WESTERNONE EQUITY

WESTERNONE EQUITY INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 10, 2007

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The following management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes ("Interim Financial Statements") of WesternOne Equity Income Fund (the "Fund") for the nine months ended September 30, 2007, and the audited consolidated financial statements and accompanying notes of the Fund for the year ended December 31, 2006. Results have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reported in Canadian dollars unless otherwise indicated. The fiscal year-end of the Fund is December 31.

This MD&A contains forward-looking statements. Please see "Forward-Looking Statements" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to these statements. This MD&A also makes reference to certain non-GAAP measures to assist in assessing the Fund's financial performance. Non-GAAP measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-GAAP Measures" and "Reconciliation of Cash Provided by Operating Activities to Distributable Cash".

FORWARD-LOOKING STATEMENTS

Forward-looking statements are included in this MD&A, which involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such statements may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

These statements reflect current expectations of management regarding future events and operating performance as of the date of this MD&A. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the following factors: financial health of the Fund's subsidiaries and their related cash flows, competitive and economic environment, seasonality and fluctuations in results, expansion, interest rates, foreign exchange, cash distributions are not guaranteed and will fluctuate with the performance of subsidiaries, nature of Units, and the proposed changes to the Canadian federal income tax treatment of income trusts, as discussed under “Risks and Uncertainties”.

Although the forward-looking statements contained in this MD&A are based upon what the Fund’s management believes to be reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements reflect management’s current beliefs and are based on information currently available to the Fund. They reflect current assumptions regarding future events and operating performance including, without limitation, a strong economy in British Columbia, stable interest rates and continued strength in the equipment rental and equipment sales industry in which the Fund operates, and speak only as of the date of this discussion. These forward-looking statements are made as of the date of this MD&A and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

OVERVIEW OF THE FUND

The Fund is based in Vancouver, British Columbia, and has been established to seek out and acquire businesses that are accretive to the Fund and preferably located in the Western Canadian provinces of British Columbia, Alberta and Saskatchewan, in order to generate stable and growing distributions to its unitholders as well as to achieve overall capital appreciation.

The Fund is an unincorporated, open-ended, limited purpose trust created on June 14, 2006 and governed by its declaration of trust and the laws of British Columbia. The Fund is authorized to issue an unlimited number of units and special voting units. Each holder of a unit participates pro rata in any distribution of the Fund.

The Fund was initially established to indirectly acquire the assets of Production Equipment Rentals Company (“PER”) and such other investments as the trustees of the Fund (the “Trustees”) may determine.

The Fund holds a 100% indirect interest in WEQ Production Equipment LP (“PE”), a limited partnership established under the laws of Manitoba on June 15, 2006. The Fund commenced operations on August 15, 2006, when PE acquired the assets of PER (the “Closing”). PE specializes in renting, selling and servicing quality high reach and material handling equipment and providing logistical support to its customers, located primarily in the lower mainland of British Columbia.

The Fund holds a 100% indirect interest in WEQ Old Country Rentals LP (“OCR”), a limited partnership established under the laws of Manitoba on April 20, 2007. The Fund’s operations within OCR commenced on June 1, 2007, when OCR acquired the assets and the business of Old Country Rentals Ltd (“OCR Ltd.”). OCR Ltd. has been operating for more than 45 years, and is one of the largest and most diversified equipment rentals, sales and repair businesses on Vancouver Island in British Columbia.

The Fund units (“Units”) and the senior secured convertible debentures – Series A (“Series A Debentures”) trade on the TSX Venture Exchange under the respective symbols WEQ.UN and WEQ.DB.

BASIS OF MANAGEMENT'S DISCUSSION AND ANALYSIS

The Fund's results of operations reflect the Fund's operations for the three months and nine months ended September 30, 2007. The Fund was inactive until its indirect acquisition of a 100% interest in PE on August 15, 2006. However, in order to enhance the usefulness of this MD&A, certain unaudited financial and operating results of the Fund for the three months and nine months ended September 30, 2007 are compared to the unaudited results of PER for the three months and nine months ended September 30, 2006 combined with the unaudited results of OCR Ltd. for the three months and four months ended September 30, 2006. Such information is provided for reference purposes only and is not intended to represent a comprehensive comparison of the unaudited interim consolidated financial results.

RECENT EVENTS

Letter of Intent

On October 17, 2007, the Fund announced that it had signed a letter of intent for the purchase of the assets of an equipment rental business located on Vancouver Island.

On November 1, 2007, the Fund announced that it had signed a letter of intent for the purchase of the assets of an equipment rental business with locations in Calgary and Lethbridge, Alberta.

Information systems

Following a comprehensive information system review since April, 2007, on August 8, 2007 PE entered into a purchase agreement to obtain a rental management system that is widely used by companies in the rental equipment market, including OCR. PE also retained the provider of the system to assist in system design, data conversion and system implementation, which occurred on November 1, 2007. Subsequent to the implementation PE entered into a licensing agreement with the provider for ongoing system support and upgrades.

The Fund has commenced assessing the cost-effectiveness of upgrading the version of the rental management system currently used by OCR. The Fund believes that operational efficiency can be enhanced through leveraging a common system platform shared by the operating companies.

SUMMARY FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

Statement of Income Items ($000's) (Unaudited)	The Fund for the three months ended September 30, 2007	PER and OCR Ltd. for the three months ended September 30, 2006 (3)
Revenue	$ 6,650	$ 5,978
Cost of sales	(1,832)	(1,363)
Gross income	4,818	4,615
Gross margin	*72.4%*	*77.2%*
Operating expenses	(2,028)	(1,961)
EBITDA (1)	2,790	2,654
Interest expense	(294)	(245)
Amortization and Accretion	(852)	(845)
Net income	$ 1,644	$ 1,564
Maintenance capital expenditures (2)	$ 12	$ 35

Notes:
(1) See definition of EBITDA and Adjusted EBITDA under "Non-GAAP Measures".
(2) See definition of "Maintenance capital expenditures" under "Non-GAAP Measures".
(3) Results for PER and OCR Ltd. are not strictly comparable to the Fund, as PER and OCR Ltd. were privately held and did not prepare reports on a calendar basis. This unaudited information is provided for information purposes only and should not be relied upon under any circumstances, as the Fund is unable to confirm the accuracy of the amounts presented.

For the three months ended September 30, 2007, the Fund generated distributable cash of $2.5 million ($0.2115 per Unit). Total distributions declared for this period were $1.8 million ($0.1500 per Unit), with a coverage ratio of 1.41x (equivalent to a payout percentage of 70.9%).

OPERATING RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2007

Revenue

Total revenues were $6.65 million for the three months ended September 30, 2007 (2006 – $5.98 million), being comprised of the following:

- Revenue from equipment rentals of $4.19 million (2006 – $4.33 million)
- Revenue from equipment sales of $1.60 million (2006 – $0.81 million)
- Revenue from logistical support of $0.42 million (2006 – $0.42 million)
- Revenue from parts and service activities of $0.37 million (2006 – $0.42 million)
- Revenue from interest of $0.07 million (2006 – nil).

Gross margin and gross income

Gross margin was 72.4%, or $4.82 million for the three months ended September 30, 2007 (2006 – 77.2%, or $4.62 million).

Cost of sales

Cost of sales were $1.83 million for the three months ended September 30, 2007 (2006 – $1.36 million), being comprised of the following:

- Costs associated with equipment sales of $1.32 million (2006 – $0.41 million)
- Costs associated with commissions of $0.25 million (2006 – $0.43 million)

- Costs associated with re-rentals of $0.09 million (2006 – $0.22 million)
- Costs associated with other items of $0.17 million (2006 – $0.30 million).

Operating expenses

Operating expenses, before interest, amortization and accretion, were 30.5% of total revenue for the three months ended September 30, 2007, or $2.03 million (2006 – 32.8%, or $1.96 million).

EBITDA (see "Non-GAAP Measures")

EBITDA as a percentage of total revenue was 41.9% for the three months ended September 30, 2007, or $2.79 million (2006 – 44.4%, or $2.65 million).

Net income

Net income as a percentage of total revenue was 24.7%, or $1.64 million for the three months ended September 30, 2007 (2006 – 26.2%, or $1.56 million).

Basic and diluted weighted average income per Unit for the three months ended September 30, 2007 was $0.14/Unit.

SUMMARY FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

Statement of Income Items ($000's) (Unaudited)	The Fund for the nine months ended Sept 30, 2007	The Fund for the three months ended Sept 30, 2006 (A)	PER for the six months ended June 30, 2006 (B)	OCR for the four months ended Sept 30, 2006 (C)	Combined (A+B+C)
Revenue	$ 16,444	$ 4,578	$ 7,191	$ 1,885	$ 13,654
Cost of sales	(5,278)	(936)	(2,072)	(602)	(3,610)
Gross income	11,166	3,642	5,119	1,283	10,044
Gross margin	*67.9%*	*79.5%*	*71.2%*	*68.1%*	*73.6%*
Operating expenses	(5,303)	(1,319)	(2,216)	(880)	(4,415)
EBITDA (1)	5,863	2,323	2,903	403	5,629
Interest expense	(935)	(244)	(354)	-	(598)
Amortization and Accretion	(2,340)	(687)	(736)	(184)	(1,607)
Net income	$ 2,588	$ 1,392	$ 1,813	$ 219	$ 3,424
Maintenance capital expenditures (2)	$ 73	$ 35	$ 89	$ -	$ 124

Notes:
(1) See definition of EBITDA and Adjusted EBITDA under "Non-GAAP Measures".
(2) See definition of "Maintenance capital expenditures" under "Non-GAAP Measures".
(3) Results for PER and OCR Ltd. are not strictly comparable to the Fund, as PER and OCR Ltd. were privately held and did not prepare reports on a calendar basis. This unaudited information is provided for information purposes only and should not be relied upon under any circumstances, as the Fund is unable to confirm the accuracy of the amounts presented.

For the nine months ended September 30, 2007, the Fund generated distributable cash of $4.9 million ($0.5550 per Unit). Total distributions declared for this period were $3.7 million ($0.4166 per Unit), with a coverage ratio of 1.30x (equivalent to a payout percentage of 77.0%).

OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

Revenue

Total revenues of $16.44 million for the nine months ended September 30, 2007 increased by 20.4%, or $2.79 million, compared to $13.65 million for the nine months ended September 30, 2006. The growth in total revenues is attributed to an increase in three of the Fund's four primary revenue sources: equipment rentals; equipment sales; logistical support; and parts and service activities, as discussed below.

Revenue from equipment rentals of $9.46 million for the nine months ended September 30, 2007 increased by 2.4%, or $0.21 million, compared to $9.25 million for the nine months ended September 30, 2006. This increase is a result of the continued growth of the Fund's customer base and equipment rental fleet. The heavy equipment rental fleet [1] in the Lower Mainland and Vancouver Island, as at September 30, 2007 comprised of 705 pieces (December 31, 2006 - 660 pieces, September 30, 2006 – 656 pieces).

The Fund experiences some level of seasonality in equipment rentals as activity in the contractor/construction and film industries is generally higher in the spring, summer and fall months as compared to the winter months. Other significant sources of equipment rental revenue include service and maintenance industries, shipyards, government agencies and special event coordinators.

To accommodate short-term market fluctuations when demand for its rental equipment exceeds supply, the Fund chooses to rent equipment on a limited basis from local competitors. Generally, the Fund will recognize a nominal 5%-10% profit on these re-rentals but, more importantly, maintains the revenue and the relationship with the customer. Re-rentals are standard practice within the equipment rental industry, and are a useful method for management to evaluate where future investment dollars should be targeted.

Revenue from equipment sales of $4.77 million for the nine months ended September 30, 2007 increased significantly by 87.1%, or $2.22 million, compared to $2.55 million for the nine months ended September 30, 2006. This increase is dependent upon demand for equipment purchases by the Fund's customers and can fluctuate significantly over the years. In the Fund, the revenue from the sale of equipment is recognized at the time at which the contract is signed by the purchaser, all significant risks and rewards of ownership have been transferred to the purchaser, and collectability is reasonably assured.

Revenue from logistical support of $1.00 million for the nine months ended September 30, 2007 increased by 8.7%, or $0.08 million, compared to $0.92 million for the nine months ended September 30, 2006. This increase is a result of the continued growth of the Fund's customer base and equipment rental fleet. In addition, the continued demand for reliable logistical support demanded by the customers of the high reach and material handling equipment industry, including the on-time delivery of equipment to specified locations, has helped to increase the revenue from logistical support. Management believes that changes in revenue volumes achieved from equipment rentals and equipment sales generally have a corresponding effect on the revenue realized from logistical support activities.

Revenue from parts and service and other activities of $1.07 million for the nine months ended September 30, 2007 increased by 15.1%, or $0.13 million, compared to $0.93 million for the nine months ended September 30, 2006. The increase in the cumulative number of units sold to its customers by the Fund has generated a loyal customer base for the parts and service activities of the business, as customers

[1] Excludes rental assets relating to small tools and accessories form OCR.

return to have their equipment serviced by the dealer. Management believes that this increase is a result of the continued demand for high-quality services within the high reach and material handling equipment industry, and estimates that 70% percent of the revenue from parts and service activities is derived from the servicing of non-rental equipment.

Revenue from other sources amounted to $0.14 million for the nine months ended September 30, 2007, compared to $nil for the nine months ended September 30, 2006. The revenue relates mostly to interest income generated from guaranteed investment certificates.

Gross margin and gross income

Gross margin was 67.9% for the nine months ended September 30, 2007. This is compared to 73.6% for the nine months ended September 30, 2006. The decrease is due to the significant growth in equipment sales this year (see revenue discussion above), which typically have a lower margin than equipment rentals.

Gross income of $11.17 million for the nine months ended September 30, 2007 increased by 11.12%, or $1.13 million, compared to $10.04 million for the nine months ended September 30, 2006.

Cost of sales

Cost of sales of $5.28 million for the nine months ended September 30, 2007 increased by 46.2%, or $1.67 million, compared to $3.61 million for the nine months ended September 30, 2006.

Costs associated with equipment sales of $4.05 million for the nine months ended September 30, 2007 increased by 109.8%, or $2.12 million, compared to $1.93 million for the nine months ended September 30, 2006. Costs of equipment for sales are typically not fixed, particularly when equipment is purchased from auctions or through brokers. Management believes their experience in the industry enables them to purchase equipment at good value, which will in turn generate higher margins upon re-sale.

Costs associated with commissions of $0.65 million for the nine months ended September 30, 2007 decreased by 9.7%, or $0.07 million, compared to $0.72 million for the nine months ended September 30, 2006. Commissions for sales people are paid based upon equipment sales and rentals revenue. In addition, incentive compensation paid out to the management team of PE, which is determined using an earnings-based calculation, is also included in Commissions. The decrease is largely due to a change in the compensation structure of PE's sales team subsequent to the Fund's acquisition of the company, as the higher fixed salary portion caused an increase in Operating Expenses and lower commissions caused a decrease in Commissions.

Costs associated with re-rentals of $0.22 million for the nine months ended September 30, 2007 decreased by 54.2%, or $0.26 million, compared to $0.48 million for the nine months ended September 30, 2006. Re-rentals are the costs associated with renting equipment from other equipment rental companies in order to fulfill the requirements of the Fund's customers. This decrease is a result of (i) the continued growth of the Fund's high reach and material handling equipment rental fleet, and therefore its increased ability to satisfy customer requirements while decreasing the amount rented from third parties, and (ii) the slower winter months in the first quarter of FY '07 resulting in a reduced requirement for re-rentals to fulfill customer requirements.

Costs associated with other items of $0.36 million for the nine months ended September 30, 2006 decreased by 25.0%, or $0.12 million, compared to $0.48 million for the nine months ended September 30, 2006.

Operating expenses

Operating expenses, before interest, amortization and accretion, of $5.30 million for the nine months ended September 30, 2007 increased by 20.1%, or $0.88 million, compared to $4.42 million for the nine months ended September 30, 2006. $0.56 million of the increase is relating to public company, reporting, governance and strategic acquisition related items, not present in the predecessor business. The remaining increase in operating expenses is attributed to an increase in general and administrative, freight, sales and service expenses. This is a direct result of the growth in operating revenues compared to the previous year.

After removing the additional public company costs discussed above, the adjusted operating expenses before interest, amortization and accretion, were $4.74 million for the nine months ended September 30, 2007, which increased by 7.2%, or $0.32 million, compared to $4.42 million for the nine months ended September 30, 2006. Compared to an increase of 20.4% of revenue growth over the same period, management attribute the lower growth in operating expenses to higher operational efficiency, as a result of greater utilization of the available capacity of the business' rental fleet and service abilities.

Operating expenses, before interest, amortization and accretion, as a percentage of total revenue, remained stable at 32.2% for the nine months ended September 30, 2007, compared to 32.3% for the for the nine months ended September 30, 2006.

EBITDA (see "Non-GAAP Measures")

EBITDA of $5.86 million for the nine months ended September 30, 2007 increased by 4.2%, or $0.23 million, compared to $5.63 million for the nine months ended September 30, 2006. The 4.2% increase, compared to the increase in revenue of 20.4%, is primarily due to the additional $0.88 million increase in the operating costs for the same period and the lower-margin revenue associated with equipment sales and re-rentals.

EBITDA margin, as a percentage of total revenue, decreased to 35.7% for the nine months ended September 30, 2007 from 41.2% for the for the nine months ended September 30, 2006.

Net income

Net income of $2.59 million for the nine months ended September 30, 2007 decreased by 24.4%, or $0.83 million, compared to $3.42 million for the nine months ended September 30, 2006, due to the different structure of PE and OCR within a public company, the increase in the operating costs discussed above, and the different cost basis of assets of the businesses for amortization purposes.

Basic and diluted income per Unit for the nine months ended September 30, 2007 was $0.30/Unit and $0.29/Unit on a weighted average basis, respectively.

SELECTED FINANCIAL INFORMATION FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2007

The table below provides selected financial information of the Fund for the three months and nine months ended September 30, 2007. Such information is for reference purposes only and is not intended to represent a comprehensive comparison of the unaudited interim consolidated financial results.

Comparisons of the following financial results are not necessarily meaningful and should not be relied upon as indication of future performance.

Statement of Income Items ($000s, except per Unit amounts) (Unaudited)	For the three months ended September 30, 2007	For the nine months ended September 30, 2007
Revenue	$ 6,650	$ 16,444
EBITDA (1)	2,790	5,863
Net income	1,644	2,588
Basic weighted average earnings per Unit	$ 0.1400	$ 0.2958
Diluted weighted average earnings per Unit	0.1400	0.2904
Distributable cash available per Unit (2	0.2115	0.5550
Cash distributions per Unit (2)	0.1500	0.4166
Payout ratio (3)	1.41x	1.30x
Payout percentage (3)	70.9%	77.0%

Notes:
(1) See definition of EBITDA and Adjusted EBITDA under "Non-GAAP Measures".
(2) Calculated based on weighted average number of units.
(3) Amounts calculated using distributable cash and distributions declared for the related period, not on per Unit amounts.

CASH FLOW AND LIQUIDITY

The following table provides an overview of the Fund's cash flows from operating, investing and financing activities for the three months and nine months ended September 30, 2007.

Summary of cash flows ($000's) (Unaudited)	For the three months ended September 30, 2007	For the nine months ended September 30, 2007
Net change of cash related to -		
Operations	$ 2,480	$ 4,346
Investing	4,142	(14,145)
Financing	(838)	14,214
Net change in cash during the period	$ 5,784	$ 4,415

Typical seasonality of the business impacts cash flow and liquidity as follows: Business activity levels are generally lower from January through March as winter weather hampers construction activities. From April through July the demand for rental equipment increases as construction activities accelerate into the summer months. Expenditures on inventory for sale and rental fleet are mostly incurred during these months due to robust equipment rental and sales in summer and fall. From August through November the demand for rental equipment continues to be strong as construction companies strive to meet construction progress prior the start of the holiday season in December, which then sees a slowing trend into the winter months of the subsequent year.

A single Canadian chartered bank (the "Bank") has provided a $2.0 million operating loan on an interest only basis, that is payable upon demand, on which PE had drawn $0.45 million as at September 30, 2007. The operating loan is at the Bank's prime rate plus 1.00% per annum and, in addition to covenant requirements, is secured by 50% of inventory up to a limit of $0.75 million and 75% of acceptable accounts receivable, minus priority claims. The covenant requirements include a minimum level of tangible net worth of $3.25 million, a minimum debt service coverage ratio of 1.25 to 1.0, a minimum current ratio of 1.2 to 1.0, a maximum debt to tangible net worth of 3.0 to 1.0, and a restriction on distributions to Unitholders that would cause any breach of the covenants without the prior written consent of the Bank. The Fund was in compliance with all of the Bank's covenants as at September 30, 2007. The purpose of the operating loan is to fund working capital requirements.

DISTRIBUTABLE CASH AND DISTRIBUTIONS

The Fund reviews its historic and expected results on a regular basis. This review includes consideration of economic conditions, including seasonality, the competitive environment, and future cash requirements. In order to ensure the Fund's continued financial strength, and providing a reasonable return to its unitholders, the Fund has considered it financially prudent not to distribute 100% of Distributable Cash in order to address the seasonality nature of the business and unforeseen events, should they occur. The Fund's policy is to make stable monthly distributions to Unitholders.

Distribution history	Distributions per Unit
August, 2006 (1)	$ 0.0224
September, 2006	0.0408
October, 2006	0.0408
November, 2006	0.0408
December, 2006	0.0608
Total for the 139-day period ending December 31, 2006	**$ 0.2056**
January, 2007	0.0408
February, 2007	0.0408
March, 2007	0.0450
Total for the three month period ending March 31, 2007	**$ 0.1266**
April, 2007	0.0450
May, 2007	0.0450
June, 2007	0.0500
Total for the three month period ending June 30, 2007	**$ 0.1400**
July, 2007	0.0500
August, 2007	0.0500
September, 2007	0.0500
Total for the three month period ending September 30, 2007	**$ 0.1500**
Total for the nine month period ending September 30, 2007	**$ 0.4166**

Notes:
(1) 17-day period from August 15-31, 2006

Distributions are paid on or about the 15th day of each month to Unitholders of record on the last business day of the preceding month. Unitholders who are non-residents of Canada will be subject to withholding taxes payable on any distributions by the Fund.

Reconciliation of cash provided by operating activities to distributable cash

The following table reconciles cash flow from operating activities to distributable cash for the three and nine months ended September 30, 2007.

Reconciliation of Cash Flow from Operating Activities to Distributable Cash ($000s, except per Unit amounts) (Unaudited)	For the three months ended Sept 30, 2007	For the nine months ended Sept 30, 2007
Cash flow from operating activities	$ 2,480	$ 4,346
Changes in non-cash working capital balances	(36)	325
	2,444	4,671
Gain on sale of assets	51	257
Maintenance capital expenditure [1]	(12)	(73)
Distributable cash generated	$ 2,483	$ 4,855
Distributions declared	$ 1,762	$ 3,737
Distributable cash generated per Unit	$ 0.2115	$ 0.5550
Distributions declared per Unit	0.1500	0.4166
Payout ratio [2]	1.41x	1.30x
Payout percentage [2]	70.9%	77.0%

Notes:
(1) See definition of "Maintenance capital expenditures" under "Non-GAAP Measures".
(2) Amounts calculated using distributable cash and distributions declared for the related period, not on per Unit amounts.

NON-GAAP MEASURES

References to "EBITDA" are to earnings before interest, income taxes, amortization and accretion. EBITDA is a measure used by many investors to compare issuers on the basis of ability to generate cash flow from operations. EBITDA is not an earnings measure recognized by GAAP, does not have standardized meanings prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. The Fund's management believes that EBITDA is an important supplemental measure in evaluating the Fund's performance and in determining whether to invest in Units.

Readers of this information are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as indicators of the Fund's performance or to cash flows from operating, investing and financing activities as measures of the Fund's liquidity and cash flows. The Fund's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, the Fund's EBITDA may not be comparable to similar measures presented by other issuers.

References in this MD&A to "Distributable Cash" are to cash available for distribution to the Unitholders by the Fund. Distributable Cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Canadian open-ended income trusts, such as the Fund, use distributable cash as an indicator of financial performance and it should not be seen as a measurement of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. The Fund's Distributable Cash may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to distributable cash as reported by such issuers. The Fund's management believes that, in addition to net income, Distributable Cash is a useful supplemental measure that may assist investors in assessing the return on their investment in Units. See “Reconciliation of Cash Provided by Operating Activities to Distributable Cash”.

“Maintenance capital expenditures” is not a recognized measure under GAAP. Maintenance capital expenditures include those required to upgrade existing property and equipment. Maintenance capital expenditures for the Fund are calculated as the capital cost at the time of acquisition less the net book value at time of sale for rental equipment, plus the cost of replacements to operating assets.

SEASONALITY

The revenue and operating results of the predecessor businesses of the Fund have historically displayed seasonal variations throughout the year, and this variation is expected to continue in the foreseeable future. Demand for equipment is generally lower during the winter from December through March when adverse weather conditions negatively impact construction activity in particular. From April through July the demand for equipment increases and is strongest from August through November. While certain of the Fund’s variable costs can be managed to match seasonal patterns, a significant portion of its costs are fixed and cannot be adjusted for seasonality. The fluctuation in future results of operations may require that PE relies on lines of credit for working capital financing at certain times of the year.

CAPITAL RESOURCES

Through its indirect interest in PE, the Fund has maintains two capital loans with the same Canadian chartered bank that has provided the Fund with its $2.0 million interest only demand operating loan (see “Cash Flow and Liquidity”). The two capital loans are as follows:

(1) Non-revolving capital loan for $3.5 million, of which $3.1 million was outstanding at September 30, 2007 (inclusive of a banker’s acceptance for $3.0 million, which matured on October 15, 2007, of which $2.6 million was rolled into a bankers’ acceptance maturing on July 14, 2008); and

(2) Revolving capital loan for $4.0 million, of which $1.5 million was outstanding at September 30, 2007.

These capital loans are repayable on demand and, unless and until demanded, in monthly installments, with interest at the Bank’s prime rate plus 0.65% per annum or 1.60% above banker’s acceptance rates, secured by a general security agreement and a personal guarantee. The lending requirements include definitions of the eligibility for assets subject to financing, and covenants specifying a minimum level of tangible net worth of $3.25 million, a minimum debt service coverage ratio of 1.25 to 1.0, a minimum current ratio of 1.2 to 1.0, a maximum debt to tangible net worth of 3.0 to 1.0, and a restriction on distributions to Unitholders that would cause any breach of the covenants without the prior written consent of the Bank. The Fund was in compliance with all of the Bank’s covenants as at September 30, 2007.

OFF-BALANCE SHEET FINANCING

The Fund has no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

Assuming that the contractual requirements of the capital loans are met, and the demand feature is not exercised by the Bank, the minimum repayments required are as follows:

Loans Payable ($000's) (Unaudited)	Oct 1 to Dec 31 2007	2008	2009	2010	After 2010
Loans Payable	$ 190	$ 759	$ 759	$ 759	$ 2,087

The Fund has the following rental, equipment financing and operating lease commitments:

Contractual obligations ($000's, except Note) (Unaudited)	Oct 1 to Dec 31 2007	2008	2009	2010	After 2010
Rental commitments	$ 89	$ 358	$ 362	$ 366	$ 1,655
Equipment financing commitments	21	69	40	13	4
Operating leases (1)	77	273	240	204	100
	$ 187	$ 700	$ 642	$ 583	$ 1,759

Note:
(1) PE maintains 17 operating lease agreements for vehicles and trailers, with monthly payments ranging from $510 to $2,657 and maturity dates ranging to July 27, 2012. OCR does not maintain any operating lease agreements.

LONG TERM INCENTIVE PLAN

Key employees of the Fund will be eligible to participate in the Fund's long term incentive plan (the "LTIP"). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Fund's ability to attract, retain and motivate key personnel and reward key employees for significant performance that result in the Fund exceeding its cash available for distribution targets. Pursuant to the LTIP, the Fund will set aside a pool of funds based upon the amount, if any, by which the cash available for distribution per Unit (as measured on a fully diluted basis) exceeds certain defined threshold amounts. The Fund or a third-party trustee will purchase Units in the market with this pool of funds and will hold the Units until such time as ownership vests to each participant. LTIP participants will be entitled to receive distributions on all Units held for their account prior to the applicable vesting date. Unvested Units held by the third-party trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those Units will be sold and the proceeds returned to the Fund.

The nominating and governance committee of the Fund will have the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

The nominating and governance committee of the Fund from time to time may periodically adjust the threshold. In fiscal 2007, the LTIP will provide for awards that may be earned based on the amount by which cash available for distribution per Unit (as measured on a fully diluted basis), exceeds a base distribution threshold of $0.65 per Unit per annum. The percentage amount of that excess which forms the LTIP incentive pool will be determined as follows (see next page for table):

Percentage by which Cash Available for Distribution per Unit exceeds Base Distribution Threshold [1]	Maximum Proportion of Excess Cash Available for Distribution for LTIP Payments
over 5% to 10%	15% of any excess over 5% to 10%
greater than 10%	20% of any excess over 10%

Note:
(1) Annualized for fiscal periods of less than 12 months

For the period ended September 30, 2007, the compensation committee of the Fund has not approved any payments under the LTIP for the 2007 fiscal year to date for senior management of the Fund.

WESTERNONE EQUITY 2006 INCENTIVE UNIT OPTION PLAN

At Closing, the Fund reserved an aggregate of 463,000 Units for issuance under the WesternOne Equity 2006 Incentive Unit Option Plan (the "WesternOne Equity Option Plan"). Under the WesternOne Equity Option Plan, options to purchase the Fund's Units may be granted to the Trustees and to the directors, officers and employees of, and service providers to, the Partnership or its affiliates. The purpose of the WesternOne Equity Option Plan is to provide such eligible participants with compensation opportunities that will encourage ownership of Units, enhance the Fund's ability to attract, retain and motivate key personnel, and reward directors, officers, employees and service providers for significant performance and growth in the Fund's cash flow. No options have been granted under the WesternOne Equity Option Plan as at the date of this MD&A.

TRANSACTIONS WITH RELATED PARTIES

The Fund has not entered into any related party transactions.

VOTING UNITS AND PRINCIPAL UNITHOLDERS

As at September 30, 2007, 11,743,675 Units were issued and outstanding, each of which entitles the holder to one vote at Unitholder meetings. To the knowledge of the Fund, no person beneficially owns, directly or indirectly, or exercises control or direction over, Units carrying more than 10% of the voting rights attached to all the issued and outstanding Units.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring significant management estimates include the valuation of intangible assets and the useful life of property and equipment. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The Fund's significant accounting policies are described in Note 3 of the Fund's unaudited interim consolidated financial statements for the period ended September 30, 2007. Management believes that the following items represent the Fund's most critical accounting estimates.

Inventory valuation

New and used equipment inventories are recorded at the lower of cost and net realizable value, with cost determined on a specific item basis. New and used equipment inventory write-downs are included in cost of sales.

Parts inventories are valued at the lower of cost and net realizable value, with cost generally being determined on a "first-in, first-out" basis. Parts inventory write-downs are included in service expense.

Property and equipment

Property and equipment is recorded at cost. The Fund amortizes its property and equipment over their estimated useful lives on a straight-line basis as follows:

Rental fleet*	10 years
Tractors and trailers	7 years
Furniture, fixtures and equipment	5 years
Computer equipment and software	5 years
Leasehold improvements	lesser of 5 years and the initial term of the lease

**net of 25% salvage value.*

Amortization commences in the month in which the related assets are acquired, and therefore there is no reduction in the rate for the year of acquisition.

If such assets are considered impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceed their estimated fair value. Any impairment is included in income for the period.

Intangible assets

Identifiable intangible assets are recorded at cost, less any provision for permanent impairment. The Fund does not amortize its assets with indeterminable lives. The Fund amortizes its intangible assets with determinable lives over their estimated useful lives on a straight-line basis:

Customer relationships	10 years
Brand name	Nil
Supplier agreements	Nil

If such assets are considered impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceed their estimated fair value. Any impairment is included in income for the period in which the impairment is recognized.

Revenue recognition

Revenue from rental contracts and logistical support is recognized in the period in which the related services have been provided and collectability is reasonably assured.

Service revenue, comprised of the sale of parts and equipment servicing, is recognized when the parts are delivered and the related services have been rendered, and collectability is reasonably assured.

Revenue from equipment held for resale is recognized at the time at which the contract is signed by the purchaser, all significant risks and rewards of ownership have been transferred to the purchaser, and collectability is reasonably assured.

NEW ACCOUNTING STANDARDS ADOPTED

On January 1, 2007 the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855 "Financial Instruments - Recognition and Measurement" and Handbook Section 1540 "Cash Flow Statements". The adoption of these standards has no material impact on the Fund's net income or cash flows. The other effects of the implementation of the new standards are discussed below.

Financial instruments

The financial instruments standard establishes the recognition and measurement criteria for financial assets, financial liabilities and derivatives. All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held-for-trading", "available-for-sale", "held-to-maturity", "loans and receivables", or "other financial liabilities" as defined by the standard.

Financial assets and financial liabilities "held-for-trading" are measured at fair value with changes in those fair values recognized in net earnings. Financial assets "available-for-sale" are measured at fair value, with changes in those fair values recognized in other comprehensive income ("OCI"). Financial assets "held-to-maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest method of their amortization. The methods used by the Fund in determining fair value of financial instruments are unchanged as a result of implementing the new standard.

Cash and cash equivalents is designated as "held-for-trading" and are measured at carrying value, which approximates Fair value due to the short-term nature of these instruments. Accounts Receivable are designated as "loans and receivables" accounts payable and accrued liabilities, and long-term debt and are designated as "other liabilities".

Risk management assets and liabilities are derivative financial instruments classified as "held-for-trading"

Cash flow statements

Amendments to CICA 1540, Cash Flow Statements, require entities to disclose total cash distributions on financial instruments classified as equity in accordance with a contractual agreement and the extent to which total cash distributions are non-discretionary. This disclosure requirement is effective for interim and annual financial statements for fiscal periods ending on or after March 31, 2007. The determination to declare and make payable distributions from the Fund are at the discretion of the board of Trustees of the Fund and, until declared payable by the board of Trustees of the Fund, the Fund has no contractual requirement to pay cash distributions to the Unitholders. During the three months and nine months ended September 30, 2007, $1.8 million and $3.7 million (respectively) in cash distributions were declared payable by the board of Trustees of the Fund and subsequently paid to the Unitholders.

RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties disclosed in the Prospectus, the Fund believes that the following items represent significant areas for consideration.

Financial health of the Fund's subsidiaries and their related cash flows

The Fund is entirely dependent on the operations and assets of its subsidiaries through its indirect ownership interests. The Fund's ability to make regular distributions to Unitholders is dependent on the cash flow generated by these subsidiaries. This is affected by the profitability, fluctuations in working capital, margin sustainability and capital expenditures of the underlying businesses. Although the subsidiaries are intended to distribute their cash available for distribution, there can be no assurance regarding the amounts of income to be generated by the subsidiaries and amounts paid to the Fund. The failure of any subsidiary to make its anticipated distributions could adversely impact the Fund's financial condition and cash flows and therefore distributions to Unitholders.

Competitive and economic environment

Currently, the Fund's indirect operating subsidiaries are engaged in the equipment rental and sales industries in British Columbia, which is highly fragmented and highly competitive. In addition to competing with smaller competitors, the Fund competes with larger companies with operations across Canada, the United States and overseas. These companies may have greater financial resources than the Fund, more advantageous manufacturer affiliations, and may rent and sell many of the same products as the Fund.

From time to time, the Fund or its competitors may attempt to compete aggressively by lowering prices. To the extent that the Fund lowers prices in an attempt to increase or retain market share, operating margins may be adversely impacted. In some cases, the Fund may not be able to match larger competitors' price reductions because of their greater financial resources. If the Fund does not match competitors' prices reductions, it may lose market share, resulting in decreased revenue and cash flow.

The Fund seeks to mitigate these risks by maintaining a strong network of advisors, active boards, and retaining experienced and dedicated management.

Seasonality and fluctuations in results

The revenue and operating results of the predecessor business of PE and OCR have historically displayed seasonal variations throughout the year, and this variation is expected to continue in the foreseeable future. See "Seasonality".

Expansion

Existing or future competitors may compete with the Fund for acquisition candidates, which may increase acquisition prices and reduce the number of suitable acquisition candidates. Existing or future competitors may also compete with PE for new locations, which may reduce the number of suitable expansion locations. If the Fund is not able to compete effectively in this regard, its future growth may be negatively impacted. In addition, there is no guarantee that future growth initiatives will be successful.

Interest rates

The Fund’s operating loan and capital loans payable bear interest at variable rates. The Fund is currently using a short-term instrument in the form of a banker’s acceptance to reduce exposure to interest rate risk on its non-revolving capital loan. See “Financial Instruments”.

Foreign exchange

Foreign exchange risk is primarily limited to currency fluctuations between the Canadian and U.S. dollar. The majority of the equipment purchased by the Fund is denominated in U.S. dollars. Furthermore, a portion of PE’s business relates to equipment rental in the film industry in B.C. and is sensitive to the U.S. dollar currency fluctuations. The Fund does not use derivative instruments to reduce these risks.

Cash distributions are not guaranteed and will fluctuate with the performance of subsidiaries

Although the Fund intends to distribute the interest and distributions received by the Fund on the Units and notes of the Trust, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by PE and OCR and paid indirectly to the Fund. The actual amount distributed in respect of the Units will depend upon numerous factors associated with PE and OCR, including their profitability, fluctuations in working capital, sustainability of margins, interest expenses and their requirements for repayment of indebtedness and incurrence of capital expenditures.

The market value of the Units may deteriorate significantly if the Fund is unable to continue to distribute cash to Unitholders at current distribution levels.

Nature of Units

The Units share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the businesses of PE or OCR and should not be viewed by investors as direct securities of PE or OCR. The Units represent a fractional interest in the Fund. Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring oppression or derivative actions. The price per Unit is a function of anticipated distributable income, interest rates and other factors.

The Fund’s primary assets are its 100% interest in the notes and units of WesternOne Equity Operating Trust (the “Trust”). The Trust, in turn, is a limited partner in WesternOne Equity LP (the “LP”). The LP is a limited partner of PE, and PE is a limited partner of OCR. This structure was established to facilitate the growth and acquisition objectives of the Fund. The price per Unit is, in part, a function of anticipated distributable income, distributions, as well as the consolidated indebtedness, net of cash and cash equivalents of the Fund including the net indebtedness of PE and OCR. The price per Unit may also be a function of interest rates or expected returns available, or perceived to be available, on alternative investments.

Update for tax legislation

On June 22, 2007, the Parliament of Canada passed into law Bill C-52, an Act to implement certain provisions of the federal budget tabled in Parliament on March 19, 2007, which included legislation to implement the proposal announced by the Minister of Finance on October 31, 2006 to tax certain publicly traded trusts and partnerships on the taxable portion of their distributions. As a result of the enactment of Bill C-52 commencing January 1, 2011 (subject to the qualification below regarding the possible loss of the four year grandfathering period in the case of "undue expansion"), the Fund will not be entitled to deduct certain of its distributed income (referred to as specified income) and the Fund will be subject to a distribution tax on the specified income at a special rate estimated to be 31.5%.

The Fund may be subject to this distribution tax in respect of a taxation year of the Fund commencing earlier than January 1, 2011 if, prior to such date, the Fund engages in "undue expansion" as set out in the guidelines released by the Department of Finance on December 15, 2006 and which was incorporated by reference in Bill C-52.

The implementation of the legislation could have an adverse effect on the Fund, its ability to pay distributions and the market value of its units.

FINANCIAL INSTRUMENTS

The Fund's operations are exposed to financial risks that arise from fluctuations in interest rates (in terms of the credit facilities) and foreign exchange rates (in terms of U.S. dollar-denominated purchases) and the degree of volatility of these rates.

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollar. The Fund does not hold or issue financial instruments for trading or speculative purposes. As at September 30, 2007 there are no foreign exchange contracts outstanding.

The Fund is subject to risks associated with fluctuating interest rates on its credit facilities, which contain interest terms which float with movements in prevailing interest rates.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for designing such internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

No changes were made in the Fund's internal control over financial reporting during the three month and nine month period ended September 30, 2007, that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

OUTLOOK

The Fund intends to continue to grow its cash flow through sustained growth in operating results. The Fund intends to leverage the scalability of its existing infrastructure to continue to improve the utilization of its equipment fleet thereby generating increased cash flow with minimal incremental investment. In addition, following the acquisition of OCR Ltd. by OCR, the Fund has integrated OCR under a common management, focus and growth strategy. The Fund intends to use OCR to provide a first step towards expanding product and service offerings to increase its market share in British Columbia. The Fund is actively pursuing organic growth by hiring additional sales people to increase sales of its equipment, parts and service offerings, and evaluating the opening of new branches or developing sub-dealer relationships as a means of expanding into further markets it does not currently service.

The Fund continues to seek to acquire additional businesses that will supplement existing or anticipated operations or which have complimentary product and service offerings as part of a disciplined accretive acquisition program.

ADDITIONAL INFORMATION

Additional information relating to the Fund, including the Fund's Annual Information Form and other public filings, is available on SEDAR at www.sedar.com or on the Fund's website at www.weq.ca.

For more information, please contact:

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TRADING SYMBOLS

TSX Venture Exchange: WEQ.UN and WEQ.DB