	18,584	304,869
Conversion of debentures	(2,447,831)	(454,823)	-	-	-	(2,902,654)
Liability - September 30, 2008	6,656,215	2,167,306	9,728,536	24,242,069	11,006,038	53,800,164
Deferred financing fees	(922,431)	(165,067)	(240,458)	(1,338,461)	(108,758)	(2,775,175)
Deferred financing fees - Accumulated amortization	659,213	84,660	91,551	426,652	3,951	1,266,027
Balance - September 30, 2008	\$ 6,392,997	\$ 2,086,899	\$ 9,579,629	\$ 23,330,260	\$ 10,901,231	\$ 52,291,016

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 nine months ended September 30, 2008, \$2.5 million of Series A debentures were converted into 246,203 units. In the three and nine months ended September 30, 2007, \$2.3 million of Series A debentures converted into 226,467 units.

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.

In the nine months ended September 30, 2008, \$0.5 million of Series C debentures were converted into 38,750 units. In the nine months ended September 30, 2007, \$0.3 million of Series C debentures converted into 26,914 units.

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

On July 16, 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.

These debentures were issued as partial consideration for the acquisition of eight properties in Alberta.

UNITHOLDERS' EQUITY

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

	September 30, 2008	December 31, 2007
Units	\$ 114,996,974	\$ 99,571,778
Unit options	848,819	756,212
Warrants	314,800	314,800
Equity component of convertible debentures	2,397,246	2,132,625
Cumulative earnings and accumulated comprehensive earnings	(5,273,647)	(6,629,571)
Cumulative distributions to unitholders	(30,372,287)	(21,284,314)
	\$ 82,911,905	\$ 74,861,530

Distributions per unit totaled \$0.84 for the nine months ended September 30, 2008 and \$1.12 per unit for the year ended December 31, 2007.

Units

In the three months ended September 30, 2008, 991,304 units were issued at \$11.50 per unit as partial consideration for the acquisition of eight Alberta properties.

In the three months ended September 30, 2008, the Trust issued 2,605 units at \$10.07 to the independent Trustees of Whiterock in lieu of paying the quarterly retainers to the Trustees.

During the nine months ending September 30, 2008, \$2.5 million (2007 - \$2.3 million) of Series A debentures were converted into 246,203 (2007 - 226,467) units of Whiterock, and \$0.5 million (2007 - \$0.3 million) of Series C debentures were converted into 38,750 (2007 - 26,914) units of Whiterock.

During the nine months ended September 30, 2008, 120,711 (2007 - 36,417) 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 nine months ended September 30, 2008, 11,398 units were issued upon the exercise of options and equity rights (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 nine months ended September 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
Units Issued		
Issuance of Units	993,909	11,426,233
Distribution reinvestment plan	43,258	418,537
Unit issue costs		(177,598)
Issued and outstanding at September 30, 2008	11,796,245	\$ 114,996,974

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 September 30, 2008 (September 30, 2007 – \$0.9 million). The fair value associated with the unit options issued during the nine months ended September 30, 2008 was calculated using the Black-Scholes model for option valuation, assuming a weighted average volatility of 21% (September 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 September 30, 2008 and 2007 follow:

	Three months ended Sept. 30, 2008		Three months ended Sept. 30, 2007	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	783,438	\$10.39	645,250	\$10.68
Granted	70,000	10.21	65,000	10.88
Expired	(12,188)	11.37	-	-
Cancelled	-	-	(20,312)	10.72
Outstanding, end of period	841,250	\$10.36	689,938	\$10.70
Options vested, end of period	828,750	\$10.37	665,876	\$10.65
Weighted average remaining life (years)	3.1		2.9	

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

	Nine months ended Sept. 30, 2008		Nine months ended Sept. 30, 2007	
	Unit Options	Weighted Average Exercise Price	Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	576,875	\$10.62	645,250	\$10.68
Granted	295,000	9.90	65,000	10.88
Exercised	(6,250)	8.60	-	-
Expired	(15,313)	11.53	-	-
Cancelled	(9,062)	11.10	(20,312)	10.72
Outstanding, end of period	841,250	\$10.36	689,938	\$10.70
Options vested, end of period	828,750	\$10.37	665,876	\$10.65
Weighted average remaining life (years)	3.1		2.9	

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 September 30, 2008 and 2007 follow:

	Three months ended Sept. 30, 2008		Three months ended Sept. 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)	2.7		3.7	

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

	Nine months ended Sept. 30, 2008		Nine months ended Sept. 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)	2.7		3.7	

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

CAPITAL STRUCTURE ON CONVERSION OF SECURITIES

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

(as at)	Exercise / Conversion Price	September 30, 2008	December 31, 2007
Units outstanding		11,796,245	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	-
	\$ 10.21	70,000	-
	\$ 10.88	50,000	65,000
	\$ 11.60	18,750	18,750
	\$ 12.16	-	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 F (6.0%)	\$ 13.22	862,329	-
Series E (6.3%)	\$ 13.75	1,818,182	1,818,182
Series D (7.5%)	\$ 15.00	666,667	666,667
		17,050,947	14,798,228

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 0.2% to 17.2% of the annualized tenant revenue in Whiterock's portfolio.

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

Date	Square Feet	% of Total Square Feet	% of Annualized Tenant Revenue⁽¹⁾
2008	3,802	0.1%	0.2%
2009	304,128	9.6%	7.1%
2010	232,123	7.3%	7.3%
2011	414,690	13.1%	17.2%
2012	173,984	5.5%	7.0%
2013	345,115	10.9%	13.8%
2014	105,075	3.3%	3.4%
2015	235,729	7.5%	4.6%
2016	153,901	4.9%	5.5%
2017	154,546	4.9%	6.0%
Thereafter	984,475	31.2%	27.9%
Occupied	3,107,568	98.3%	100.0%
Vacant	53,096	1.7%	
Total	3,160,664	100.0%	100.0%

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

Credit

The following table summarizes Whiterock's top ten tenants at September 30, 2008, which together represents 44.8% of Whiterock's annualized revenues from its income property portfolio as at September 30, 2008:

Tenant	Rank	Square Feet	% of Annualized Tenant Revenue⁽¹⁾⁽²⁾
SIQ (Quebec Gov't Agency)	1	507,770	14.5%
ING Canada	2	231,500	5.8%
Federal Government	3	72,303	5.4%
Province of Ontario	4	74,277	4.4%
Province of Nova Scotia	5	63,717	3.0%
SPMC (Saskatchewan Gov't Agency)	6	80,857	2.8%
Province of New Brunswick	7	80,162	2.4%
Teranet	8	35,694	2.3%
Crown Investment Corp. ⁽³⁾	9	67,592	2.2%
Sobeys	10	55,795	2.0%
Total: Top 10 Tenants		1,269,667	44.8%

(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 nine months ended September 30, 2008 was \$12.3 million compared to \$2.0 million in the comparative prior year period. Cash flow from continuing operations in 2008 was impacted by the higher leasing levels in 2008, interest on new mortgages receivable in the 2008 period and new acquisitions in 2007 and 2008. The 2007 period was negatively impacted by the payment of strategic alternative costs.

On June 19, 2008, Whiterock entered into a demand revolving credit facility of up to \$40 million, subject to renewal on an annual basis, 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 September, 2008, \$26.7 million 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 September 30, 2008, \$1.9 million was outstanding under the credit facility. The Trust has completed 2008's renewal of the 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 September 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 Accounting Standards Board has adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies will be required to converge with International Financial Reporting Standards for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. 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.

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.

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 nine months ended September 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.